NEW ISSUE - BOOK-ENTRY ONLY **RATING: Standard & Poor's: "AA"**
See "RATING" herein

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however, to certain qualifications described herein, under existing law, the portion of Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is required to be taken into account in determining certain income and earnings. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

$14,425,000
CERTIFICATES OF PARTICIPATION, SERIES 2015
(316 Vernon Street Project)

Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof
In Lease Payments to be Made by the

CITY OF ROSEVILLE

As Rental for Certain Property
Under a Lease Agreement with the
Roseville Finance Authority

Dated: Date of Delivery **Due: August 1, as shown on inside cover**

The above captioned Certificates of Participation, Series 2015 (the "**Certificates**") are being executed and delivered to (i) provide funds to finance a portion of the cost of the acquisition and construction of an office building located at 316 Vernon Street (the "**Project**") in the City of Roseville (the "**City**"), (ii) fund a reserve fund for the Certificates with a debt service reserve surety, and (iii) pay costs of issuing the Certificates, as further described in this Official Statement. See "SOURCES AND USES OF FUNDS."

The Certificates evidence direct, undivided fractional interests of the owners thereof in certain Lease Payments to be made by the City for the use and occupancy of certain real property and improvements, consisting generally of the police facility of the City (the "**Leased Premises**"), under a Lease Agreement, dated as of July 1, 2015 (the "**Lease Agreement**") between the City and the Roseville Finance Authority (the "**Authority**"). Interest represented by the Certificates will be payable on February 1 and August 1 of each year commencing February 1, 2016. See "THE CERTIFICATES."

When executed and delivered, the Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"). DTC will act as securities depository of the Certificates. Ownership interests in the Certificates may be purchased in book-entry form only. Ownership interests in the Certificates will be in denominations of $5,000 and integral multiples thereof. Beneficial owners of Certificates will not receive physical certificates representing the Certificates purchased, but will receive a credit balance on the books of the nominees of such purchasers who are participants of DTC. The Certificates will not be transferable or exchangeable, except for transfer to another nominee of DTC as described in this Official Statement. Principal, premium, if any, and interest due with respect to the Certificates will be paid by The Bank of New York Mellon Trust Company, N.A., as Trustee (the "**Trustee**"), to DTC, which will in turn remit such principal, premium, if any, and interest to its participants for subsequent disbursement to the beneficial owners of the Certificates as described in this Official Statement. See "THE CERTIFICATES - Book-Entry Only System" and "APPENDIX F – Book-Entry Only System."

The Certificates are subject to optional and extraordinary mandatory prepayment prior to their maturity, as described in this Official Statement. See "THE CERTIFICATES – Prepayment."

The City is required under the Lease Agreement to make semiannual Lease Payments with respect to the Certificates, which comprise the interest and principal represented by the respective Certificates. The City has agreed in the Lease Agreement to include the Lease Payments due in each fiscal year in its budget for that fiscal year and to make the necessary appropriations for the Lease Payments. Neither the Certificates nor the obligation of the City to make Lease Payments constitute an indebtedness of the City, the Authority, the State of California or any political subdivision thereof, within the meaning of the Constitution of the State of California or otherwise, or an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES." See "RISK FACTORS" for a discussion of factors that should be considered, in addition to the other matters set forth in this Official Statement, in evaluating the investment quality of the Certificates.

MATURITY SCHEDULE – See Inside Cover

The Certificates are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel. Jones Hall is also serving as Disclosure Counsel to the City. Certain legal matters will be passed upon for the Authority and the City by the City Attorney and for the Underwriter by Nossaman LLP, Irvine, California. It is anticipated that the Certificates in book-entry form will be available for delivery to Cede & Co., as nominee of The Depository Trust Company, on or about July 14, 2015.

PiperJaffray

The date of this Official Statement is June 25, 2015.

$14,425,000
CERTIFICATES OF PARTICIPATION, SERIES 2015
(316 Vernon Street Project)

Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof
In Lease Payments to be Made by the

CITY OF ROSEVILLE

As Rental for Certain Property
Under a Lease Agreement with the
Roseville Finance Authority

MATURITY SCHEDULE

BASE CUSIP†: 777790

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP
2016	$215,000	2.000%	0.550%	101.511	EB8
2017	250,000	3.000	0.970	104.104	EC6
2018	255,000	4.000	1.340	107.915	ED4
2019	265,000	4.000	1.610	109.327	EE2
2020	275,000	5.000	1.850	115.111	EF9
2021	290,000	5.000	2.150	116.079	EG7
2022	305,000	5.000	2.420	116.622	EH5
2023	320,000	5.000	2.580	117.482	EJ1
2024	335,000	5.000	2.750	117.911	EK8
2025	355,000	5.000	2.890	118.284	EL6
2026	370,000	5.000	3.050	116.764[C]	EM4
2027	390,000	5.000	3.220	115.174[C]	EN2
2028	410,000	5.000	3.360	113.884[C]	EP7
2029	430,000	5.000	3.460	112.974[C]	EQ5
2030	445,000	5.000	3.550	112.162[C]	ER3
2031	470,000	3.750	3.910	98.104	ES1
2032	490,000	3.875	4.000	98.464	ET9

$1,590,000 4.000% Term Certificates due August 1, 2035; Yield: 4.100%; Price: 98.640%; CUSIP† 777790EU6

$3,100,000 4.125% Term Certificates due August 1, 2040; Yield: 4.230%; Price: 98.385%; CUSIP† 777790EV4

$3,865,000 5.000% Term Certificates due August 1, 2045; Yield: 4.100%; Price: 107.348% [C]; CUSIP† 777790EW2

C: Priced to first optional prepayment date of August 1, 2025.
† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. None of the Authority, the City or the Underwriter make any representation as to the occurrence of the CUSIP information.

CITY OF ROSEVILLE

City Council
Carol Garcia, *Mayor*
Susan Rohan, *Vice Mayor*
Bonnie Gore, *Councilmember*
Tim Herman, *Councilmember*
Pauline Roccucci, *Councilmember*

City Staff
Raymond Kerridge, *City Manager*
Robert Jensen, *Assistant City Manager*
Jay Panzica, *City Treasurer/Financial Executive*
Monty Hanks, *Finance Director*
Sandra Ikeda, *Accounting Manager*
Robert Schmitt, *City Attorney*
Sonia Orozco, *City Clerk*

SPECIAL SERVICES

Special Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Fiscal Agent
The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

Financial Advisor
First Southwest Company, LLC
Santa Monica, California

Disclosure Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Certificates. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

Estimates and Forecasts. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information in "CITY FINANCES" in this Official Statement. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Authority nor the City plans to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

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

Involvement of Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE CERTIFICATES TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENTS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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

The information set forth herein has been obtained from the Authority and the City and from other sources that the Authority and the City believe to be reliable. The information and expression of opinion herein are subject to change without notice and neither delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority or any other parties described herein since the date hereof. All summaries of the Trust Agreement, Resolution, or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

The City maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Certificates.

TABLE OF CONTENTS

INTRODUCTION 1
SOURCES AND USES OF FUNDS 4
THE LEASED PREMISES 5
THE PROJECT 7
THE CERTIFICATES 8
General 8
Prepayment 8
Book-Entry Only System 10
Transfer and Exchange of Certificates 10
LEASE PAYMENT SCHEDULE 13
SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES 14
Delivery of the Certificates 14
Lease Payments 14
Additional Rental Payments 15
Covenant to Appropriate Funds for Lease Payments 15
Abatement 16
Action on Default 16
Reserve Fund 17
Insurance 18
THE CITY OF ROSEVILLE 20
Background 20
Municipal Government 20
Management 21
CITY FINANCES 22
Accounting Policies and Financial Reporting 22
Comparative Financial Statements 24
Budget Process 26
City Reserves 26
Interfund Borrowing and Cash Flows 26
Self Insurance 26
General Fund Budgets 27
General Economic Condition and Outlook of the City 27
General Fund Sources – Taxes and Other Revenues 31
Sales and Use Taxes 31
Property Taxes 34
Outstanding General Fund Debt and Lease Obligations 38
Estimated Direct and Overlapping Bonded Debt 39
Risk Management 40
Employee Relations and Collective Bargaining 41
Retirement System 42
Other Post-Employment Health Benefits 47
Investment Policies and Procedures 50
THE AUTHORITY 51
STATE BUDGET 52
CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS 54
Article XIIIA of the State Constitution 54
Article XIIB of the State Constitution 55
Articles XIIIC and XIIID of the State Constitution 55
Proposition 62 57
Proposition 1A 58
Proposition 22 58
Unitary Property 58
Future Initiatives 58
RISK FACTORS 59
No Pledge of Taxes 59
Additional Obligations of the City 60
Default 60
Abatement 61
Assessed Value of Taxable Property; Delinquent Payment of Property Taxes 61
Natural Calamities 63
Hazardous Substances 64
Redevelopment Agencies Dissolution 64
Proposition 218 65
State Budget 65
Limitations on Remedies Available to Owners of the Certificates; Bankruptcy 65
Litigation 66
State Law Limitations on Appropriations 66
Property Tax Allocation by the State; Changes in Law 66
Early Prepayment Risk 67
Loss of Tax-Exemption 67
Secondary Market for Certificates 67
IRS Audit of Tax-Exempt Issues 68
TAX MATTERS 68
FINANCIAL STATEMENTS OF THE CITY 69
CERTAIN LEGAL MATTERS 70
LITIGATION 70
RATING 70
UNDERWRITING 71
CONTINUING DISCLOSURE 71
FINANCIAL ADVISOR 72
PROFESSIONAL SERVICES 72
EXECUTION 73

APPENDIX A - Placer County and City of Roseville Demographic Information
APPENDIX B - Audited Financial Statements for Fiscal Year Ended June 30, 2014
APPENDIX C - Summary of Principal Legal Documents
APPENDIX D - Form of Proposed Opinion of Special Counsel
APPENDIX E - Form of Continuing Disclosure Agreement
APPENDIX F - Book-Entry Only System

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

$14,425,000
CERTIFICATES OF PARTICIPATION, SERIES 2015
(316 Vernon Street Project)

Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof
In Lease Payments to be Made by the

CITY OF ROSEVILLE

As Rental for Certain Property
Under a Lease Agreement with the
Roseville Finance Authority

This Official Statement (which includes the cover page and Appendices hereto) (the "**Official Statement**") provides certain information concerning the sale and delivery of the certificates of participation captioned above (the "**Certificates**").

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Definitions of certain terms used herein and not defined herein have the meaning set forth in the respective Trust Agreement or Lease Agreement. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

INTRODUCTION

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

Certificate Terms. The Certificates are being executed and delivered in denominations of $5,000 or any integral multiple thereof, under a Trust Agreement dated as of July 1, 2015 (the "**Trust Agreement**"), among the City, the Roseville Finance Authority (the "**Authority**") and the Bank of New York Mellon Trust Company, N.A., as trustee (the "**Trustee**"). Interest will accrue on the principal component of each Certificate at the applicable interest rate (as set forth on the cover hereof) from the date of original delivery of the Certificates until its date of maturity or prior prepayment, with interest payable on each February 1 and August 1, commencing February 1, 2016. See "THE CERTIFICATES."

The Certificates will be issued in fully registered form, registered in the name of The Depository Trust Company ("**DTC**"), or its nominee, which will act as securities depository for the Certificates. Purchasers of the Certificates will not receive certificates representing the Certificates that are purchased. See "THE CERTIFICATES - Book-Entry Only System" and "APPENDIX G - BOOK-ENTRY ONLY SYSTEM."

Use of Proceeds. The net proceeds of the sale of the Certificates will be used for funding a portion of the acquisition and construction of an office building located at 316 Vernon Street (the "**Project**"). Remaining Project costs will be funded by the City from currently available funds. Proceeds of the Certificates will also be used to fund a reserve fund in the form a debt service reserve surety, and to pay costs of issuance of the Certificates. See "THE FINANCING PLAN" and "SOURCES AND USES OF FUNDS."

Security and Sources of Payment. The Certificates evidence and represent the direct, undivided fractional interests of the registered owners (the "**Owners**") thereof in Lease Payments (as defined in this Official Statement) to be made by the City for the right to the use of certain property under a Lease Agreement dated as of July 1, 2015 (the "**Lease Agreement**") between the Authority as sublessor and the City as sublessee. The real property leased under the Lease Agreement is the City's police facility located at 1051 Junction Boulevard (the "**Leased Premises**"), as more fully described in the Lease Agreement and this Official Statement. The Leased Premises is owned by the City, and will be leased by the City to the Authority under a Site Lease dated as of July 1, 2015 (the "**Site Lease**"), and will be leased by the Authority back to the City under the Lease Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

The Trustee and the Authority will enter into an Assignment Agreement, dated as of July 1, 2015 (the "**Assignment Agreement**") as to the Certificates, under which the Authority will assign to the Trustee for the benefit of the Certificate Owners substantially all of the Authority's right, title and interest in and to the Lease Agreement, including its right to receive the Lease Payments due under the Lease Agreement, provided that the Authority will retain the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement.

NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE CITY TO PAY THE LEASE PAYMENTS CONSTITUTE A DEBT OF THE CITY, THE AUTHORITY OR THE STATE OF CALIFORNIA (THE "**STATE**") OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFONIA OR OTHERWISE, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Lease Payments. The City covenants under the Lease Agreement to take such actions as may be necessary to include all Lease Payments due under such Lease Agreement in its annual budgets and to make the necessary annual appropriations therefor, subject to abatement as described in this Official Statement. The Lease Payments are payable from any source of legally available funds of the City, which includes the City's General Fund (the "**General Fund**"). The Certificates are not secured by a pledge of or lien on any funds or properties of the City. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Covenant to Appropriate Funds for Lease Payments" and "CITY FINANCES."

Abatement. The Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City's right to use and occupancy of the Leased Premises, or any portion thereof. If the Lease Payments are abated under a Lease Agreement, and are not paid from alternative sources as described in this Official Statement, the Certificate Owners would receive less than the full amount of principal and interest represented by the Certificates. To the extent proceeds of rental interruption insurance are available or there are moneys in the Reserve Fund with respect to the Certificates (as described below), Lease Payments (or a portion thereof) for that series may be made during periods of abatement. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Abatement" and "RISK FACTORS."

Reserve Fund. The Trustee shall establish a special fund for the Certificates, designated as the "**Reserve Fund**" pursuant to the Trust Agreement, to be held by the Trustee in trust for the benefit of the City and the Owners of the Certificates in an amount equal to the Reserve Requirement (as defined in this Official Statement). The Reserve Fund will initially be funded with a Reserve Account Municipal Bond Insurance Policy (the "**Reserve Policy**"), to be provided by Build America Mutual Assurance Company (the "**Insurer**").

Additional Obligations. The City has existing obligations payable from the General Fund, and the City is permitted to enter into other obligations that constitute additional charges against its General Fund revenues without the consent of Owners of the Certificates. See "CITY FINANCES."

Prepayment. The Certificates are subject to optional and extraordinary mandatory prepayment prior to their maturity. See "THE CERTIFICATES - Prepayment."

Summaries of Documents. The summaries or references to the Trust Agreements, the Lease Agreements, the Assignment Agreements and other documents, agreements and statutes referred to in this Official Statement, and the description of the Certificates included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to each such document or statute. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement, any sale made hereunder, nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Risks of Investment. The Certificates are repayable primarily from Lease Payments and other amounts payable by the City under the Lease Agreement. For a discussion of some of the risks associated with the purchase of the Certificates, see "RISK FACTORS."

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Certificates are shown below.

SOURCES:	
Principal Amount of 2015 Certificates	$14,425,000.00
Plus: Net Original Issue Premium	862,054.85
Total Sources	$15,287,054.85
USES:	
Deposit to Project Fund	$15,000,000.00
Costs of Issuance [1]	287,054.85
Total Uses	$15,287,054.85

[1] Includes underwriter's discount, filing and recording costs, printing costs, initial fees and charges of the Trustee, legal fees and charges, rating agency costs, Reserve Policy premium, municipal advisor fees and miscellaneous expenses.

THE LEASED PREMISES

The Leased Premises are the site and improvements constituting the City's police facility located at 1051 Junction Boulevard in the City. The Leased Premises consist primarily of an approximately 58,550 square foot two-story building constructed in 1998 that serves as police headquarters for the City. The building is constructed of concrete block with a brick exterior. The Leased Premises are fenced and also include a 120 square foot radio tower.

The site of the Project is separate and distinct from the Leased Premises, and is not subject to the Site Lease or the Lease Agreement. See "THE PROJECT" and "Substitution of Leased Premises" below.

Modifications. The City shall, at its own expense, have the right to make additions, modifications and improvements to the Leased Premises. All additions, modifications and improvements to the Leased Premises shall thereafter comprise part of the Leased Premises and be subject to the provisions of the Lease Agreements. Such additions, modifications and improvements shall not in any way damage the Leased Premises or cause the Leased Premises to be used for purposes other than those authorized under the provisions of State and federal law; and the City shall file with the Trustee and the Authority a Written Certificate of the City stating that the Leased Premises, upon completion of any additions, modifications and improvements, shall be of a value which is not substantially less than the value of the Leased Premises immediately prior to the making of such additions, modifications and improvements. Except as described in the Lease Agreement, the City will not permit any mechanic's or other lien to be established or remain against the Leased Premises for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City.

Assignment and Subleasing. The Lease Agreement may not be assigned by the City. The City may sublease the Leased Premises, or portion thereof, but only with the written consent of the Authority, and subject to all of the following conditions in each Lease Agreement:

(a) The Lease Agreement and the obligation of the City to make Lease Payments shall remain obligations of the City;

(b) The City shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Authority, and the Trustee a true and complete copy of such sublease;

(c) No such sublease by the City shall cause the Leased Premises to be used for a purpose other than as may be authorized under the provisions of the laws of the State; and

(d) The City shall furnish the Authority and the Trustee with a written opinion of Special Counsel, stating that such sublease does not cause the interest represented by the Certificates to become subject to federal income tax or State personal income taxes.

Substitution of Leased Premises. Pursuant to the Lease Agreement, the City is granted the option at any time and from time to time, to substitute other land, facilities, improvements, equipment or other property (the **"Substitute Leased Premises"**) for the Leased Premises or any portion thereof (the **"Former Leased Premises"**), upon the prior

written consent of the Insurer, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(a) No Event of Default shall have occurred and be continuing;

(b) The City shall file with the Authority, the Insurer and the Trustee, and (in the case of Substitute Leased Premises consisting of real property) cause to be recorded in the Office of the Placer County Recorder sufficient memorialization of, an amended Exhibit A to the Site Lease and to the Lease Agreement which adds thereto a description of such Substitute Leased Premises and deletes therefrom the description of such Former Leased Premises;

(c) In the case of Substitute Leased Premises consisting of real property, the City shall obtain a CLTA policy of title insurance insuring the City's leasehold estate under the Lease Agreement in such Substitute Leased Premises, in an amount at least equal to the aggregate principal amount of the related series of Outstanding Certificates (or if a portion of the Former Leased Premises is substituted, the aggregate principal amount of a portion of the Outstanding Certificates equal to the value of the Substitute Leased Premises required by subsection (e) below);

(d) The City shall certify in writing to the Authority, the Insurer and the Trustee that such Substitute Leased Premises serves the municipal purposes of the City and constitutes property which the City is permitted to lease under the laws of the State;

(e) The City delivers to the Trustee, the Insurer and the Authority evidence that such Substitute Leased Premises is of a value at least equal to the principal amount of the related series of Outstanding Certificates (or if a portion of the Former Leased Premises is to be substituted, the aggregate principal amount of a portion of the Outstanding Certificates which exceeds the value of the Leased Premises which is not being substituted) and has a useful life at least equal to the remaining term of any Outstanding Certificates;

(f) The Substitute Leased Premises shall not cause the City to violate any of its covenants, representations and warranties made in the Lease Agreement;

(g) The City shall obtain an opinion of Special Counsel that the substitution of the Substitute Leased Premises shall not adversely affect the exclusion from gross income for purposes of federal income taxation of the interest component of the Lease Payments; and

(h) Written notice of such substitution shall be given by the City to any Rating Agency then rating the Certificates.

Release of Leased Premises. The City has the option at any time and from time to time, to release any portion of the Leased Premises, provided that the City shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(a) The City shall file with the Authority, the Insurer and the Trustee an amended Exhibit A to the Site Lease which describes the Leased Premises, as revised by such release;

(b) The City shall file with the Authority, the Insurer and the Trustee an amended Exhibit A to the Lease Agreement which describes the Leased Premises, as revised by such release;

(c) The City delivers to the Trustee, the Insurer and the Authority evidence that the Leased Premises, as revised by such release, is of a value at least equal to the principal amount of the Outstanding Certificates and has a useful life at least equal to the remaining term of any Outstanding Certificates;

(d) The City shall obtain an amendment to the title insurance policy required pursuant to the Lease which describes the Site, as revised by such release; and

(e) Written notice of such release shall be given by the City to any Rating Agency then rating the Certificates.

The Leased Premises are not security for payment of the Certificates. See "APPENDIX C - SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

THE PROJECT

A portion of the proceeds of the Certificates, together with other funds of the City, will be used to acquire and construct a new +/- 82,000 gross square foot, four story building and related site work at 316 Vernon Street in the City. The site currently consists of a surface parking lot and existing two story w/partial basement building (most recently used an annex by the City). This building and the parking lot are to be demolished.

The office building will be used in part by the City, with a portion leased to Sierra College, a State community college.

The programmed uses for the building includes retail use, office & meeting space for the City and instructional, office, & administration space to be leased to Sierra College for its Roseville Center, as follows:

Fourth Floor:	(8,877 square feet) City Fire Administration; Parks Department
Third Floor:	(12,811 square feet) City IT Department; Sierra College
Second Floor:	(19,500 square feet) Sierra College
First Floor:	(7,000 square feet) Retail; (4,293 square feet) Alternative Transportation; (2,132 square feet) Housing Division; (2,352 square feet) IT data center, storage & receiving/vehicle bay

The City has Council authorization to execute the lease with Sierra College. The first floor retail space will be marketed for leases according to projections for completion.

The estimated cost of the Project is approximately $27 million. Costs not funded from Certificate proceeds are to be funded by the City from currently available funds.

Construction is projected to start in December 2015 and completion is expected by December 2016. Upon completion, the City anticipates substituting the Leased Premises with the Project site and improvements constructed thereon, at which time the Leased Premises.

See “THE LEASED PREMISES - Substitution of Leased Premises" above. *The Leased Premises and the Project are not security for payment of the Certificates.*

THE CERTIFICATES

General

The Certificates evidence and represent direct, undivided fractional interests of the Owners thereof in the principal and interest components of Lease Payments to be made by the City under the Lease Agreement.

The Certificates will be executed and delivered in principal amounts of $5,000 or integral multiples thereof. Interest represented by each Certificate will accrue on the principal components represented by such Certificate at the applicable interest rate, as set forth on the inside cover page of this Official Statement, from the date of original delivery of the Certificates until the date of maturity or prior prepayment, with interest becoming payable on each February 1 and August 1 (each, an "**Interest Payment Date**"), commencing February 1, 2016. Interest represented by each Certificate will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Prepayment

Optional Prepayment. The Certificates maturing on or before August 1, 2025, are not subject to optional prepayment prior to the respective stated maturities. The Certificates maturing on or after August 1, 2026, are subject to optional prepayment in whole, or in part, among maturities in the manner directed by the City and by lot within a maturity, on any date, on or after August 1, 2025, from prepayments of the Lease Payments made at the option of the City pursuant to the Lease, at a prepayment price equal to the principal amount thereof, without premium, together with accrued interest represented thereby to the date fixed for prepayment.

Extraordinary Mandatory Prepayment from Net Proceeds of Insurance or Condemnation. The Certificates are also subject to mandatory prepayment on any date, in whole or in part, from the Net Proceeds of insurance or eminent domain proceedings with respect to the Leased Premises credited towards the prepayment of the Lease Payments pursuant to the Lease Agreement, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium. In accordance with the Trust Agreement, the Trustee shall deposit such Net Proceeds in the Insurance and Condemnation Fund established under the Trust Agreement, to be applied to repair or replace the Leased Premises, or to prepay related Certificates, in accordance with the provisions of the Trust Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Insurance."

Mandatory Sinking Fund Prepayment. The Certificates maturing on August 1, 2035, 2040 and 2045 (the "**Term Certificates**") are also subject to mandatory sinking fund payment by lot on August 1 in each year as set forth below, from the principal components of the Lease Payments required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the Payment date, without premium, as follows:

Term Bond of 2035

Prepayment Date (August 1)	Principal Amount of Term Certificates To Be Paid
2033	$510,000
2034	530,000
2035 (maturity)	550,000

Term Bond of 2040

Prepayment Date (August 1)	Principal Amount of Term Certificates To Be Paid
2036	$570,000
2037	595,000
2038	620,000
2039	645,000
2040 (maturity)	670,000

Term Bond of 2045

Prepayment Date (August 1)	Principal Amount of Term Certificates To Be Paid
2041	$700,000
2042	735,000
2043	770,000
2044	810,000
2045 (maturity)	850,000

Notwithstanding the foregoing provisions, in the event that some but not all of the respective Term Certificates have been prepaid pursuant to optional or mandatory sinking fund prepayment, the aggregate principal amount of such Term Certificates to be prepaid in each year thereafter shall be reduced by the aggregate principal amount of such Term Certificates so prepaid, to be allocated among sinking fund installments on a pro rata basis as directed by the City in integral multiples of $5,000 such that the resulting amount of principal represented by such Term Certificates subject to prepayment on any date is equal to the aggregate principal components of the Lease Payments coming due and payable on such date.

In lieu of redemption, the Trustee or the City may purchase Outstanding Certificates at public or private sale as and when, and at such prices (including brokerage and other charges) as the City may provide, but in no event may Certificates be purchased at a price in excess of their principal amount, plus interest accrued to the date of purchase.

Selection of Certificates for Prepayment. Whenever less than all Outstanding Certificates are called for prepayment, the Trustee shall select Certificates of such series for prepayment among maturities in any manner as directed by the City, and by lot within a maturity. For the purposes of such selection, Certificates shall be deemed to be composed of $5,000 portions, and any such portion may be separately prepaid.

Notice of Prepayment. While the Certificates are subject to DTC's book-entry system, the Trustee will be required to give notice of prepayment only to DTC as provided in the letter of representations executed by the City and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of prepayment to the beneficial owners of the Certificates to be prepaid. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Certificates to be prepaid, of a notice of prepayment or its content or effect will not affect the validity of the notice of prepayment, or alter the effect of prepayment described below under "– Effect of Prepayment."

During any period in which the Certificates are not subject to the book-entry system, notice of prepayment of any Certificates to be prepaid will be given to the Securities Depositories, to the Municipal Securities Rulemaking Board, and to the Owners of Certificates designated for prepayment at their respective addresses appearing on the registration books of the Trustee as of the close of business on the day before such notice of prepayment is given, at least 30 but not more than 60 days prior to the prepayment date.

The City shall have the right to rescind any notice of prepayment delivered by the Trustee prior to the date fixed for prepayment.

Effect of Prepayment. If notice of prepayment has been duly given as aforesaid and the deposit of the prepayment price has been made by the City, the Certificates or portions of Certificates so to be prepaid will, on the prepayment date, become due and payable at the prepayment price therein specified, and from and after such date interest with respect to such Certificates or portions of Certificates will cease to accrue and be payable. Upon surrender of such Certificates for prepayment in accordance with said notice, such Certificates will be paid by the Trustee at the prepayment price. Installments of interest due on or prior to the prepayment date will be payable as provided in the Trust Agreement for payment of interest.

Book-Entry Only System

The Certificates will be executed and delivered as fully registered certificates, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available to actual purchasers of the Certificates (the "**Beneficial Owners**") in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in this Official Statement) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Certificates. See "APPENDIX G – Book-Entry Only System." If the book-entry-only system is no longer used with respect to the Certificates, the Certificates will be registered and transferred in accordance with the Trust Agreement, as described below.

Transfer and Exchange of Certificates

The following provisions regarding the exchange and transfer of the Certificates apply only if and when the Certificates are not subject to DTC's book-entry system. While the Certificates are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See "APPENDIX G – Book-Entry Only System."

All Certificates are transferable by the Owner thereof, in person or by his or her attorney duly authorized in writing, at the principal corporate trust office of the Trustee, on the books required to be kept by the Trustee under the provisions of the Trust Agreement, upon surrender

of such Certificates for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee, manually executed.

Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee shall execute and deliver a new Certificate or Certificates for like aggregate principal amount in authorized denominations. The Trustee may require the payment by the Certificate Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The Trustee shall not be required to transfer any Certificate (i) during the period established for selection of Certificates for prepayment, or (ii) if such Certificates shall have been selected for prepayment.

[Remainder of page intentionally left blank]

The Certificates may be exchanged, upon surrender thereof, at the principal corporate trust office of the Trustee, for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity. Whenever any Certificate or Certificates are surrendered for exchange, the Trustee shall execute and deliver a new Certificate or Certificates for like principal amount in authorized denominations. The Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be required to exchange (i) any Certificates during the period between the date five (5) days prior to the date of selection of Certificates for prepayment and such date of selection, (ii) any Certificates during the period established for selection of Certificates for prepayment, or (iii) if such Certificates shall have been selected for prepayment.

[Remainder of page intentionally left blank]

LEASE PAYMENT SCHEDULE

Following is the annual schedule of Lease Payments due with respect to the Certificates.

Year Ending August 1	Principal	Interest	Total
2016	$215,000	$680,890.80	$895,890.80
2017	250,000	645,887.50	895,887.50
2018	255,000	638,387.50	893,387.50
2019	265,000	628,187.50	893,187.50
2020	275,000	617,587.50	892,587.50
2021	290,000	603,837.50	893,837.50
2022	305,000	589,337.50	894,337.50
2023	320,000	574,087.50	894,087.50
2024	335,000	558,087.50	893,087.50
2025	355,000	541,337.50	896,337.50
2026	370,000	523,587.50	893,587.50
2027	390,000	505,087.50	895,087.50
2028	410,000	485,587.50	895,587.50
2029	430,000	465,087.50	895,087.50
2030	445,000	443,587.50	888,587.50
2031	470,000	421,337.50	891,337.50
2032	490,000	403,712.50	893,712.50
2033	510,000	384,725.00	894,725.00
2034	530,000	364,325.00	894,325.00
2035	550,000	343,125.00	893,125.00
2036	570,000	321,125.00	891,125.00
2037	595,000	297,612.50	892,612.50
2038	620,000	273,068.76	893,068.76
2039	645,000	247,493.76	892,493.76
2040	670,000	220,887.50	890,887.50
2041	700,000	193,250.00	893,250.00
2042	735,000	158,250.00	893,250.00
2043	770,000	121,500.00	891,500.00
2044	810,000	83,000.00	893,000.00
2045	850,000	42,500.00	892,500.00
Total	$14,425,000	$12,376,478.32	$26,801,478.32

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Neither the Certificates nor the obligation of the City to make Lease Payments constitute an obligation of the City for which the City is obligated to levy or pledge, or for which the City has levied or pledged, any form of taxation. Neither the Certificates nor the obligation of the City to make Lease Payments constitute an indebtedness of the Authority, the City, the State of California or any of its political subdivisions within the meaning of any constitutional limitation or violates any statutory debt limitation or restriction.

Delivery of the Certificates

Each Certificate evidences and represents a direct, undivided fractional interest in the principal component of the Lease Payments due under the Lease Agreement on the payment date or prepayment date of such Certificate, and the interest component of all such Lease Payments (based on the stated interest rate with respect to such Certificate) to accrue from the date of original delivery of the Certificates to its payment date or prepayment date, as the case may be.

The Authority, under the Assignment Agreement, will assign to the Trustee for the benefit of the Certificate Owners substantially all of the Authority's right, title and interest in and to the Lease Agreement, including, without limitation, its right to receive Lease Payments to be paid by the City; except that the Authority will retain the rights to indemnification and to payment of reimbursement of its reasonable costs and expenses under the Lease Agreement. The City will pay Lease Payments directly to the Trustee, as assignee of the Authority. See "Lease Payments" below.

Lease Payments

For the right to the use and occupancy of the Leased Premises, the Lease Agreement requires the City to make Lease Payments. Lease Payments are due and payable in immediately available funds on the fifteenth calendar day of the month preceding each Interest Payment Date specified in the Trust Agreement and are to be deposited by the City with the Trustee on each of the Lease Payment Dates during the term of the Lease Agreement. The Lease Payments are payable from any source of legally available funds of the City, which includes the General Fund. The Certificates are not secured by a pledge of or lien on any funds or properties of the City.

Under certain circumstances described in the Lease Agreement, however, Lease Payments are subject to abatement during periods of substantial interference with the City's use and occupancy of all or a portion of the Leased Premises, as described in " – Abatement" below.

Scheduled Lease Payments relating to the Certificates are set forth above under the heading "LEASE PAYMENT SCHEDULE."

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

OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Additional Rental Payments

In addition to the Lease Payments, the Lease Agreement requires the City to pay all costs and expenses incurred by the Authority to comply with the provisions of the respective Trust Agreement, including without limitation all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), indemnification and annual compensation due to the Trustee and all of its reasonable costs payable as a result of the performance of and compliance with its duties under the Trust Agreement, and all other amounts due to the Insurer pursuant to the Reserve Policy and all costs and expenses of attorneys, auditors, engineers and accountants (the "**Additional Payments**"). Such costs and expenses shall be payable as additional amounts of rental in consideration of the right of the City to use and occupy the Leased Premises. *Amounts payable to Owners of the Certificates are not derived from Additional Payments*.

Covenant to Appropriate Funds for Lease Payments

The Lease Payments and Additional Payments are payable from any source of legally available funds of the City, including (but not limited to) amounts held by the City in its General Fund. The City covenants in the Lease Agreement that, it will take such action as may be necessary to include all Lease Payments due under such Lease in each of its annual budgets during the Term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. Annually, the City will furnish to the Trustee a certificate of the City Representative stating that the Lease Payments have been included in the final budget of the City for the current Fiscal Year, to the full extent required, such certificate to be filed within thirty (30) days after the adoption of such budget and in any event no later than September 1 in the calendar year in which the City adopts such budget. These covenants on the part of the City shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the City.

The City additionally covenants in the Lease Agreements that it will not directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to all or any portion of the Leased Premises, other than the respective rights of the Authority and the City as provided in the Lease Agreement and Permitted Encumbrances. The Authority likewise makes this covenant in the Lease Agreement.

[Remainder of page intentionally left blank]

Abatement

The City is obligated to pay the Lease Payments in each annual rental period for and in consideration of the right to use and occupy the Leased Premises during each such period. Except as otherwise provided in the Lease Agreement, the Lease Payments shall be abated during any period in which, by reason of damage, destruction or other event (other than by eminent domain which is also provided for in the Lease Agreement), there is substantial interference with the use and occupancy by the City of the Leased Premises or any portion thereof. The extent of such abatement shall be agreed upon by the City and the Authority, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Leased Premises not damaged, destroyed, incomplete or otherwise unavailable for use and occupancy by the City. Such abatement shall continue for the period commencing with such damage, destruction or other event and ending with the substantial completion of the work of repair or reconstruction or of completion of the Leased Premises or of the regained availability of use and occupancy. In the event of any such damage, destruction, non-completion or non-availability, the Lease Agreement shall continue in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage, destruction, non-completion or unavailability.

Notwithstanding the foregoing, there shall be no abatement of Lease Payments by reason of damage, destruction or unavailability of all or a portion of the Leased Premises to the extent that: (i) in the case of abatement due to damage or destruction of the Leased Premises, the value of the portions of the Leased Premises not damaged, destroyed, incomplete or otherwise unavailable for use and occupancy by the City, based upon a written appraisal, is equal to or greater than the related series of Outstanding Certificates; or (ii) the proceeds of rental interruption insurance or amounts in the related Insurance and Condemnation Fund or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement" and "RISK FACTORS – Abatement."

Action on Default

If the City defaults under the Lease Agreement, the Trustee, as assignee of the Authority under the Lease Agreement, may either terminate the Lease Agreement, seek to collect damages from the City and re-enter and re-let all or a portion of the Leased Premises or may maintain the Lease Agreement and hold the City liable for all Lease Payments as they become due on an annual basis and still have the right to re-enter and re-let the Leased Premises without effecting a surrender of the Lease Agreement. Additionally, the Trustee may pursue remedies at law or in equity to enforce the Lease Agreement. **The Lease Payments may not be accelerated upon a default under the Lease Agreement.** See "RISK FACTORS."

Although the Lease Agreement and the Trust Agreement provide that the Trustee, as assignee of the Authority, may take possession of the Leased Premises if there is a default by the City, and the Lease Agreement provides that the Trustee may have such rights of access to the Leased Premises as may be necessary to exercise any remedies, portions of the Leased Premises may not be easily recoverable and, even if recovered, could be of little value to others. There can be no assurance that the Leased Premises can be re-let for an amount equal to all outstanding Lease Payments. Due to the essential nature of the governmental functions of the Leased Premises, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect thereto. In addition, the remedy of repossession and re-letting may prove to be unavailable or not economically viable with respect to all or portions

of the Leased Premises because the Authority has only a leasehold or other possessory right to some of the Leased Premises. Therefore, repossession of the Leased Premises in such instances may not be an available remedy. In addition, assuming the Leased Premises be repossessed, it may prove functionally impossible to re-let.

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Authority) contained in the Lease Agreement and the Trust Agreement, see "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement" and "– The Trust Agreement."

Reserve Fund

A reserve fund (the "**Reserve Fund**") is to be established by the Trust Agreement to be held by the Trustee in trust for the benefit of the City and the Owners of the Certificates in an amount equal to, as of any date of calculation the least of (1) maximum annual debt service on the Outstanding Certificates; (b) 125% of average annual debt service; or (c) ten percent (10%) of the total amount of the proceeds of the Certificates (the "**Reserve Requirement**"). The Reserve Requirement will initially be met with a Reserve Account Municipal Bond Insurance Policy (the "**Reserve Policy**"), which Reserve Policy is a Qualified Reserve Fund Credit Instrument (described below), to be provided by the Insurer.

If the amount on deposit in the Reserve Fund is less than the full Reserve Requirement, the Trustee will retain therein all earnings on the investment of amounts in the Reserve Fund until the full Reserve Requirement is on deposit. All amounts on deposit in the Reserve Fund in excess of the Reserve Requirement, and all amounts derived from the investment of amounts in the Reserve Fund which are not required to be retained therein to maintain the Reserve Requirement, shall be transferred by the Trustee to the Lease Payment Fund on or before each Interest Payment Date.

Moneys in the Reserve Fund shall be held in trust as a reserve for the payment when due of the Lease Payments on behalf of the City. If on any Interest Payment Date the moneys in the Lease Payment Fund do not equal the amount of the Lease Payments then coming due and payable, the Trustee shall apply the moneys available in the respective Reserve Fund to make such payments on behalf of the City by transferring the amount necessary for this purpose to the Lease Payment Fund. Upon receipt of any delinquent Lease Payment with respect to which moneys have been advanced from the Reserve Fund, such Lease Payment shall be deposited in the Reserve Fund to the extent of such advance.

If on any Interest Payment Date the moneys on deposit in the Reserve Fund and the Lease Payment Fund (excluding amounts required for payment of principal, interest and prepayment premium, if any, represented by the Certificates theretofore having come due but not presented for payment) are sufficient to pay or prepay all Outstanding Certificates, including all principal, interest and prepayment premiums (if any) represented thereby, the Trustee shall, upon the written request of a City Representative, transfer all amounts then on deposit in the Reserve Fund to the Lease Payment Fund to be applied for such purpose to the payment of the Lease Payments on behalf of the City.

The City shall have the right at any time to fund the Reserve Requirement with an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company (a **"Qualified Reserve Fund Credit Instrument"**), provided that all of the following requirements are met: (a) the long-term credit rating of such bank or insurance

company is rated in a "AA" category or higher by S&P or Moody's; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released; and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Lease Payment Fund for the purpose of making payments required pursuant to the Lease Agreement.

The Reserve Requirement will initially be met with the Reserve Policy provided by the Insurer. For a description of the payment procedure with respect to draws on the Reserve Policy, see “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Insurance

General Liability Insurance. The Lease Agreement requires the City to maintain a standard comprehensive general insurance policy or policies in protection of the City, and its members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Premises. Such policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the City shall deem adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such liability insurance may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of the Lease Agreement and the consent of the Insurer, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance shall be applied by the City toward extinguishment or satisfaction of the liability with respect to which paid.

Casualty Insurance. The Lease Agreement also requires the City to procure and maintain insurance against loss or damage to any improvements constituting any part of the Leased Premises by fire and lightning, with extended coverage and vandalism and malicious mischief insurance, and earthquake insurance (but with respect to such earthquake insurance, only if and to the extent available at reasonable cost from reputable insurers). Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in a loss recoverable amount at least equal to the greater of (a) one hundred ten percent (110%) of the aggregate principal amount of Outstanding Certificates, or (b) one hundred percent (100%) of the replacement cost of the insured property. Such insurance may be subject to deductible clauses of not to exceed $250,000 for any one loss to the Leased Premises and such earthquake insurance, if any, may be subject to a deductible clause of not to exceed ten percent (10%) of said replacement cost for any one loss to the insured improvements. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such insurance may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained in the form of self-insurance, with the consent of the Insurer.

Rental Interruption Insurance. The Lease Agreement further requires the City to cause to procure and maintain, for the benefit of the Authority, rental interruption insurance to cover loss, total or partial, of the rental payments as a result of any of the hazards covered by the casualty insurance, in an amount at least equal to the maximum Lease Payments payable

with respect to the improvements during the current or any future twenty-four (24) month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such insurance may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained in the form of self-insurance. The proceeds of such insurance shall be paid to the Trustee and shall be credited towards the payment of the Lease Payments in the order in which such Lease Payments come due and payable or to the extent there has been a draw on the Reserve Policy, to reimburse the Insurer for amounts due under the Trust Agreement as a result of a draw on the Reserve Policy.

Title Insurance. The Lease Agreement also requires the City to obtain a title insurance policy insuring the City's leasehold estate thereunder in the Leased Premises, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate original principal amount of the Certificates and in a form acceptable to the Insurer. All Net Proceeds received under any such title insurance policy shall be deposited with the Trustee in the Lease Payment Fund and shall be credited towards the prepayment of the remaining Lease Payments.

Form of Policies and Net Proceeds of Insurance. Each above-described policy of insurance shall name the Authority, the City and the Trustee as insureds and the Trustee as loss payee so as to provide that all proceeds thereunder shall be payable to the Trustee. Unless otherwise consented to by the Insurer in writing, each policy of insurance for rental interruption and casualty shall be provided by a commercial insurer rated A by AM Best & Company or in the two highest rating categories of S&P or Moody's. The City shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease Agreements. All such policies shall provide that the Trustee shall be given thirty (30) days' prior notice of expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Net Proceeds of any insurance award resulting from any damage to or destruction of the Leased Premises by fire or other casualty shall be paid to the Trustee. In accordance with the Trust Agreement, the Trustee shall deposit such Net Proceeds in the respective Insurance and Condemnation Fund established under each Trust Agreement, to be applied as set forth in the Trust Agreement. See “THE CERTIFICATES – Prepayment.”

Eminent Domain. The Net Proceeds of any eminent domain award resulting from any eminent domain proceedings shall be paid to the Trustee. In accordance with the Trust Agreement, the Trustee shall deposit such Net Proceeds in the Insurance and Condemnation Fund established under the Trust Agreement, to be applied as follows:

(a) If the City has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Leased Premises or the ability of the City to meet any of its obligations with respect to the Leased Premises under the Lease Agreement, and (ii) such proceeds are not needed for repair or rehabilitation of such Leased Premises, the City shall so certify to the Trustee and the Trustee, at the City’s written request, shall transfer such proceeds to the Lease Payment Fund for the prepayment of the Lease Payments and applied to the prepayment of the Certificates. See “THE CERTIFICATES - Prepayment.”

(b) If the City has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Leased Premises or the ability of the City to meet any of its obligations with respect to the Leased Premises under the Lease Agreement, and (ii) such proceeds are needed for repair, rehabilitation or replacement of such Leased Premises, the City shall so certify to the Trustee and the Trustee,

at the City's written request, shall pay to the City, or to its order, from said proceeds such amounts as the City may expend for such repair or rehabilitation.

(c) If (i) less than all of the Leased Premises shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the City has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the operation of the Leased Premises or the ability of the City to meet any of its obligations with respect to the Leased Premises under the Lease Agreement or (ii) all of the Leased Premises shall have been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be applied to the prepayment of the Lease Payments and applied to the prepayment of the Certificates. See "THE CERTIFICATES – Prepayment."

THE CITY OF ROSEVILLE

Background

The City of Roseville is located in southwest Placer County (the "**County**"), in California's Sacramento Valley, near the foothills of the Sierra Nevada mountain range, about 16 miles northeast of Sacramento and 110 miles east of San Francisco. The City presently occupies 42.26 square miles in the southwestern part of the County and is the largest city in the County as well as the residential and industrial center of the County. It is bordered by Sacramento County to the south, the City of Rocklin to the north and un-incorporated Placer County to the east and west. The estimated population of the City as of January 2015 was approximately 128,382.

The City is predominately comprised of housing, small and large businesses, as well as numerous retail centers, the latter of which play a vital role in the economy of Roseville and contribute significantly to City and County sales tax receipts. The City has the thirteenth highest retail sales of all California cities, and the City is considered a regional shopping destination. The Westfield Galleria at Roseville is the main shopping center in the City and the second largest shopping mall in Northern California. Across from the Westfield Galleria lies the "Fountains at Roseville," a 330,000 square foot retail center, containing additional stores and several recreation centers. Plans call for future construction of hotel, additional retail, and office buildings in connection with the Fountains at Roseville project. In addition to the Westfield Galleria and Fountains at Roseville, Roseville has many shopping plazas surrounding the Westfield Galleria and the Douglas Boulevard financial corridor. The City is also home to one of the largest auto malls in the United States and a popular water park, Roseville Golfland-SunSplash.

Municipal Government

The City was incorporated in 1909 and is a charter city. The City operates under the council-manager form of municipal government. City Council members are elected at large for four-year terms of office. Two and three City Council members will be elected alternately at the general municipal election in November of even-numbered years. The City Council member receiving the highest number of votes in the latest election is seated as Mayor Pro Tempore for the first two years of his or her four-year term, and as Mayor for the final two years. The City Council enacts laws and establishes administrative policy for the city.

City services include, among others, police and fire protection, library services, street maintenance, transit, and parks and recreation. The City also owns two golf courses and provides its own electric, water, wastewater, and solid waste services to its citizens.

Certain demographic information concerning the City and the County is included in Appendix A attached hereto.

Management

Members of the Council and their terms of office are shown below.

Member	Position	Term Expires
Carol Garcia	Mayor	2016
Susan Rohan	Vice Mayor	2018
Bonnie Gore	Councilmember	2016
Tim Herman	Councilmember	2018
Pauline Roccucci	Councilmember	2016

As administrative head of Roseville's municipal government, the City Manager implements City Council policy decisions and supervises the operation of all City departments and divisions. Biographies of certain senior managers of the City are as follows:

Raymond Kerridge, City Manager, was appointed the City Manager for the City in June 2010. Prior to becoming the City Manager of the City of Roseville, he served as City Manager of the City of Sacramento for four years. He was also the City of Portland's Director of the Bureau of Development Services, where he made efficiency-based changes in the permitting process. He is recognized for being the catalyst to major customer service improvements in Portland, where he worked for 25 years.

Jay Panzica, City Treasurer/Financial Executive*,* recently began working for the City after working for the City of Ventura for almost nine years as Chief Financial Officer. Prior to his service with Ventura, Mr. Panzica worked with the City of Pasadena as the Director of Finance for Pasadena Water and Power. Before beginning his career in municipal government, Mr. Panzica had a diverse career in private industry with senior financial positions in divisions of American Airlines, General Foods and Burroughs Corporation. He has an M.B.A. from Wayne State University and a B.A. from Michigan State University.

Mike Isom, Deputy City Manager, oversees cross-departmental teams and special projects and has served in this capacity since January 2011. Mr. Isom started with the City's Planning Department in 2000, rising to division manager in 2006 overseeing development entitlement review. Mr. Isom personally managed hundreds of development entitlements facilitating the city's growth from 79,000 to over 120,000 residents in a ten-year span, and was responsible for such large scale projects as the Westfield Galleria Mall expansion, Hewlett Packard rezone, and South Placer Justice Center. Mr. Isom has a B.A. in Geography and Planning from CSU Chico and is a member of the American Institute of Certified Planners.

Monty Hanks, Finance Director, is responsible for the accounting, budget, cash management/investment, payroll, utility billing and public finance aspects of the City. He has served the City in this capacity since January of 2014. Prior to assuming his current position, Mr. Hanks was Assistant Finance Director for the City. He obtained both his M.B.A. in Finance and his undergraduate degree in Business Administration from CSU Sacramento.

Robert R. Schmitt, City Attorney, has been employed by the City of Roseville since February 1999 and was appointed as City Attorney by the City Council, effective February 21, 2015. Mr. Schmitt advises the City Council and the City's boards and commissions on the propriety of proposed actions, represents the City in civil litigation and acts as liaison to outside legal counsel, provides advice to City staff, prosecutes municipal code violations, and acts as general counsel to the City's Housing Authority and the Successor Agency to the Redevelopment Agency. Mr. Schmitt graduated with a J.D. from the University of Pacific, McGeorge School of Law, and with a B.A. in Philosophy from the University California Santa Cruz.

CITY FINANCES

Accounting Policies and Financial Reporting

The City employs, at the beginning of each fiscal year, an independent certified public accountant who, at least annually, and at such other times as he or she shall determine, examines the combined financial statements of the City in accordance with generally accepted auditing standards, including such tests of the accounting records and such other auditing procedures as such accountant considers necessary. As soon as practicable after the end of the fiscal year, a final audit and report is submitted by such accountant to the City and a copy of the financial statements as of the close of the fiscal year is published.

The City, all its funds and the funds of certain other component entities of the City are audited annually by a certified public accounting firm. The firm of Maze and Associates, Certified Public Accountants is the City's current auditor (the "**Auditor**"). The comprehensive annual financial report of the City for fiscal year 2013-14 is attached hereto as Appendix B. *The City's financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit of the financial condition of the City*.

The accounting policies of the City conform to generally accepted accounting principles. The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting and (ii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iii) required supplementary information.

Accounts of the City are organized on the basis of funds each of which is considered a separate accounting entity. There are three groups of funds - governmental funds (which include the General Fund), proprietary funds (which include enterprise funds and internal service funds) and fiduciary funds (which are used to account for resources held for the benefit of parties outside the City). The City maintains three major governmental funds, the General Fund, a fund attributable to the former Redevelopment Agency of the City, and a Community

Facilities District projects fund. Information is presented in the governmental statement of revenues, expenditures, and changes in fund balances for the each of the three major governmental funds and for eight business-type enterprise funds, in a single aggregated presentation. Supplementary information describing the City's (1) Non-Major Governmental Funds (2), Internal Service Funds (2), Private-Purpose Trust Funds (4) and Agency Funds is also presented.

All governmental funds and fiduciary funds use the modified accrual basis of accounting. The proprietary funds use the full-accrual basis of accounting. The General Fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

[Remainder of page intentionally left blank]

Comparative Financial Statements

The following tables provide a five-year history of the City's comparative General Fund Balance Sheet and comparative General Fund revenues, expenditures, transfers, and ending fund balances.

TABLE 1
CITY OF ROSEVILLE
GENERAL FUND BALANCE SHEET
As of June 30 for Fiscal Years 2009-10 through 2013-14

	Audited 2009-10	Audited 2010-11	Audited 2011-12	Audited 2012-13	Audited 2013-14
ASSETS:					
Cash and cash equivalents	$43,368,632	$42,074,354	$46,857,781	$45,396,988	$40,672,983
Taxes receivable	608,568	698,772	1,290,818	1,756,273	1,506,825
Accounts receivable	1,235,024	1,231,487	1,665,554	1,578,611	1,557,194
Accrued interest receivable	2,240,482	2,452,495	1,874,087	1,978,004	437,148
Due from other governmental agencies	5,400,395	5,956,464	5,935,080	6,793,783	7,321,298
Due from other funds	1,842,023	660,927	33,719	91,067	59,365
Advances to other funds (1)(2)	8,703,843	23,249,386	-	1,530,951	1,530,951
Prepaid items	73,354	68,910	75,042	93,385	82,580
Deferred receivables	191,355	187,964	207,852	197,700	262,910
Notes receivable (2)	75,970	15,107	16,559,779	23,826,961	17,979,293
Inventories	446,840	401,145	401,994	429,985	412,477
Total Assets	64,186,486	76,997,011	74,901,706	83,673,708	71,823,024
LIABILITIES:					
Accounts payable	2,370,449	2,289,156	2,730,255	1,997,737	2,888,686
Accrued liabilities	2,900,775	2,994,087	3,364,674	3,666,675	3,651,089
Due to other funds	-	64,329	64,329	64,328	-
Due to other governmental agencies (3)	18,591	21,626	21,892	7,329,129	27,995
Advances from other funds	192,986	128,657	64,328	-	-
Deposits	1,796,166	1,270,044	1,509,080	2,130,154	3,497,861
Deferred /Unearned revenue (4)	1,802,161	2,097,557	2,369,178	487,816	511,091
Deferred liabilities	-		-	-	
Total Liabilities	9,081,128	8,865,456	10,123,736	15,675,839	10,576,722
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue (4)				10,687,138	7,672,294
FUND BALANCES: (5)					
Nonspendable		23,734,548	17,036,815	24,350,331	12,700,881
Restricted			-		
Committed			-		
Assigned		5,328,824	2,944,900	3,002,686	2,685,359
Unassigned		39,068,183	44,796,255	29,957,714	38,187,768
Total Fund Balances	**55,105,358**	**68,131,555**	**64,777,970**	**57,310,731**	**53,574,008**
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	**$64,186,486**	**$76,997,011**	**$74,901,706**	**$83,673,708**	**$71,823,024**

(1) In Fiscal Year 2010-11, additional advances were made to the RDA to assist in the startup of the Roseville Community Development Corporation.
(2) In Fiscal Year 2011-12, the advances made to the RDA were required to be reclassified as loans to the Successor Agency and were moved to "Notes Receivable."
(3) In Fiscal Year 2012-13, $7.3 million was reimbursed back to the State for disallowed loan payments made from the former RDA to the City.
(4) In Fiscal Year 2012-13, the deferred inflows category was created to account separately unavailable revenue that would be recognized in future periods. The unavailable revenue is the amount of interest receivable that was previously posted as deferred revenue.
(5) Fund Balance categorizations changed in Fiscal Year 2010-11. The previous categories were Reserved, Unreserved/Designated, and Unreserved/Undesignated.

Sources: City of Roseville Audited Financial Statements; City of Roseville.

TABLE 2
CITY OF ROSEVILLE
STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2009-10 through 2013-14 (Audited) and 2014-15 (Projected)

	Audited 2009-10	Audited 2010-11	Audited 2011-12	Audited 2012-13	Audited 2013-14	Projected 2014-15
Revenues						
Property and Other Taxes [1]	$66,498,458	$69,902,784	$70,247,100	$78,283,027	$82,908,186	$88,180,468
Licenses and Permits	1,624,422	1,651,822	1,756,255	1,805,452	2,066,744	2,095,200
Subventions and Grants	1,540,865	1,481,995	1,789,659	1,312,131	1,774,570	1,889,738
Charges for Services [2]	10,494,397	12,144,559	11,269,072	11,572,161	13,683,955	18,943,199
Fines and Forfeitures and Penalties	1,127,119	1,077,445	1,022,231	989,221	901,875	1,198,843
Use of Money and Property	1,359,144	881,336	1,335,964	566,910	837,876	720,380
Contributions from Developers	544,424	366,102	378,377	497,997	619,244	500,000
Miscellaneous Revenues	2,925,476	1,351,814	1,403,318	2,148,834	2,258,297	2,362,580
Total Revenues	86,114,305	88,857,857	89,201,976	97,175,733	105,050,747	115,890,408
Expenditures						
General Government	21,042,685	21,131,732	22,792,122	24,608,740	22,974,915	26,139,254
Public Safety-Police	28,542,396	27,379,314	28,638,717	29,626,998	30,686,667	33,602,704
Public Safety-Fire	23,333,025	23,052,021	23,522,308	24,997,829	25,488,280	27,387,513
Library	3,041,320	2,673,213	3,437,160	3,680,610	3,648,574	4,026,775
Parks and Recreation	12,210,142	11,158,398	11,889,744	12,310,921	13,078,587	15,915,067
Community Development/Development & Operations [2][3]	4,335,024	3,992,675	3,682,295	3,457,097	9,138,995	15,181,175
Public Works [3]	8,911,043	9,196,518	10,029,940	10,124,648	5,905,337	6,451,706
Capital Outlay [4]	3,003,344	3,782,341	3,703,214	2,592,255	2,763,055	12,907,298
Payments under Development Agreements [5]	1,445,960	1,146,915	880,852	567,619	567,619	567,619
Annexation Payments	2,131,802	2,045,843	2,228,371	2,302,077	2,932,924	3,400,000
Debt Service-Principal	112,195	75,049	78,839	82,821	42,965	35,573
Debt Service-Interest/Fiscal Charges	604,675	14,875	11,085	19,268	8,446	224
Total Expenditures	108,713,611	105,648,894	110,894,647	114,370,883	117,236,364	145,614,908
Excess of Revenues Over (Under) Expenditures	(22,599,306)	(16,791,037)	(21,692,671)	(17,195,150)	(12,185,617)	(29,724,500)
Other Financing Sources (Uses)						
Proceeds from Sale of Property	10,000	-	-	121,505	40,044	
Transfers In	29,412,395	36,509,799	27,624,947	26,043,596	25,208,960	27,326,712
Transfers Out	(8,041,207)	(6,692,565)	(8,504,808)	(9,132,770)	(12,483,393)	(11,248,261)
Total Other Finance Sources (Uses)	21,381,188	29,817,234	19,120,139	17,032,331	12,765,611	16,078,451
Assets Transferred To/Liabilities Assumed by Successor Agency/Housing Successor [6]	-	-	(781,053)	(7,304,420)	(5,847,668)	
Net in Change in Fund Balance	(1,218,118)	13,026,197	(3,353,585)	(7,467,239)	(5,267,674)	(13,646,049)
Fund Balances:						
Beginning of the Year, as previously reported/or as restated [7]	56,323,476	55,105,358	68,131,555	64,777,970	58,841,682	53,574,008
End of the Year	$55,105,358	$68,131,555	$64,777,970	$57,310,731	$53,574,008	$39,927,959

(1) For a breakdown of each component of taxes, see Table 3.
(2) For Projected Fiscal Year 2014-15, developer activity anticipated to spend and recover $5.9 million; considered as pass-through payments.
(3) As of Fiscal Year 2013-14, Public Works was divided into two areas. The development section was combined with Community Development/Planning and became Development and Operations.
(4) A large payment is anticipated for a project under Capital Expenditures in Fiscal Year 2014-15.
(5) Payable pursuant to the Galleria Lease Agreement, as described below.
(6) Calculated interest accruals for the original RDA loans were adjusted to reflect the revised interest rates after the dissolution of the RDA and subsequent rulings from the State.
(7) In Fiscal Year 2013-14, it was determined that $1,530,951 of unavailable revenue had been previously overstated and fund balance needed to be increased due to the deferred interest calculations

Sources: City of Roseville Audited Financial Statements; City of Roseville.

Budget Process

In accordance with applicable sections of the California Government Code and the City's Charter, an annual budget is presented to the City Council no later than the first regular meeting in June for adoption prior to the Fiscal Year beginning July 1. The City Manager monitors procedures to assure that expenditures of the City do not exceed the appropriations by organization key of the major summary categories (salaries and benefits, operating services and supplies, capital outlay, and capital improvement projects) in conformance with the adopted policies set by the City Council. Additional appropriations or interfund transfers not included in the original budget ordinance require approval by the City Council. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds, except for proprietary funds, which do not budget for depreciation and do budget capital outlay. For further information concerning the City's budgetary procedures, see the City's comprehensive annual financial report for fiscal year 2013-14 attached hereto as Appendix B.

City Reserves

The annual ordinance adopting the City's annual budget requires the City to implement and maintain fund balances of 10% of General Fund and Utility Fund operating expenditures as reserves or rate stabilization funds to guard against economic uncertainties and impacts from sudden changes in revenues. As of June 30, 2014, the General Fund Reserve for Economic Uncertainties, which is reported within the unassigned fund balance of the General Fund, had a balance of $11,836,486. As of June 30, 2014, the Utility Fund Economic Uncertainties balances, which are reported within the unrestricted net assets of the City's electric, water, wastewater and solid waste enterprise funds had balances of $47,029,880, $2,703,300, $2,879,300, and $1,980,400, respectively.

Interfund Borrowing and Cash Flows

General Fund expenditures tend to occur in level amounts throughout the Fiscal Year. Conversely, General Fund receipts have followed an uneven pattern primarily as a result of secured property tax installment payment due dates in April and December and as a result of delays in payments from other governmental agencies, which represent significant sources of City revenues. As a result, General Fund cash balances have typically declined or been negative for part of the Fiscal Year and, if negative, have been covered by interfund borrowings pursuant to Section 6 of Article XVI of the California Constitution. The State Constitution prohibits interfund borrowings by cities after the last Monday of April of each Fiscal Year of amounts that exceed 85% of taxes accrued.

Self Insurance

The City maintains Self Insurance Funds. The Self Insurance Funds provide the City insurance protection against public liability cases (General Liability) and worker's compensation claims related to injuries to City employees. The Self Insurance Funds' balance sheet records the liability for Claims and Judgments for outstanding cases and claims. As of June 30, 2014, the City's total liability for Claims and Judgments amounted to $1,825,529 for General Liability and $8,923,807 for Workers' Compensation. The net position equaled $697,552 for General Liability and $1,405,559 for Workers' Compensation.

In Fiscal Year 2014-15, the City transferred $1,946,554 and $5,289,856 to General Liability and Workers Compensation, respectively. These transfers brought both funds to a 75% confidence level per council approved financial policies.

See " – Risk Management," below, and "APPENDIX B - AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2014, Note 14" for additional information about the City's risk management practices.

General Fund Budgets

The City's General Fund original and final budget figures for the year ended June 30, 2014, and the City's audited actual figures for the year ending June 30, 2014 are set forth in "APPENDIX B - AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2014, Required Supplementary Information." The City's projected actuals for fiscal year ending June 30, 2015, is set forth in Table 2 above.

General Economic Condition and Outlook of the City

Commencing in 2008, the City has taken a number of steps to address the negative impacts of the economic downturn on the financial condition of the City. The following discussion describes annual economic conditions of the City with measures taken in the City's past six Fiscal Years.

Fiscal Year 2009-10. For Fiscal Year 2009-10, General Fund revenues dropped $15.2 million from the previous fiscal year. To compensate for this loss of revenue, the City pursued aggressive cost-cutting measures which resulted in $18.4 million of cuts from the prior Fiscal Year. Cost cutting measures included an early-retirement program, continued de-funding of vacant positions, layoffs, restructuring of labor contracts to reduce compensation, and reductions in spending on non-personnel items. At the end of the year, the City had positioned itself to end fiscal year 2009-10 without dipping into reserves and had reduced expenses to match expected drops in revenue as well as to correct an imbalance in expenses versus revenues at the end of fiscal year 2008-09. City revenues declined in virtually every category, but were significantly lower in sales and property taxes, use of property and money, and development-related revenues. Decreases in annual revenues received were attributable to the sudden drop in property values, a significant increase in unemployment, and the attendant loss of consumer confidence and lack of spending. Development-related revenues also declined with a significant reduction in new housing development. The final accounting for fiscal year 2009-10 shows a net positive of operating over operating expenditures of $43.2 million.

[Remainder of page intentionally left blank]

Fiscal Year 2010-11. In Fiscal Year 2010-11, economic conditions resulted in a slow paced recovery throughout the City, with continued high unemployment, and a weak housing market. Statewide, local governments continued to experience declining revenues. The City experienced an additional 5.2% drop in operating revenues. To address this issue, further reductions in staff were achieved through a second and third round of early retirements, reductions in liability and workers' compensation premiums to take advantage of over-funded funds, and the continued reduction of non-personnel costs. The final year-end numbers showed operating revenues $4.2 million above operating expenditures,

Fiscal Year 2011-12. The City finished Fiscal Year 2011-12 with an assigned and unassigned General Fund balance of $64,777,970. The City continued efforts to reduce costs in order to match total revenues to expenses, though part of the drivers in cost increases in Fiscal Year 2011-12 were significant increases in PERS costs (about $2.5 million) and the rolling off of previously negotiated compensation reductions. Additionally workers' compensation premiums were re-established to keep the Workers' Compensation fund at healthy levels. General Fund expenses were greater than revenues for the year as a whole; however, increasing taxes helped to make up for decreases in indirect charges and the use of one-time money. While savings from vacant positions lowered expenses, reductions in spending on non-personnel items were the City's primary savings driver. The City was also able to use carryover monies from Fiscal Year 2010-11 to avoid dipping into economic reserves.

The economic condition of the City in Fiscal Year 2011-12 was stable and improving. Overall, General Fund revenues were very slightly lower than Fiscal Year 2010-11. Sales tax revenues were flat, however, the distribution between the Bradley-Burns sales tax revenues and the Property Tax In-Lieu of Sales Tax evidenced an overall increase in taxable sales. Property taxes decreased slightly and development-related revenues were flat. Overall, General Fund revenues reflected a slow recovery from the recession. Housing starts increased, but commercial development declined in comparison to previous years.

Fiscal Year 2012-13. Housing starts were down from prior highs, but new homes continued to be built and sold. Office and retail vacancies remained significant, but this created capacity for an economic recovery. Several major office vacancies were filled, creating a lower vacancy rate. Sales tax continued to trend up, and new and diverse stores continue to be attracted to the retail core of the City. New auto sales were up in Fiscal Year 2012-13. Retail hardware sales remained low due to fallout from the housing slowdown.

The City continued cost-cutting measures to bring costs in line with lower revenues. Since 2007, the City has been aggressive and proactive in cutting costs and has aggressively reduced materials and supply costs, defunded approximately 80 General Fund positions through attrition through Fiscal Year 2011-12, incentivized 120 employees throughout the City to retire, and laid off 35 permanent positions in the General Fund. Additionally, the City worked to reduce its expenses for PERS costs (as such are described below) by working with employee groups to phase in their responsibility for paying the employees' share of PERS costs. In Fiscal Year 2012-13, this was accomplished with 3 of the 5 labor groups and the Management/Confidential group.

Fiscal Year 2013-14. In fiscal year 2013-14, the City continued efforts to control costs as the economy continued its recovery, and, overall, general fund revenues increased from the prior year. General fund expenditures were essentially matched with revenues before special items for the fiscal year as a whole. Expenditures increased as the City expanded services and made commitments to start funding previously delayed contributions. The combination of savings from vacant positions and reductions in spending on non-personnel items were the primary savings drivers. The City was also able to use carry-over funds from fiscal year 2012-13 to avoid dipping into economic reserves.

Commercial development increased again over the previous year. While housing starts were still down from earlier highs, new homes were still being built and sold, and the City expects this to turn around in the next few years. Office vacancies were lower than they were in 2007 for the first time. Sales tax continued trending up with new and diverse stores being added to the retail core of the City. New auto sales were up in fiscal year 2013-14 compared to fiscal year 2012-13.

The City continued to control costs and payroll expansion to ensure operating revenues exceed operating expenses. In fiscal year 2013-14, the City started a five-year funding plan to address unfunded liabilities associated with the OPEB Trust and the CIP Rehabilitation Fund (for maintenance and improvements to City building and park facilities).

With respect to Fiscal Year 2013-14 revenues, the City received the following actual percentages of budgeted revenues:

General Fund Revenues	Actual Amount	Original Budget Amount	Percent of Budget Amount
Property Taxes	$31,688,080	$30,698,725	103.22%
Sales and Use Taxes	46,591,962	46,235,658	100.77
Franchise Fees	2,037,189	1,976,600	103.07
Hotel/Motel Taxes	2,281,371	2,250,000	101.39
Property Transfer Taxes	695,391	850,000	81.81
Business License Taxes	721,951	695,000	103.88
Other Taxes	923,775	928,200	99.52

Sources: City of Roseville Audited Financial Statements; City of Roseville.

Fiscal Year 2014-15. The long-term outlook for the City's economy is good. Growth from fiscal year 2013-14 continued into fiscal year 2014-15 with operating revenues projected to be 4.5% higher largely attributed to increases in Sales and Property Taxes. Operating expenses are also expected to be higher mainly due to increased contributions for OPEB, CIP Rehab, PERS and new personnel.

On a short-term basis, the City will need to continue controlling costs and payroll expansion to ensure operating revenues exceed operating expenses. In fiscal year 2014-15, the City expects to contribute $3.3 million to the OPEB Trust and $2.18 million to the CIP Rehabilitation Fund. The City made additional contributions to Workers Compensation and General Liability funds bringing both fund balances to a 75% funding level per Council direction. PERS costs are expected to increase in future years as well. For more information, see "-Retirement System" below.

While the State is no longer a significant source of City revenues, and the City does not

anticipate that the State's current financial condition will materially adversely affect the financial condition of the City, there can be no assurances that any of the State's current financial pressures, the 2015-16 State Budget, or future State budgets will not adversely affect the City. The State's budget balancing plans have and may continue to harm the City's finances, it may not receive State funds as previously received and presently anticipated, in a timely manner, or at all, and the State's elimination of redevelopment agencies may continue to have a dramatic impact upon the City's financial circumstances. See "STATE BUDGET" and "RISK FACTORS – State Budget", and "- Redevelopment Agencies Dissolution." City Staff continues to monitor State budget developments and the progression of dissolution of redevelopment agencies.

[Remainder of page intentionally left blank]

General Fund Sources – Taxes and Other Revenues

The City's three largest sources of revenues are, in order, sales taxes, property taxes, and hotel/motel taxes. The following table illustrates the City's primary General Fund sources over the last five years.

TABLE 3
CITY OF ROSEVILLE
MAJOR TAX REVENUES BY SOURCE - GENERAL GOVERNMENTAL ACTIVITIES

	Audited 2009-10	Audited 2010-11	Audited 2011-12	Audited 2012-13	Audited 2013-14
Property Taxes (1)	$30,999,747	$28,759,187	$28,086,575	$30,840,133	$31,688,080
Sale and Use Taxes	32,139,543	37,332,222	38,129,931	43,002,643	46,591,962
Franchise Fees	1,615,166	1,735,495	1,822,869	1,874,701	2,037,189
Hotel Motel Taxes	1,590,429	1,759,104	1,897,429	2,078,796	2,281,371
Property Transfer Tax	515,878	507,507	629,231	786,924	695,391
Business License Tax	673,578	670,167	680,256	695,465	721,951
Other Taxes	577,633	871,835	817,308	875,510	923,775
Motor Vehicle License Fee	332,224	523,609	122,231	-	-
Total Revenue	$68,444,198	$72,159,126	$72,185,830	$80,154,172	$84,939,719

(1) Includes Redevelopment tax increment.
Sources: City of Roseville Audited Financial Statements and City of Roseville.

Sales and Use Taxes

Sales and use taxes represent the largest source of tax revenue to the City (approximately 54.9% of general governmental tax revenues in 2013-14). The City received approximately $46,591,962 in sales tax revenue for Fiscal Year 2013-14, which was an increase of $3,589,319 or 8.3% from the prior year.

Sales Tax Rates. The City collects a percentage of taxable sales in the City (minus certain administrative costs imposed by the State Board of Equalization) pursuant to the Bradley-Burns Uniform Local Sales and Use Tax (the "**Sales Tax Law**"), as shown below. As part of the State's Fiscal Year 2003-04 Budget, the State Legislature authorized, and the voters of the State approved, a redirection to the State from local jurisdictions (including the City) of sales revenues in the amount of 0.25% of the basic 1.0% local sales tax rate, starting July 1, 2004. The State of California uses such revenues to pay the State's economic recovery bonds. Under the California Economic Recovery Act, which includes legislation commonly referred to as the "Triple Flip," the State redirected certain property taxes in the ERAF to local governments, including the City, to compensate for this redirection of sales taxes on a "dollar for dollar" basis. Under this legislation, along with the guarantees provided by the passage of Proposition 1A in November 2004, the City expects that there will not be any significant fiscal impacts on the City resulting from the "Triple Flip." It is anticipated the State's Department of Finance will repay the economic recovery bonds in July 2015. Once the bonds are repaid, the Board of Equalization looks to revert back to the full local 1% tax rate in the first whole quarter at least 90 days after repayment. See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 22."

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

TABLE 4
CITY OF ROSEVILLE
SALES TAX RATES
Fiscal Year 2014-15

State (General Fund)	3.6875%
State (General Fund)	0.2500
State (Fiscal Recovery Fund)	0.2500
State (Local Revenue Fund – Health and Social Svcs)	0.5000
State (Local Public Safety Fund)	0.5000
State (Local Revenue Fund 2011 Public Safety)	1.0625
State (Education Protection Account – 2012 Prop 30)	0.2500
Local (City and County Operations)	0.7500
Local (County Transportation Funds)	0.2500
Total State-Wide Tax Rate	
Total City of Roseville Tax Rate	7.5000%

Source: California State Board of Equalization.

Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State of California. The use tax is imposed on the purchase, for storage, use or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State of California where the use will occur within the State of California. The Sales Tax is imposed upon the same transactions and items as the statewide sales tax and the statewide use tax.

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

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

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization's June 2005 Publication No. 61 entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found on the State Board of Equalization's website at http://www.boe.ca.gov/.

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

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

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

Under its procedures, the State Board of Equalization projects receipts of the sales and use tax on a quarterly basis and remits an advance of the receipts of the sales and use tax to the City on a monthly basis. The amount of each monthly advance is based upon the State Board of Equalization's quarterly projection. During the last month of each quarter, the State Board of Equalization adjusts the amount remitted to reflect the actual receipts of the sales and use tax for the previous quarter.

The Board of Equalization receives an administrative fee based on the cost of services provided by the Board to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City.

Galleria at Roseville. In Fiscal Year 2000-01, the City entered into a lease agreement with the Galleria at Roseville regional mall (the "**Galleria Lease Agreement**"). The purpose of the Galleria Lease Agreement was to share revenue with the mall developers based on the generation of certain levels of sales tax. The mall developers agreed to construct the mall, along with water and storm sewer mains, a bike trail, pedestrian walks, landscaping, parking areas and infrastructure improvements to surrounding streets. The mall opened for business in August 2000 and the term of the Galleria Lease Agreement and revenue sharing both commenced on that date. The remaining portion of sales tax revenues to be returned under the Galleria Lease Agreement approximated to $2,246,796 at June 30, 2014. The Galleria Lease Agreement terminates in 2017, regardless of whether this total amount has been returned; after that date all future sales tax revenues remain with the City. During fiscal year 2013-14, payments made to the mall developers under the Galleria Lease Agreement totaled $567,619.

See "APPENDIX A - Placer County and City of Roseville Demographic Information, Commercial Activity," below, for further detail regarding the City's sales tax receipts.

Property Taxes

Property taxes represent the second largest source of tax revenue to the City (approximately 37.3% of general governmental tax revenues in 2013-14). Fiscal Year 2013-14 property tax revenues are reported to be $31,688,080.

Property taxes have historically been the primary revenue source affected by voter initiatives and legislative actions. With approval of Proposition 13, property tax revenues were first curtailed nearly 40 years ago when they were reduced by two-thirds and thereafter limited to 2% annual increases or the Consumer Price Index (the "**CPI**"), whichever was less.

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

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

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

Beginning in 1978-79, Proposition 13 and its implementing legislation shifted the function of property tax allocation to the counties, except for levies to support prior voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

ERAF Shift and Triple Flip Legislation. Certain property taxes have been shifted from local government agencies to schools by the State Legislature for deposit in the State's the Education Revenue Augmentation Fund ("**ERAF**"), a shift that has resulted in diversion of City property taxes since Fiscal Year 1992-93. As discussed in "Sales and Use Taxes" above, on March 2, 2004, the State's voters approved a bond initiative known as the "California Economic Recovery Act" which includes provisions known as "Triple Flip" legislation, calling for a diversion of a portion of local governments' share of sales taxes to the State of California, and in return, a

redirection of certain property taxes from the ERAF to local government. The swap of sales taxes for property taxes will terminate once $15 billion in deficit financing bonds, issued pursuant to the “California Recovery Act” and to finance the Fiscal Year 2002-03 and 2003-04 State budget deficits, are paid, which is currently expected to occur in Fiscal Year 2015-16.

Alternative Method of Tax Apportionment. The Board of Supervisors of Placer County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in the California Revenue and Taxation Code beginning at Section 4701. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The County currently includes the City in the Teeter Plan, and thus the City currently receives 100% of property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes.

So long as the Teeter Plan remains in effect and the County continues to include the City in the Teeter Plan, the City’s receipt of revenues with respect to its levy of property taxes will not be dependent upon actual collections of such property taxes by the County.

However, under the statute creating the Teeter Plan, the Board of Supervisors of the County could, under certain circumstances, terminate the Teeter Plan in its entirety. In addition, the Board of Supervisors of the County could terminate the Teeter Plan with respect to the City if the delinquency rate for all *ad valorem* property taxes levied within the City in any year exceeds 3%. If the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes in the City would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the City.

Assessed Valuation. All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" in the body of the Official Statement.

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

Assessed Valuation History. The following table shows a ten-year history of the City's assessed valuation. The County Assessor reports that the Fiscal Year 2014-15 secured property assessed value increased to $16,656,713,771 (an increase of 8.0% from Fiscal Year 2013-14) and the Fiscal Year 2014-15 unsecured property assessed value increased to $672,379,605 (an increase of 0.8% from Fiscal Year 2013-14), resulting in a total Fiscal Year 2014-15 assessed value of $17,333,710,916 (an increase of 7.7% from Fiscal Year 2013-14).

In recent years, the Placer County Assessor temporarily reduced the assessed value of certain properties in the City under Proposition 8. See "RISK FACTORS – Assessed Value of Taxable Property; Delinquent Payment of Property Taxes."

TABLE 5
CITY OF ROSEVILLE
ASSESSED VALUATIONS OF ALL TAXABLE PROPERTY
Fiscal Years 2005-06 to 2014-15
Dollars in Thousands

	Local Secured	Utility	Unsecured	Total
2005-06	$13,337,959,442	$13,285,343	$463,111,057	$13,814,355,842
2006-07	15,581,643,348	11,395,855	529,989,522	16,123,028,725
2007-08	16,644,339,498	2,659,569	537,851,448	17,184,850,515
2008-09	16,719,828,331	2,659,569	579,926,940	17,302,414,840
2009-10	16,306,499,944	4,784,553	560,519,411	16,871,803,908
2010-11	15,124,767,957	4,784,553	561,974,062	15,691,526,572
2011-12	14,274,715,747	4,784,553	676,158,158	14,955,658,458
2012-13	14,313,557,564	4,784,553	607,696,314	14,926,038,431
2013-14	15,417,937,646	4,617,540	667,129,419	16,089,684,605
2014-15	16,656,713,771	4,617,540	672,379,605	17,333,710,916

Source: City of Roseville, California Municipal Statistics, Inc.

[Remainder of page intentionally left blank]

Secured Tax Charges and Delinquencies. The property tax levies and collections for the City for its past five Fiscal Years are shown in the following table.

TABLE 6
CITY OF ROSEVILLE
SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2009-10 to 2013-14

	Secured Tax Charge [1]	Amt. Del. June 30	% Del. June 30
2009-10	$23,483,830.41	$796,965.10	3.39%
2010-11	21,973,351.98	565,159.03	2.57
2011-12	27,639,122.05	424,645.93	1.54
2012-13	27,703,430.23	307,439.89	1.11
2013-14	23,291,546.40	257,818.41	1.11

(1) 1% General Fund apportionment. Information is not available for prior years.
Source: City of Roseville, California Municipal Statistics, Inc.

Tax Rates. The table below shows historical and current property tax rates within the City.

TABLE 7
CITY OF ROSEVILLE
TYPICAL TAX RATE PER $100 ASSESSED VALUATION
Fiscal Years 2010-11 to 2014-15
(TRA 5-001) [1]

	2010-11	2011-12	2012-13	2013-14	2014-15
General	1.000000	1.000000	1.000000	1.000000	1.000000
Roseville Joint Union High School District	.043078	.041963	.044598	.051398	.048472
Roseville City School District	.041786	.046715	.053481	.044060	.045705
Total	1.084864	1.088678	1.098079	1.095458	1.094177

(1) 2014-15 assessed valuation of TRA 5-001 is $9,244,513,666. Some tax rate areas may include overlapping special tax or assessment obligations which increase the total tax rate.
Source: City of Roseville, California Municipal Statistics, Inc.

[Remainder of page intentionally left blank]

Major Property Taxpayers. The following table shows the largest taxpayers in the City as determined by their secured assessed valuations in Fiscal Year 2014-15.

TABLE 8
CITY OF ROSEVILLE
LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2014-15

	Property Owner	Primary Land Use	Assessed Valuation	Total [1]
1.	Roseville Shoppingtown LLC	Shopping Center	$ 409,391,842	2.46%
2.	Hewlett Packard Co.	Industrial	142,638,230	0.86
3.	Slate Creek Roseville LLC	Apartments	80,079,410	0.48
4.	BEP Roseville Investors LLC	Office Building	76,312,316	0.46
5.	Roseville Fountains LP	Shopping Center	64,756,742	0.39
6.	Walmart Stores Inc.	Commercial	63,723,637	0.38
7.	CPT Creekside Town Center LLC	Shopping Center	61,498,981	0.37
8.	UCM Caiprosemeade LLC	Apartments	58,381,068	0.35
9.	W2005 Fargo Hotels Pool C Realty LP	Hotel	50,462,713	0.30
10.	BBC Roseville Oaks LLC	Commercial	50,000,000	0.30
11.	Timberpine Holdings LLC	Industrial	47,500,000	0.29
12.	John L. Sullivan Family LP	Auto Dealership	44,168,552	0.27
13.	Terraces at Highland Property Owner LLC	Apartments	41,626,345	0.25
14.	Pinnacle OPID LLC & Pinnacle PCC LLC	Apartments	40,148,000	0.24
15.	ATC Realty One LLC	Undeveloped	39,463,407	0.24
16.	Safeway Inc.	Commercial	38,053,367	0.23
17.	HD Development of Maryland Inc.	Commercial	37,714,704	0.23
18.	NNN Parkway Corporate Plaza LLC	Office Building	36,700,000	0.22
19.	Realty Associates Fund IX LP	Apartments	36,579,318	0.22
20.	Mourier Land Investment Corporation	Office Building	36,027,958	0.22
			$1,455,226,590	8.74%

(1) 2014-15 Local Secured Assessed Valuation: $16,656,713,771.
Source: City of Roseville, California Municipal Statistics, Inc.

Outstanding General Fund Debt and Lease Obligations

In addition to the Certificates, the City has certain lease and installment purchase obligations payable from the City's General Fund. The Successor Agency of the City's Redevelopment Agency and several of the City's utility enterprises have issued bonds and other forms of long-term indebtedness, payable solely from the revenues of such entities. See also "APPENDIX B - AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2014, Note 9" for additional information about the City's long-term obligations.

Estimated Direct and Overlapping Bonded Debt

The estimated direct and overlapping bonded debt of the City as of May 1, 2015 is set forth below.

TABLE 9
CITY OF ROSEVILLE
DIRECT AND OVERLAPPING BONDED DEBT
as of May 1, 2015

2014-15 Assessed Valuation: $17,333,710,916

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 5/1/15
Roseville Joint Union High School District	74.682%	$ 59,611,899
Roseville Joint Union High School District SFID No. 1	97.504	4,612,548
Center Joint Unified School District	1.811	653,818
Rocklin Unified School District	0.523	334,819
Dry Creek Joint School District	57.656	25,372,024
Eureka Union School District	34.567	1,161,363
Roseville City School District	97.350	22,576,654
City of Roseville Community Facilities Districts	100.000	326,541,000
California Statewide Communities Development Authority Assessment Districts	100.000	12,924,415
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$453,788,540
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Placer County Certificates of Participation	29.457%	$11,218,698
Placer County Office of Education Certificates of Participation	29.457	486,041
Sierra Joint Community College District Certificates of Participation	22.080	1,867,306
Roseville Joint Union High School District Certificates of Participation	74.682	1,213,583
Center Joint Unified School District Certificates of Participation	1.811	20,813
Rocklin Unified School District Certificates of Participation	0.523	72,592
Eureka Union School District Certificates of Participation	34.567	1,391,322
Roseville City School District Certificates of Participation	97.350	9,438,083
Placer Mosquito and Vector Control District Certificates of Participation	29.457	1,151,769
City of Roseville 2012 Certificates of Participation	**100.000**	**13,820,518**(1)
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$40,680,725
Less: **City of Roseville Certificates of Participation supported by golf course enterprise**		**3,998,276**
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$36,682,449
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$32,195,000
GROSS COMBINED TOTAL DEBT		$526,664,265(2)
NET COMBINED TOTAL DEBT		$522,665,989

(1) Excludes Certificates to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 2.62%
Total Gross Direct Debt ($13,820,518).....0.08%
Total Net Direct Debt ($9,822,242) 0.06%
Gross Combined Total Debt.....3.04%
Net Combined Total Debt.....3.02%

Ratios to Redevelopment Successor Agency Incremental Valuation ($627,430,692):
Total Overlapping Tax Increment Debt 5.13%

Source: City of Roseville, California Municipal Statistics, Inc.

Risk Management

The City manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pools described below and by retaining certain risks, using program of self-insurance for workers' compensation and general liability claims to minimize losses.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member agencies. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member agencies beyond their representation on that board. Obligations and liabilities of these risk pools are not the City's responsibility. The contributions made to the risk pools equal the ratio of the respective member payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

The City is a member of the California Joint Powers Risk Management Authority ("**CJPRMA**"), which covers general liability claims, property, and boiler and machinery losses. Once the City's deductible is met, CJPRMA becomes responsible for payment of all claims up to the limit. General liability claims are covered up to $40,000,000 with a self-insured retention or deductible of $500,000. For the City's Fiscal Year ending June 30, 2014, the City's premium was $429,658. CJPRMA has purchased commercial insurance against property damage. The City has a self-insured retention of $25,000 per claim up to a $300,000,000 limit. The City's premium for coverage is $249,319. CJPRMA has purchased commercial insurance against property damage and boiler and machinery claims. Property damage is covered up to $21,250,000 with a self-insured retention or deductible of $25,000. The annual premium paid was $31,170.

Additionally, the City maintains insurance coverage for liabilities arising from the Roseville Energy Park Property, which coverage has a self-insured retention of $250,000 per claim up to a $200,000,000 limit. For the City's Fiscal Year ending June 30, 2014, the City's premium for coverage is $407,008. The City purchased fiduciary insurance specifically to cover the OPEB Trust. See " - Other Post-Employment Health Benefits," below. For the City's Fiscal Year ending June 30, 2014, the self-insured retention is $25,000 per claim up to a $3,000,000 limit. The City's premium for coverage is $27,864.

The City is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority ("**LAWCX**"), which covers workers' compensation claims up to $5,000,000 and provides additional coverage up to statutory limit. The City has a self-insured retention of up to $350,000 per claim. During the fiscal year ended June 30, 2014, the City contributed $555,181 for current year coverage, plus $3,874 towards a 1997-98 assessment and $26,837 towards a 1998-99 assessment, for a grand total of $585,892.

See "APPENDIX B - AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2014, Note 14" for additional information about the City's risk management practices.

Employee Relations and Collective Bargaining

The City authorized 1,285.78 full-time equivalent ("**FTE**") positions during fiscal year 2013-14, of which 138.33 were sworn police personnel. For fiscal year 2014-15, the City has authorized 1,097.78 FTEs, of which 132 are sworn police personnel. The drop in FTE count for fiscal year 2014-15 (citywide) was due to no longer including FTEs attributable to temporary part-time staff. The City added 33.75 allocations to the citywide allocation schedule in fiscal year 2014-15. The City provides retirement and other post employment benefits to City employees. See " – Retirement System" herein.

City employees are represented by six employee associations. According to City ordinance and the Meyers-Millis-Brown-Act, the City and the employee associations negotiate wages, hours and conditions of employment.

TABLE 10
CITY OF ROSEVILLE
LABOR ORGANIZATIONS

Employee Association	Employees	Termination Date of Agreement
Management/Confidential	225.15	12/31/2015
IBEW #1245 (1)	148	12/31/2015
Local 39 (2)	481.23	12/31/2015
Roseville Firefighters #1592 (3)	103	12/31/2014
Roseville Police Association	61	12/31/2015
Roseville Police Officers Assn	113	12/31/2015

(1) International Brotherhood of Electrical Workers, AFL-CIO
(2) International Union of Operating Engineers, Stationary Engineers City.
(3) The City and RFF are still negotiating a new contract. The City anticipates a tentative deal will be reached by June 2015.
Source: City of Roseville.

[Remainder of page intentionally left blank]

Retirement System

The following information concerning the California Public Employees' Retirement System ("PERS") is excerpted from publicly available sources, which the City believes to be accurate. PERS should be contacted directly at PERS, Lincoln Plaza, 400 Q Street, Sacramento, CA 95814, Telephone: (888) 225-7377 for other information, including information relating to its financial position and investments.

Substantially all permanent City employees are eligible to participate in pension plans offered by California Public Employees' Retirement System ("**PERS**"), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. PERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. PERS is a contributory plan deriving funds from employee contributions as well as from employer contributions and earnings from investments. Copies of PERS' annual financial report may be obtained from its Executive Office located at 400 P Street, Sacramento, CA 95814.

The City's employees participate in the separate Safety (for its police and fire employees) and Miscellaneous (for all other employees) employee plans. Benefit provisions under both plans are established by State statute and City resolution. Benefits are based on years of credited service; one year of credited service is equal to one year of full time employment. The Plans' provisions and benefits in effect at June 30, 2014, are summarized as follows:

	Safety Plan	
Hire Date	Prior to January 1, 2013	After January 1, 2013
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50 - 55	50 - 57
Monthly Benefits (as % of Annual Salary)	3.0%	2.0 – 2.7%
Required Employee Contribution Rate	9.0%	12.25%
Required Employer Contribution Rate	34.311%	31.298%
Actuarially Required Contributions	$10,707,954	

	Miscellaneous	
Hire Date	Prior to January 1, 2013	After January 1, 2013
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50 - 55	52 - 67
Monthly Benefits (as % of Annual Salary)	2.0% – 2.7%	1.0% – 2.5%
Required Employee Contribution Rate	8.0%	6.25%
Required Employer Contribution Rate	21.752%	20.230%
Actuarially Required Contributions	$19,855,778	

Funding Policy. The contribution requirement of plan members and the City are established and may be amended by PERS. PERS determines contribution requirements using a modification of the Entry Age Normal Method, which is a projected benefit cost method. This method takes into account these benefits that are expected to be earned in the future as well as those already accrued. Accordingly, the normal cost for an employee is the level amount that would fund the projected benefit if it were paid annually from date of employment until retirement. PERS uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll in order to amortize any

unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability.

Active Safety Plan employees are required to contribute 9.0% Active Safety Plan employees are required to contribute 9.0% for classic members and 12.25% for new members of their annual covered salary, and active Miscellaneous Plan employees are required to contribute 8.0% for classic members and 6.25% for new members of their annual covered salary. The City is required to contribute to each of the Safety and Miscellaneous Plans at an actuarially determined rate. The rate for the year ended June 30, 2014 was 34.311% (classic members) and 31.298% (new members) of annual covered payroll for Safety Plan employees and 21.752% (classic members) and 20.230% (new members) of annual covered payroll for Miscellaneous Plan employees. The City's total contribution was $23,129,643 for the year ended June 30, 2014. The City paid 100% of the contributions required by PERS, for each of the years ended June 30, 2014, 2013 and 2012, respectively. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by PERS, for the last three fiscal years were as follows:

Fiscal Year Ending	Annual Pension Cost ("APC")	Percentage of APC Contributed	Net Pension Obligation
Safety Plan			
June 30, 2012	$10,027,631	100%	$0
June 30, 2013	10,101,015	100	0
June 30, 2014	10,707,954	100	0
Miscellaneous Plan			
June 30, 2012	$18,065,353	100%	0
June 30, 2013	18,063,140	100	0
June 30, 2014	19,855,778	100	0

Source: City of Roseville.

Actuarial Valuations. Staff actuaries at PERS prepare annually an actuarial valuation that covers a fiscal year ending approximately 15 months before the actuarial valuation is prepared (thus, the actuarial valuations delivered to the City in October 2014 with respect to the Miscellaneous Plan, covered PERS' Fiscal Year ended June 30, 2013). The actuarial valuation expresses the required contribution rates for the City in percentages of payroll, which percentages the City contributes in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City's contribution rates derived from the actuarial valuation as of June 30, 2013, which was prepared in October 2014, are in effect during the City's Fiscal Year 2014-15). PERS rules require the City to implement the actuary's recommended rates.

In calculating the annual actuarially required contribution rates, the PERS actuary calculates on the basis of certain assumptions the actuarial present value of benefits that PERS will fund under the PERS Plans, which includes two components: the normal cost and the unfunded accrued actuarial value ("**UAAL**"). The normal cost represents the actuarial present value of benefits that PERS will fund under the PERS Plans that are attributed to the current year, and the UAAL represents the actuarial present value of benefits that PERS will fund that are attributed to past years. The UAAL represents an estimate of the actuarial shortfall between assets on deposit at PERS and the present value of the benefits that PERS will pay under the PERS Plans to retirees and active employees upon their retirement. The UAAL is based on several assumptions, such as, among others, the rate of investment return, average life expectancy, average age at retirement, inflation, salary increases, and occurrences of disabilities. In addition, the UAAL includes certain actuarial adjustments, such as, among

others, the actuarial practice of smoothing losses and gains over multiple years (which is described in more detail below). As a result, the UAAL is an estimate of the unfunded actuarial present value of the benefits that PERS will fund under the PERS Plans to retirees and active employees upon their retirement rather than a fixed liability amount the City owes to PERS under the PERS Plans.

In each actuarial valuation, the PERS actuary estimates the actuarial value of the assets (the "**Actuarial Value**") of the PERS Plans at the end of the Fiscal Year, which assumes, among other things, that the real rate of return during that Fiscal Year equaled the applicable assumed rate of return (recently revised from 7.75% to 7.50%). The PERS actuary uses a smoothing technique to determine Actuarial Value that is calculated based on certain policies.

Plans' Actuarial Values. The table below shows the recent history of the Plans' actuarial value (which differs from market value) of assets, accrued liability, their relationship, and the relationship of the unfunded liability to payroll for the City, for the three years prior to and including June 30, 2013 (the most recent date for which such actuarial valuation data is available):

Safety Plan

	Actuarial					
Valuation Date	**Entry Age Accrued Liability**	**Value of Asset**	**Unfunded (Overfunded) Liability (UAAL)**	**Funded Ratio**	**Annual Covered Payroll**	**UAAL as a % of Payroll**
June 30, 2011	$196,208,635	$145,495,984	$50,712,651	74.2%	$22,222,636	228.203%
June 30, 2012	213,420,106	157,246,641	56,173,465	73.7%	23,542,236	238.607%
June 30, 2013	229,488,161	153,012,683	76,475,478	66.7%	24,567,399	311.288%

Miscellaneous Plan

	Actuarial					
Valuation Date	**Entry Age Accrued Liability**	**Value of Asset**	**Unfunded (Overfunded) Liability (UAAL)**	**Funded Ratio**	**Annual Covered Payroll**	**UAAL as a % of Payroll**
June 30, 2011	$403,899,989	$281,366,830	$122,533,159	69.7%	$62,355,851	196.506%
June 30, 2012	429,218,174	302,337,115	126,881,059	70.4	63,780,598	198,934
June 30, 2013	459,668,557	292,797,486	166,871,071	63.7	65,672,293	254.097

Source: City of Roseville.

Recent PERS Actions. On March 14, 2012, the PERS Board voted to reduce its discount rate, which rate is attributable to its expected price inflation and investment rate of return (net of administrative expenses), from 7.75% to 7.5%. As a result of such discount rate decrease, among other things, in fiscal year 2012-13, (i) the amounts of PERS member state and schools employer contributions increased by 1.2 to 1.6% for Miscellaneous plans and 2.2 to 2.4% for Safety plans and, beginning in fiscal year 2013-14, (ii) the amounts of PERS member public agency contributions increased by 1 to 2% for Miscellaneous plans and 2 to 3% for Safety plans. More information about the PERS discount rate adjustment can be accessed through PERS's web site at www.PERS.ca.gov/index.jsp?bc=/about/press/pr-2012/mar/discount-rate.xml. *The reference to this internet website is shown for reference and convenience only, the information contained within the website may not be current and has not been reviewed by the City and is not incorporated herein by reference.*

The PERS Board adjustment has been undertaken in order to address underfunding of the PERS funds, which arose from significant losses incurred as a result of the economic crisis arising in 2008 and persists due to a slower than anticipated, subsequent economic recovery. The City is unable to predict what the amount of PERS liabilities will be in the future, or the amount of the PERS contributions which the City may be required to make.

At its April 17, 2013 meeting, the PERS Board of Administration approved a recommendation to change the PERS amortization and smoothing policies. Prior to this change, PERS employed an amortization and smoothing policy that spread investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period. After this change, PERS began using an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.

The new amortization and smoothing policy were used for the first time in the June 30, 2013 actuarial valuations. These valuations were be performed in the fall of 2014 and have set employer contribution rates for fiscal year 2015-16. The City cannot predict how this change in amortization and smoothing policies will affect its contribution levels.

According to PERS, the current amortization and smoothing policy was designed to reduce volatility in employer contribution rates, and, although the policy accomplished this goal fairly well since its adoption, a number of concerns have developed:

- The use of an actuarial value of assets corridor can lead to significant single year increases to rates in years when there are large investment losses.
- The use of long asset smoothing periods and long rolling amortization periods result in slow progress toward full funding.
- The use of an actuarial value of assets requires the disclosure of two different funded statuses and unfunded liability numbers in actuarial valuation reports. This adds confusion and inhibits transparency.
- The use of rolling amortization and long asset smoothing periods makes it difficult for employers to predict when contribution rates will peak and how high that peak will be.
- The use of rolling amortization and asset smoothing periods may result in additional calculations for the new accounting standards. These calculations would be avoided with a quicker funded status recovery.

According to PERS, the adoption of the new smoothing and amortization policies will change future employer contribution rates, as follows:

- Funding levels will improve, which will reduce the funding level risk.
- Local agencies' plans will experience more rate volatility in normal years, but a much reduced chance of very large rate increases in years when there are large investment losses.
- Contribution rates in the near term will increase.
- Long-term contribution rates will be lower.
- There will be greater transparency about the timing and impact of future employer contribution rate changes.
- The new policy eliminates the need for an actuarial value of assets. As a result, there will be only one funded status and unfunded liability in actuarial reports.

- There will be less confusion when the new accounting standards are implemented since there will be no need for extra liability calculations.

On February 18, 2014, the PERS Board approved new demographic actuarial assumptions based on the 2013 study of recent experience. The largest impact, applying to all benefit groups, is a new 20-year mortality projection reflecting longer life expectancies and that longevity will continue to increase. Because retirement benefits will be paid out for more years, the cost of those benefits will increase as a result. The PERS Board also assumed earlier retirements (Safety 3% at age 50; Fire 3% at age 55; and Miscellaneous 2.7% at age 55 and 3% at age 60), which will increase costs for those groups. Finally, the PERS Board projected higher pay increases for long-service Safety members, which will also increase Safety costs. As a result of these changes, rates will increase beginning in fiscal year 2016-17 (based on the 6/30/14 valuation) with full impact in fiscal year 2020-21. PERS staff estimates that local governments could see costs rise up to 5% of payroll for average state employees and up to 9% for Safety classifications in year 5 of the phase-in.

Pension Reform Act of 2013 (Assembly Bill 340). On September 12, 2012, Governor Brown signed AB 340, a bill that will enact the California Public Employees' Pension Reform Act of 2013 ("**PEPRA**") and that will also amend various sections of the California Education and Government Codes, including the County Employees Retirement Law of 1937. AB 340 (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual PERS pension benefit payout, (iii) addresses numerous abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRA will apply to all public employers *except* the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

The provisions of AB 340 went into effect on January 1, 2013 with respect to State employees hired on that date and after; local government employee associations, including employee associations of the City, will have a five-year window to negotiate compliance with AB 340 through collective bargaining. If no deal is reached by January 1, 2018, a city, public agency or school district could force employees to pay their half of the costs of PERS pension benefits, up to 8 percent of pay for civil workers and 11 percent or 12 percent for public safety workers.

PERS predicts that the impact of AB 340 on employers, including the City, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn. Additionally, PERS notes that changes arising from AB 340 could ultimately have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

More information about AB 340 can be accessed through PERS's web site. *The reference to this internet website is cited for reference and convenience only, the information contained within the website may not be current and has not been reviewed by the City and is not incorporated herein by reference.*

The City is unable to predict what the amount of PERS liabilities will be in the future or the amount of the PERS contributions which the City may be required to make, all as a result of the implementation of AB 340, and as a result of negotiations with its employee associations.

See also "APPENDIX B - AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2014, Note 12" for additional information relating to the City's retirement plans.

Other Post-Employment Health Benefits

General. In April 2004, the GASB issued Statement No. 43, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans. Statement No. 43 establishes uniform financial reporting standards for post-employment healthcare and other nonpension benefits ("**OPEB**") plans. The approach followed in Statement No. 43 is generally consistent with the approach adopted for defined benefit pension plans with modifications to reflect differences between pension plans and OPEB plans.

Subsequently, in June 2004, GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, which addresses how state and local governments should account for and report their costs and obligations related to OPEB. Statement No. 45 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Statement No. 45's provisions may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. Statement No. 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time.

As required, the City adopted GASB 43/45 beginning with Fiscal Year 2007-08.

City Plan Description. The City provides medical benefits to substantially all retirees under the City of Roseville Other Post Employment Benefit Plan (the "**Plan**"), a sole employer defined benefit healthcare plan, which is administered by the City of Roseville. Retirees who have at least five years of service and meet certain criterion based upon retirement date, household income in the most recent calendar year and age are entitled to reimbursements for qualified expenses. As of June 30, 2014, there were 525 participants receiving these health care benefits.

Annual maximum reimbursement amounts differ depending on the labor organization membership and when an employee retired from City service. The majority of retirees may be eligible for a maximum of $1,248 in annual reimbursements. Amendments to benefit provisions are negotiated by various bargaining units at the City and must be approved by the City Council. The City manages the Plan by investing assets in a Retiree Health Plan Trust (the "**OPEB Trust"**), established pursuant to a Trust Agreement, and managed by the OPEB Trust's administrator, Public Financial Management. The City, as trustee, has elected to invest the OPEB Trust assets in up to six months of cash, cash equivalent and/or money market funds for near-term OPEB Trust benefits and expenses. All remaining assets will be invested in longer-term securities and shall be diversified with the intent to minimize the risk of long-term

investment losses. Financial reports for the Plan and the OPEB Trust are contained in the City's annual Audited Financial Statements. See also "APPENDIX B - AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2014, Note 13" for additional information relating to the Plan and the Trust.

Annual OPEB Cost and Net OPEB Obligation. The Plan's Annual Required Contribution ("**ARC**") is an amount actuarially determined in accordance with the parameters of GASB Statement 45. Plan members do not make contributions to the Plan; the Plan is funded entirely by the employer contributions. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Based upon the valuation dated June 30, 2013, the most recent valuation available, the actuarially required ARC was $14,522,000, and the City contributed $7,469,613 in its fiscal year 2013-14. The following table shows the components of the City's annual OPEB cost for Fiscal Year 2013-14, the amount actually contributed to the Plan, and changes in the City's Net OPEB obligation:

Annual required contribution	$14,522,000
Interest on net OPEB obligation	2,161,041
Adjustment to annual required contribution	(3,096,902)
Annual OPEB cost (expense)	$13,586,139
Contributions:	
Pay-as-you-go premiums	(5,369,613)
Contribution to the Trust	(2,100,000)
Change in net OPEB obligation	6,116,526
Net OPEB obligation – beginning of year	33,246,786
Net OPEB obligation – end of year	$39,363,312

Source: City of Roseville.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the last three Fiscal Years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	$15,104,848	$4,972,333	33%	$25,541,730
June 30, 2013	15,317,140	7,612,084	50	33,246,786
June 30, 2014	13,586,139	7,469,613	55	39,363,312

Source: City of Roseville.

Funding Policy. There is no statutory requirement for the City to prefund its OPEB obligation. The City has currently, and generally, has chosen to both pay Plan benefits on a pay-as-you-go basis and to also fund the OPEB Trust. The City set up and moved $34 million of accumulated revenues into the OPEB Trust in 2011, to begin setting aside monies to address the City's long-term liability for post-retirement health benefits. This transfer has increased the longer-term investment return on the transferred funds, thus lowering the City's unfunded liability. Since inception, the trust's investments have performed at or better than its long-term

return of 6.5%. In addition to one-time monies transferred into this fund, the City transferred 1% of the total cost of salaries in fiscal year 2013-14 and 2% of the total cost of salaries in fiscal year 2014-15. The City anticipates transferring 3% of the total costs of salaries in fiscal year 2015-16 and additional amounts in fiscal years 2016-17 and 2017-18.

The City paid and contributed the following amounts for eligible employees as its regular employer contributions for and over its last four Fiscal Years, including the initial contribution to the OPEB Trust in 2011:

Fiscal Year Ended	No. of Active Employees	No. of Retired Employees	Amount Contributed to OPEB Trust	Amount Paid Under Pay-as-you-go
June 30, 2011	975	545	$34,000,000	4,457,645
June 30, 2012	985	539	896,969	4,972,333
June 30, 2013	1,058	536	2,480,609	5,131,475
June 30, 2014	1,160	560	2,100,000	5,369,613

Source: City of Roseville.

The City presently anticipates that its pay-as-you-go Plan benefit expense will be approximately $5,732,701 for Fiscal Year 2014-15 and $5,868,277 proposed for Fiscal Year 2015-16, and that it will also contribute $3,330,849 to the OPEB Trust for Fiscal Year 2014-15. The Fiscal year 2015-16 proposed contribution is $4,047,782.

Funded Status and Funding Progress. As of June 30, 2013, the latest Plan valuation date, the funded status of the Plan, and information for the prior two valuation dates, was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	(Underfunded) Actuarial Accrued Liability (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	Actuarial Liability as Percentage of Covered Payroll ((A-B)/C)
June 30, 2007	$0	$164,567,000	$(164,567,000)	0.00%	$80,302,000	(204.94)%
June 30, 2009	34,000,000	180,097,000	(146,097,000)	18.88	80,664,000	(181.12)
June 30, 2011	34,626,000	176,733,000	(142,107,000)	19.59	74,535,000	(190.66)
June 30, 2013	41,493,000	184,532,000	(143,039,000)	22.49	86,402,000	(165.55)

Source: City of Roseville.

Actuarial valuations of an ongoing Plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

In the June 30, 2013 actuarial valuation, the entry age normal actuarial cost method was used with a 30 year closed amortization period and level percentage of pay. The actuarial assumptions are as follows:

* A healthcare trend of declining annual increases in costs of HMO and PPO plans, ranging from 8.00% to 8.30% in 2015 to 5.00% for years starting 2021, was assumed.

* The CPI was assumed to be a constant at 3% per year.

* Assets in the plan will be invested in a moderately conservative money market portfolio that will provide current income with capital appreciation as a secondary objective.

* 3.25% projected annual salary increase

* 6.50% investment rate of return (net of administrative expenses).

Investment Policies and Procedures

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the Treasurer directs the City's financial advisor, Public Finance Management, Inc., to invest to enhance interest earnings. The pooled interest earned is allocated to the funds based on average daily cash and investment balance in these funds. The City invests its funds in accordance with the City's Investment Policy (the "**Investment Policy**"), which is subject to annual review and approval by the City Council. The purpose of the Investment Policy is to establish the investment goals of safety, liquidity, and yield (in that order). The City's Investment Policy complies with the provisions of the California government Code, Sections 53600 through 53659 (the authority governing investments for municipal governments in the State). The Investment Policy limits the City to investments authorized by State law. In addition, the Investment Policy establishes further guidelines.

The overall strategy of the Investment Policy is to earn a maximum rate of return, while preserving capital and sufficient liquidity to meet operating cash requirements. This is accomplished by maintaining a portfolio of allowable investment instruments that have acceptable credit quality standards with maturities matching expected cash needs. Public Financial Management may actively trade securities in the open market in order to add to their value.

[Remainder of page intentionally left blank]

The City Council reviews monthly investment reports. According to the report for the month ended March 31, 2015, the City has invested funds as set forth in the table below.

TABLE 11
CITY OF ROSEVILLE
INVESTMENT PORTFOLIO
as of March 31, 2015

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM
Certificates of Deposit	1,250,000.00	1,253,658.82	1,250,000.00	0.27	364	201	0.370
Local Agency Investment Funds	49,246,919.75	49,246,919.75	49,246,919.75	10.79	1	1	0.266
Money Market	16,298,839.21	16,298,839.21	16,298,839.21	3.57	1	1	0.085
Negotiable CDs	50,690,000.00	50,670,807.33	50,674,806.19	11.11	791	509	0.713
Corporate Notes	105,170,000.00	106,069,219.10	105,646,335.37	23.15	1,099	747	1.130
Commercial Paper - Interest Bearing	10,000,000.00	10,017,777.76	10,000,000.00	2.19	365	29	0.100
Federal Agency Coupon Securities	94,415,000.00	94,767,141.57	94,525,456.58	20.72	827	686	0.737
Treasury Coupon Securities	121,084,000.00	122,862,517.02	122,482,462.52	26.84	958	782	0.772
Municipal Bonds	6,145,000.00	6,148,939.80	6,145,000.00	1.35	734	545	0.956
Investments	**454,299,758.96**	**457,355,820.36**	**456,269,819.62**	**100.00%**	**790**	**590**	**0.749**

Source: City of Roseville.

THE AUTHORITY

The Roseville Finance Authority was formed on July 18, 1989 pursuant to a Joint Exercise of Powers Agreement dated as of July 1, 1989 between the City and the Redevelopment Agency (the "**Joint Exercise of Power Agreement**"). The Authority was formed pursuant to the provisions of Articles 1 through 3, Chapter 5, Division 7, Title 1 of the California Government Code for the purpose, among others, of assisting the City in the acquisition, construction and financing of public improvements which are of public benefit to the City. The Authority is a separate entity from the City and the Redevelopment Agency and constitutes a public instrumentality of the City. The City Council acts as the Board of the Authority. The Mayor and the Vice Mayor of the City serve as the Chairman and Vice-Chairman, respectively, the City Manager serves as the Executive Director, the City Clerk serves as the Secretary, and the City's Treasurer/Financial Executive serves as the Treasurer of the Authority.

Under certain amendments to the Community Redevelopment Law (the "**Community Redevelopment Law**") of the State of California, the former Redevelopment Agency of the City of Roseville was dissolved on February 1, 2012, and the City has succeeded to the rights and obligations of the Redevelopment Agency under the Joint Exercise of Powers Agreement, as the Successor Agency to the former Redevelopment Agency of the City of Roseville (the "**Successor Agency**"). The Successor Agency is a duly constituted public body separate and distinct from the City. The City Council sits as the board of the Successor Agency and the Successor Agency functions, in essence, as a department of the City. See ""RISK FACTORS – Redevelopment Agencies Dissolution," below.

The Authority has no financial liability to the owners of the Certificates with respect to the payment of Lease Payments or any other amounts by the City or with respect to the performance by the City of the other agreements and covenants it is required to perform.

STATE BUDGET

General. In recent years, the State of California has faced significant financial and budgetary stress. On January 9, 2015, Governor Brown presented a budget package for fiscal year 2015-16 (the "**2015-16 Proposed Budget**") that included $158.82 billion in spending from the State General Fund and special funds, representing a $1.54 billion increase over the revised 2014-15 level, and a $3.36 billion reserve at the end of fiscal year 2015-16.

The Legislative Analyst's Office's ("**LAO**") Overview of the Governor's Budget dated January 13, 2015, reported that the administration projects that State general fund tax revenues will end 2014-15 more than $2 billion above its projections in last June's state budget package. Further, the administration projects that the State general fund's three major taxes collectively will increase by over $5.6 billion in 2015-16 – to a level that is more than $1 billion above administration estimates from last June for the 2015-16 fiscal year. These higher revenue projections result in a multibillion-dollar influx of new funds for schools and community colleges under the Proposition 98 minimum-funding guarantee. The administration's budget estimates also assume that State general fund spending for Medi-Cal, the state's primary health care program for low-income people, is up by hundreds of millions of dollars in 2014-15, compared to last year's budget assumptions, and by about $800 million above that level in 2015-16. The budget identifies other increased health and human services costs and potential budgetary risks.

2015-16 May Revision. On May 14, 2015 Governor Brown released the 2015-16 May Revision (the "**May Revision**"). Overall, the May Revision reflects a $6.7 billion increase in General Fund revenues compared to the 2015-16 Proposed State Budget. As a result of the increased revenue projections, the May Revision reflects:

- Increased State general fund spending by $5.5 billion for K-12 schools and community colleges due to Proposition 98 requirements.

- An additional $633 million saved in the Rainy Day Fund and an additional $633 million used to pay down State debts and liabilities due to Proposition 2 requirements

- Creation of a California Earned Income Tax Credit to assist the states lowest income workers.

- Holding tuition flat at the State's universities for California undergraduate students for two more years by providing increased ongoing funding to California State Universities and temporary assistance to the Universities of California to pay down unfunded pension liabilities.

- Providing health care and other safety net services to currently undocumented immigrants who gain Permanent Residence Under Color of Law status under the United States President's executive actions.

However, the Governor cautions that the 2015-16 Budget remains precariously balanced and could face deficits in succeeding years. The State has hundreds of billions of dollars in existing liabilities, such as deferred maintenance on roads and other infrastructure, and an

unfunded liability for future retiree health care benefits for state employees and various pension benefits.

Information about the 2015-16 Proposed State Budget and other State budgets is regularly available at various State-maintained websites. An impartial analysis of the budget is posted by the Legislative Analyst Office at *www.lao.ca.gov*. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information referred to in this paragraph is prepared by the respective State agency maintaining each website and not by the City, or the Underwriter, and the City and the Underwriter take no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

Dissolution of Redevelopment Agency. In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB 1484 on June 27, 2012 (the "**Dissolution Act**"), which suspended all new redevelopment activities except for limited specified activities as of June 28, 2011 and dissolved redevelopment agencies on January 31, 2012. See the City's 2013-14 audited financial statements attached as APPENDIX B for information about the impact on the City of the dissolution of its redevelopment agency.

Proposition 30. The 2012-13 State Budget relied upon the Schools and Local Public Safety Protection Act, a $6.9 billion tax increase approved by California voters at a regular election in November 2012 ("**Proposition 30**"). Proposition 30 enacted temporary increases on high-income earners, raising income taxes by up to three percent on the wealthiest Californians for seven years and increase the state sales tax by $0.0025 for four years, and averted $5.9 billion of planned Trigger Cuts that would have affected public education funding in the State. The 2012-13 State Budget also contained reductions in expenditures from prior years spending totaling $8.1 billion.

Future State Budgets. The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget. Decreases in such revenues may have an adverse impact on the City's ability to pay scheduled Lease Payments.

[Remainder of page intentionally left blank]

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

The ability of the City to raise fees, taxes and other revenues is limited. Following is a description of certain constitutional limitations on taxes and appropriations applicable to the City. For a description of other factors relating to the revenues of the City, see "CITY FINANCES."

Article XIIIA of the State Constitution

Section 1(a) of Article XIIIA of the State Constitution limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIIIA), to be collected by counties and apportioned according to law. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on (1) indebtedness approved by the Voters prior to June 1, 1978 or (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after June 1, 1978, by two thirds of the votes cast by the voters voting on the Proposition. Section 2 of Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIIIA provides that notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above.

The voters of the State subsequently approved various measures that further amended Article XIIIA. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first $1,000,000 of the full cash value of other real property between parents and children, does not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIIIA. This amendment could serve to reduce the property-tax revenues of the City. Other amendments permitted the State Legislature to allow persons over 55 or "severely disabled homeowners" who sell their residences and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence.

In the November 1990 election, the voters approved the amendment of Article XIIIA to permit the State Legislature to exclude from the definition of "newly constructed" the construction or installation of seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIIIA has also been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, provided that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster.

Article XIIB of the State Constitution

Article XIIIB of the State Constitution limits the annual appropriations of the State and of any city, county, school district, special district, authority or other political subdivision of the State to the appropriations limit for the prior Fiscal Year, as adjusted for changes in the cost of living, population and services for which the fiscal responsibility is shifted to or from the governmental entity. The "base year" for establishing this appropriations limit is the 1978-79 Fiscal Year. The appropriations limit may also be adjusted in emergency circumstances, subject to limitations.

Appropriations of an entity of local government subject to Article XIIIB generally include authorizations to expend during a Fiscal Year the "proceeds of taxes" levied by or for the entity, exclusive of certain State subventions, refunds of taxes, and benefit payments from retirement, unemployment insurance and disability insurance funds. "Proceeds of taxes" include but are not limited to, all tax revenues, certain State subventions received by the local governmental entity and the proceeds to the local governmental entity from (1) regulatory licenses, user charges, and user fees (to the extent that such proceeds exceed the cost of providing the service or regulation) and (2) the investment of tax revenues. Article XIIIB provides that if a governmental entity's revenues in any year exceed the amounts permitted to be spent, the excess must be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

Article XIIIB does not limit the appropriation of moneys to pay debt service on indebtedness existing or authorized as of January 1, 1979, or for bonded indebtedness approved thereafter by a vote of the electors of the issuing entity at an election held for that purpose, or appropriations for certain other limited purposes. Furthermore, Article XIIIB was amended in 1990 to exclude from the appropriations limit "all qualified capital outlay projects, as defined by the Legislature" from proceeds of taxes. The Legislature has defined "qualified capital outlay project" to mean a fixed asset (including land and construction) with a useful life of 10 or more years and a value which equals or exceeds $100,000. As a result of this amendment, the appropriations to pay the lease payments on the City's long term General Fund lease obligations are generally excluded from the City's appropriations limit.

Articles XIIIC and XIIID of the State Constitution

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges. The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City's General Fund, require a two-thirds vote. Further, any general purpose tax the City imposed, extended or increased without voter approval after December 31, l994 may continue to be imposed only if approved by a majority vote in an election that must be held before November 6, 1998. The voter-approval requirements of Article XIIIC reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

The City currently imposes the following general taxes: business-operations tax and transient-occupancy tax. Since all of these taxes were imposed before January 1, 1995, and have not been extended or increased since that date, these taxes should be exempt from the requirements of Article XIIIC. Any future increases in these taxes, however, would be subject to the voter requirement of Article XIIIC.

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

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution by expanding the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, for performing investigations, inspections, and audits, for enforcing agricultural marketing orders, and for the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bears a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. If such repeal or reduction occurs, the City's operations could be adversely affected.

Proposition 62

At the November 4, 1986, general election, the voters of the State approved Proposition 62, a statutory initiative (1) requiring that any tax imposed by local governmental entities for general governmental purposes be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency's legislative body and by a majority of the electorate of the governmental entity; (2) requiring that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within that jurisdiction; (3) restricting the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed; (4) prohibiting the imposition of ad valorem taxes on real property by local governmental entities, except as permitted by Article XIIIA; (5) prohibiting the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (6) requiring that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988.

Following its adoption by the voters, various provisions of Proposition 62 were declared unconstitutional at the appellate court level. On September 28, 1995, however, the California Supreme Court, in *Santa Clara City Local Transportation Authority v. Guardino*, upheld the constitutionality of the portion of Proposition 62 requiring a two-thirds vote in order for a local government or district to impose a special tax and, by implication, upheld a parallel provision requiring a majority vote in order for a local government or district to impose any general tax. The *Guardino* decision did not address whether it should be applied retroactively.

In response to *Guardino*, the California Legislature adopted Assembly Bill 1362, which provided that *Guardino* should apply only prospectively to any tax that was imposed or increased by an ordinance or resolution adopted after December 14, 1995. Assembly Bill 1362 was vetoed by the Governor; hence the application of the *Guardino* decision on a retroactive basis remains unclear.

The *Guardino* decision also did not decide the question of the applicability of Proposition 62 to charter cities such as the City. Two cases decided by the California Courts of Appeals in 1993, *Fielder v. City of Los Angeles* (1993) 14 Cal.App.4th 137 (rev. den. May 27, 1993), and *Fisher v. County of Alameda* (1993) 20 Cal.App.4th 120 (rev. den. Feb. 24, 1994), held that the restriction imposed by Proposition 62 on property transfer taxes did not apply to charter cities because charter cities derive their power to enact such taxes under Article XI, Section 5, of the California Constitution relating to municipal affairs.

Proposition 62, as an initiative statute, does not have the same level of authority as a constitutional initiative. It is analogous to legislation adopted by the State Legislature, except that it may be amended only by a vote of the State's electorate. However, Proposition 218, as a constitutional amendment, is applicable to charter cities and supersedes many of the provisions of Proposition 62.

Proposition 1A

Senate Constitutional Amendment No. 4 was enacted by the Legislature and subsequently approved by the voters as Proposition 1A at the November 2004 election. Among other things, Proposition 1A amended the State Constitution to reduce the Legislature's authority over local government revenue sources by placing restrictions on the State's access to local governments' property, sales and vehicle-license fee revenues as of November 3, 2004, and by providing that the State may not reduce any local sales-tax rate, limit existing local government authority to levy a sales-tax rate or change the allocation of local sales-tax revenues, subject to certain exceptions. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years. This shift of local government property tax can be accomplished if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met.

Proposition 22

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

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with the 1988-89 Fiscal Year, are allocated as follows: (i) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (ii) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or benefit of the excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Future Initiatives

Article XIIIA, Article XIIIB and Propositions 62, 218, and Proposition 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting City's revenues or their ability to expend revenues.

RISK FACTORS

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

No Pledge of Taxes

General. The obligation of the City to pay the Lease Payments and Additional Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation, but are payable from yearly appropriates of any funds lawfully available to the City. The obligation of the City to pay Lease Payments and Additional Payments does not constitute a debt or indebtedness of the Authority, the City, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease Agreement to pay Lease Payments and Additional Payments from any source of legally available funds (subject to certain exceptions) and the City has covenanted in the Lease Agreement that, for as long as the Leased Premises are available for its use and possession, it will make the necessary annual appropriations within its budget for all Lease Payments and Additional Payments. The City may be liable in the future on other obligations payable from General Fund revenues, which could include tax and revenue anticipation notes, pension obligation bonds and various certificates of participation issued by the City. See "CITY FINANCES – Outstanding General Fund Debt and Lease Obligations."

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

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

Additional Obligations of the City

The City has existing obligations payable from its General Fund. See "CITY FINANCES – Outstanding General Fund Debt and Lease Obligations." The City is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of Owners of the Certificates. To the extent that additional obligations are incurred by the City, the funds available to pay Lease Payments may be decreased.

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

Default

Whenever any Event of Default referred to in the Lease Agreement happens and continues, the Trustee (as assignee of the Authority) is authorized under the terms of the Lease Agreement to exercise any and all remedies available under law or granted under the Lease Agreement. For a description of the events of default and permitted remedies of the Trustee (as assignee of the Authority) contained in the Lease Agreement and the Trust Agreement, see "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement" and "– The Trust Agreement."

There is no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then due or past due to be immediately due and payable. Neither the Authority nor the Trustee has any right to re-enter or re-let the Leased Premises except following the occurrence and during the continuation of an Event of Default under the Lease Agreement.

Following an Event of Default, the Authority may either terminate the Lease Agreement and seek to collect damages or may maintain the Lease Agreement and hold the City liable for all Lease Payments as they become due on an annual basis. The Lease Agreement further provides that so long as an event of default exists under the Lease Agreement, the Authority, or its assignee, may re-enter the Leased Premises for the purpose of taking possession of any portion of the Leased Premises and to re-let the Leased Premises and, in addition, at its option, with or without such entry to terminate the Lease Agreement as described therein. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement."

No assurance can be given that the Trustee will be able to re-let Leased Premises so as to provide rental income sufficient to pay principal and interest evidenced by the Certificates in a timely manner or that such re-letting will not adversely affect the exclusion of interest with respect thereto from gross income for federal or State income tax purposes. Furthermore, it is

not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect to the Leased Premises.

In the Event of a Default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement, and the Trustee is not empowered to sell the Leased Premises and use the proceeds of such sale to prepay the Certificates or pay debt service with respect thereto. The City will be liable only for Lease Payments on an annual basis and, in the Event of a Default, the Trustee (as assignee of the Authority) would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Abatement

Under certain circumstances related to damage, destruction, condemnation or title defects which cause a substantial interference with the use and occupancy of the Leased Premises, the City's obligation to make Lease Payments will be subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest with respect to the Certificates as and when due. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Abatement" and "APPENDIX C – Summary Of Principal Legal Documents – The Lease Agreement."

Assessed Value of Taxable Property; Delinquent Payment of Property Taxes

Natural and economic forces can affect the assessed value of taxable property within the City. The City is located in a seismically active region, and damage from an earthquake in or near the area could cause moderate to extensive damage to taxable property. Other natural or manmade disasters, such as flood, fire, toxic dumping, coastal erosion or acts of terrorism, could cause a reduction in the assessed value of taxable property within the City. Economic and market forces, such as a downturn in the regional economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

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

Reduction in Inflationary Rate. Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining assessed value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." Such measure is computed on a calendar year basis. Because Article

XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIIIA was approved, the annual adjustment for inflation has fallen below the 2% limitation in the following fiscal years: 1983-84 (1.010%); 1995-96 (1.194%); 1996-97 (1.115%); 1999-00 (1.853%); 2004-05 (1.867%); 2010-11 (0.998%); 2011-12 (1.008%); and 2012-13 (1.02%). More information about inflationary assessed value adjustments can be accessed through the California State Board of Equalization's website, under the Final CCPI Announcement posted on the "Letters to Assessors" webpage for each year, at http://www.boe.ca.gov/proptaxes/ltacont.htm. *The reference to this internet website is shown for reference and convenience only, the information contained within the website may not be current and has not been reviewed by the City and is not incorporated herein by reference.*

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

Appeals of Assessed Values; Delinquencies. Reductions in the market values of taxable property may cause property owners to appeal assessed values and may also be associated with an increase in delinquency rates for taxes.

No assurance can be given that property tax appeals in the future will not significantly reduce the City's property tax revenues. There are two types of appeals of assessed values that could adversely impact property tax revenues:

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

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

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

The County Assessor may also unilaterally reduce assessed values under Proposition 8.

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

Decreases in the aggregate value of taxable property within the City resulting from natural disaster, reclassification by ownership or use, or as a result of the operation Proposition 8 all may have an adverse impact on the General Fund revenues available to pay Lease Payments under the Lease Agreement.

In addition, failure by large property owners to pay property taxes when due may also cause a decrease in General Fund revenues available to pay Lease Payments under the Lease Agreement when due.

See "- Natural Calamities," and "- Hazardous Substances" below, and "CITY FINANCES – Property Taxes."

Natural Calamities

General. From time to time, the City is subject to natural calamities, including, but not limited to, earthquake and flood, that may adversely affect economic activity in the City, and which could have a negative impact on City finances. There can be no assurance that the occurrence of any natural calamity would not cause substantial interference to and costs for the City.

Seismic. According to the Seismic Safety Commission, the majority of properties within the City are located within located within Zone 3, areas of moderate seismic activity. Zone 3 is considered to be the lowest risk zone in the State of California. In addition, the subject is not located within a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 of the California Department of Conservation, Division of Mines and Geology.

The City is required under the Lease Agreement to procure and maintain earthquake insurance on the Leased Premises only if and to the extent available at reasonable cost from reputable insurers. Such earthquake insurance may be subject to a deductible clause of not to exceed 10% of the replacement cost of the insured property for any one loss to the insured improvements.

Flood. According to recent flood insurance rate maps published by the Federal Emergency Management Agency ("**FEMA**") (including the map for Community-Panel Number 060243-0457F, with an effective date of July 8, 1998), the majority of properties within the City are located within Flood Zone X, described as areas of minimal flooding (outside of the 100 and 500-year floodplains).

Hazardous Substances

Discovery of hazardous substances on parcels within the City could impact the City's ability to pay Lease Payments under the Lease Agreement when due.

In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act" is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has any thing to do with creating or handling the hazardous substance.

The effect, therefore, should any substantial amount of property within the City be affected by a hazardous substance, would be to reduce the marketability and value of the property by the costs of, and any liability incurred by, remedying the condition, since the purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller. Reduction in the value of property in the City as a whole could reduce property tax revenues received by the City and deposited in the General Fund, which could significantly and adversely affect the ability of the City to pay Lease Payments under the Lease Agreement when due.

Redevelopment Agencies Dissolution

The California Legislature adopted a bill, "AB1X 26," during the fiscal year 2011-12 State budget process, that purported to amend the California Community Redevelopment Law to dissolve redevelopment agencies on a State-wide basis. On December 29, 2011, the California Supreme Court upheld AB1X 26 in the face of a legal challenge. As a result, all California redevelopment agencies, including the Redevelopment Agency of the City of Roseville, were dissolved as of February 1, 2012.

According to "trailer bill" legislation (AB 1484) effective on July 1, 2012, which further amended the Community Redevelopment Law, the County Auditor-Controller, the State Department of Finance and the State Controller may require the return of funds improperly spent or transferred to a public entity in conflict with the provisions of the Community Redevelopment Law, as amended by ABx1 26 and AB 1484, and, if funds are not returned within 60 days, the funds may be recovered through an offset of sales and use tax or property tax allocations to the local agency, which, in the case of the Redevelopment Agency, is the City.

The City is not aware of any improperly spent or transferred funds pursuant to AB 1484, and no taxing agency or member of the oversight board has raised any concerns about transactions between the City and its Successor Agency that could adversely impact the City's General Fund, and which could significantly and adversely affect the ability of the City to pay Lease Payments under the Lease Agreement when due.

As a consequence of the operation of ABx1 26, the City, as well as counties, school districts and other special districts, may receive higher amounts of ad valorem property tax allocations, due to future receipt of property tax increment amounts that had previously funded redevelopment agencies. However, such tax increment amounts may currently be pledged to

secure redevelopment agency bonds or otherwise contractually encumbered, and the City cannot predict when its property tax receipts might increase or by how much.

Proposition 218

See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIIC and Article XIIID of the State Constitution," for information about certain risks to the City's General Fund revenues under Articles XIIIC and Article XIIID of the California Constitution.

State Budget

In recent years, the State has faced significant financial stress. There can be no assurances that the State will not take budgetary or other actions that materially adversely affect the financial condition of the City and which could significantly and adversely affect the ability of the City to pay Lease Payments under the Lease Agreement when due. See "STATE BUDGET."

Limitations on Remedies Available to Owners of the Certificates; Bankruptcy

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

In addition to the limitations on remedies available to the holders of the Certificates contained in the Lease Agreement and the Trust Agreement, the rights and obligations under the Certificates, the Lease Agreement and the Trust Agreement may be subject to the limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Certificates, and enforcement of the City's obligations under the Lease Agreement, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against cities in the State.

Bankruptcy proceedings under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the City, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

See "RISK FACTORS – Default." The opinion of Special Counsel notes that the rights of the owners of the Certificates and the enforceability of the Certificates and the Trust Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

Litigation

The City may be or become a party to litigation that has an impact on the City's General Fund. Although the City maintains certain insurance policies that provide coverage under certain circumstances and with respect to certain types of incidents (see "CITY FINANCES – Risk Management" for further information), the City cannot predict what types of liabilities may arise in the future and whether these may adversely affect the ability of the City to pay Lease Payments under the Lease when due. See also "LITIGATION," below.

State Law Limitations on Appropriations

Article XIIIB of the California Constitution limits the amount that local governments can appropriate annually. The ability of the City to pay Lease Payments and other payments due under the Leases may be affected if the City should exceed its appropriations limit. The State may increase the appropriation limit of cities in the State by decreasing the State's own appropriation limit. The City does not anticipate exceeding its appropriations limit. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIB of the State Constitution" above.

Property Tax Allocation by the State; Changes in Law

The responsibility for allocating general property taxes was assigned to the State by Proposition 13, which stated that property taxes were to be allocated "according to law." The formula for such allocation was contained in Assembly Bill 8 ("**AB 8**"), adopted in 1978, which allocates property taxes among cities, counties, and school districts. The formulas contained in AB 8 were designed to allocate property taxes in proportion to the share of property taxes received by a local entity prior to Proposition 13. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS, Article XIIIA of the State Constitution."

Beginning in its fiscal year 1992-93, in response to its own budgetary shortfalls, the State began to permanently redirected billions of dollars of property taxes Statewide from cities, counties, and certain special districts to schools and community college districts. These redirected funds reduced the State's funding obligation for K-14 school districts by a commensurate amount. In response, Proposition 1A of 2004, approved by State voters in November 2004 and generally effective in Fiscal Year 2006-07, provided that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain limitations. However, pursuant to Proposition 1A and beginning in Fiscal Year 2008-09, the State could, upon gubernatorial proclamation of fiscal hardship and following approval of two-thirds of both houses of the legislature, and it did, shift to schools and community colleges up to 8% of local government ad valorem property tax revenues, which amount must be repaid, with interest, within three years. The State could also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. In November 2010, State voters approved Proposition 22, which amends the State's constitution to eliminate the State's authority to temporarily shift additional ad valorem property taxes from cities, counties and special districts to schools, among other things. See "CONSTITUTIONAL AND STATUTORY

LIMITATIONS ON TAXES AND APPROPRIATIONS, Proposition 22." The State last passed a redirection or property tax shift applicable to fiscal years 2004-05 and 2005-06.

No assurance can be given that the State, the Counties' or the City electorate will not at some future time adopt initiatives, or that the State Legislature will not enact legislation that will amend the laws of the State in a manner that could result in a reduction of the City's property tax allocations or its other revenues and, therefore, a reduction of the funds legally available to the City to pay Lease Payments and other payments due under the Leases. See, for example, "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIIC and Article XIIID of the State Constitution."

Early Prepayment Risk

Early payment of the Lease Payments and early prepayment of the Certificates may occur in whole or in part, without premium, from the proceeds of title insurance, on any date, if the Leased Premises, or a portion thereof, is lost, destroyed or damaged beyond repair or taken by eminent domain and if the City exercises it right to prepay the Lease Payments in whole or in part pursuant to the provisions of the Lease Agreement and the Trust Agreement. See "THE CERTIFICATES – Prepayment – Extraordinary Mandatory Prepayment from Net Proceeds of Insurance or Condemnation."

Loss of Tax-Exemption

The City and the Authority have covenanted in the Lease Agreement and the Trust Agreement, that each will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the portion of Lease Payments designated as and comprising interest and received by the owners of the Certificates under Section 103 of the Internal Revenue Code of 1986. In the event either the City or the Authority fails to comply with the foregoing tax covenant, the portion of Lease Payments designated as and comprising interest may be includable in the gross income of the Owners of the Certificates for federal tax purposes retroactive to the risk of issuance. See "TAX MATTERS".

Secondary Market for Certificates

There can be no guarantee that there will be a secondary market for the Certificates or, if a secondary market exists, that any Certificates can be sold for any particular price. Prices of certificate issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price. No assurance can be given that the market price for the Certificates will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Certificates for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Certificates or obligations that present similar tax issues as the Certificates. In addition, a number of local governments in the State have recently instituted bankruptcy or pre-bankruptcy proceedings. No assurance can be given that the market price for the Certificates will not be affected by the outcomes of these bankruptcy proceedings or the institution of bankruptcy or pre-bankruptcy proceedings for additional local governments in the State.

IRS Audit of Tax-Exempt Issues

The Internal Revenue Service (the "**IRS**") has initiated an expanded program for the auditing of tax-exempt issues, including both random and targeted audits. It is possible that the Certificates will be selected for audit by the IRS. It is also possible that the market value of the Certificates might be affected as a result of such an audit of the Certificates (or by an audit of similar obligations).

TAX MATTERS

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

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Tax Code that must be satisfied subsequent to the delivery of the Certificates. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest with respect to the Certificates in gross income for federal income tax purposes to be retroactive to the date of delivery of the Lease Agreement.

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

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

treatment of accrued original issue discount on such Certificates under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Certificate (said term being the shorter of the Certificate's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Certificate for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Certificate is amortized each year over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Certificate premium is not deductible for federal income tax purposes. Owners of premium Certificates, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Certificates.

In the further opinion of Special Counsel, the portion of lease payments designated as and comprising interest and received by the owners of the Certificates is exempt from California personal income taxes.

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

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

The form of Special Counsel's Opinion with respect to the Certificates is attached hereto as APPENDIX D.

FINANCIAL STATEMENTS OF THE CITY

The audited financial statements (the "**Financial Statements**") of the City for the year ended June 30, 2014, included in Appendix B to this Official Statement, have been examined by Maze and Associates, Certified Public Accountants (the "**Auditors**"), to the extent and for the periods indicated in its report (the "**Report**"), which also appears in Appendix B hereto. The Financial Statements and the Report should be read in their entirety.

The audited financial statements of the City for prior years are on file for public inspection with the City Clerk. The City has not requested nor received the consent of the Auditor to the reproduction of its Report as an appendix to this Official Statement, and the

Auditor has not reviewed or expressed any opinion regarding any portion of this Official Statement other than the Financial Statements as stated in the Report.

CERTAIN LEGAL MATTERS

The Certificates are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel. Certain legal matters will also be passed upon for the Authority and the City by Jones Hall, A Professional Law Corporation, as Disclosure Counsel.

LITIGATION

To the best knowledge of the City there is no action, suit or proceeding known to be pending, or threatened, restraining or enjoining the execution or delivery of the Certificates or challenging any action taken by the City with respect to (i) the Certificates, the Trust Agreement, the Site Lease, the Lease Agreement or the Assignment Agreement, (ii) the Leased Premises, or (iii) any other documents, agreements or actions relating to or undertaken in connection with the issuance of the Certificates.

There are a number of lawsuits and claims pending and threatened against the City unrelated to the Certificates, Leased Premises or actions taken with respect to the Certificates. It is the opinion of the City as of this date that such litigation, claims and threatened litigation will not materially affect the City's finances or impair its ability to make the Lease Payments under the Lease Agreement or the principal and interest payments on the Certificates.

RATING

Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("**S&P**"), has assigned its municipal bond rating of "AA" to the Certificates.

These ratings reflect only the view of the rating agency, and an explanation of the significance of this rating, and any outlook assigned to or associated with these ratings, should be obtained from the rating agency.

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

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

UNDERWRITING

The Certificates have been purchased by Piper Jaffray & Co., as the Underwriter (the "**Underwriter**"). Pursuant to a purchase agreement by and among the Underwriter, the City and the Authority (the "**Purchase Agreement**"), the Underwriter has agreed to purchase the Certificates from the City at a purchase price of $15,192,715.35 (equal to the principal amount of the Certificates, plus a net original issue premium of $862,054.85 and less an Underwriters' discount of $94,339.50).

The Purchase Agreement provides that the Underwriter will purchase all of the Certificates if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The Underwriter may offer and sell the Certificates to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

The Underwriter has entered into an agreement (the **"Agreement"**) with Pershing LLC ("**Pershing**"), a subsidiary of the Bank of New York Mellon Corporation, for the distribution of certain municipal securities offerings allocated to the Underwriter at the original offering prices. Under the Agreement, if applicable to the Certificates, the Underwriter will share with Pershing a portion of the fee or commission, exclusive of management fees, paid to the Underwriter.

The Underwriter has also entered into a distribution agreement (the "**Schwab Agreement**") with Charles Schwab & Co., Inc. ("**CS&Co.**") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Schwab Agreement, CS&Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

CONTINUING DISCLOSURE

The City will covenant for the benefit of owners of the Certificates to provide certain financial information and operating data relating to the City by the date that is nine months after the end of the City's Fiscal Year (currently April 1 based on the City's Fiscal Year end of June 30), commencing with the report for the 2014-15 fiscal year (due April 1, 2016) (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events. Such reports are required to be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system ("**EMMA**"). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is described in "APPENDIX F – FORM OF CONTINUING DISCLOSURE CERTIFICATE," attached to this Official Statement. These covenants have been made in order to assist the underwriter of the Certificates in complying with Securities Exchange Commission Rule 15c2 12(b)(5) (the "**Rule**").

The City believes that for the past five year period it currently is in material compliance with all of its continuing disclosure undertakings. Notwithstanding the foregoing:

(1) The Annual Reports for Fiscal Years 2011, 2012 and 2013 for certain of the City's then-outstanding obligations were filed between 1 and 950 days after the dates required for such filings.

(2) The Audited Financial Statements of the City for Fiscal Years 2011, 2012 and 2013 for certain of the City's then-outstanding obligations were filed between 1 and 1,663 days after the dates required for such filings.

(3) In the last five years, the City may not have in a timely manner filed all significant event notices of changes in the ratings of certain then-outstanding obligations resulting from changes in ratings to the bond insurers who insured such obligations or the underlying rates for such obligations. However, the City has submitted all previously undisclosed significant event notices of changes in ratings on all currently outstanding obligations.

The City has engaged contract support for the preparation and filing of its continuing disclosure reports in order to ensure compliance with future continuing disclosure obligations.

FINANCIAL ADVISOR

First Southwest Company, LLC, Santa Monica California (the "**Financial Advisor**") has assisted the City with various matters relating to the planning, structuring and delivery of the Certificates. The Financial Advisor assumes no responsibility for the accuracy, completeness or fairness of this Official Statement. The Financial Advisor will receive compensation from the City contingent upon the sale and delivery of the Certificates.

PROFESSIONAL SERVICES

In connection with the issuance of the Certificates, all or a portion of the fees payable to Special Counsel and Disclosure Counsel, Underwriter's Counsel, the Underwriter, the Financial Advisor and The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent for the Certificates, are contingent upon the issuance and delivery of the Certificates.

[Remainder of page intentionally left blank]

EXECUTION

The execution and delivery of this Official Statement has been duly authorized by the City Council of the City.

CITY OF ROSEVILLE

By: /s/ Jay Panzica
Treasurer/Financial Executive

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

PLACER COUNTY AND CITY OF ROSEVILLE DEMOGRAPHIC INFORMATION

The City. The City of Roseville is located in Placer County, in California's Sacramento Valley near the foothills of the Sierra Nevada mountain range, about 16 miles northeast of Sacramento and 110 miles east of San Francisco. The City, with a population estimated to be approximately 128,382 at January 1, 2015, is the largest city in Placer County, as well as the residential and industrial center of the County.

The City has warm summers typical of central California, with an average July temperature of 77 degrees. Winter temperatures are moderate; the average January temperature is 46 degrees. The temperature drops below freezing an average of eight days per year. Rainfall averages 20 inches annually and falls mostly during the winter.

There is a wide variety of land uses within the City. Most of the City's residential neighborhoods are located west of Interstate Highway 80; industrial facilities, including Hewlett-Packard, NEC Electronics, Inc. and Consolidated Communications, Inc. (CCI) are concentrated in the north Roseville area.

Municipal Government

The City was incorporated on April 10, 1909 and is a charter city. The City operates under the council-manager form of government, with a five-member City Council elected at large for staggered four-year terms. At each election, the council member receiving the most votes is appointed mayor pro-tempore for two years and becomes mayor for the final two years.

City services include, among others, police and fire protection, library services, street maintenance, and parks and recreation. The City also owns two golf courses and provides its own electricity, water, sewer and refuse services to its citizens.

Population

The City's population has increased substantially over the past five years.

City of Roseville
Population - 2011 through 2015

Year	City of Roseville	Placer County	State of California
2011	120,307	351,463	37,427,946
2012	122,104	355,455	37,668,804
2013	124,673	360,802	37,984,138
2014	127,153	366,678	38,357,121
2015	128,382	369,454	38,714,725

Source: California State Department of Finance.

Effective Buying Income

Effective buying income ("EBI") is designated as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of Owner-occupants of non-farm dwellings), dividends paid by corporations, personal interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective buying income is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis. The following table demonstrates the growth in annual estimated EBI for the County, the State of California and the United States.

The following table summarizes the total effective buying income for the County, the State and the United States for the period 2010 through 2014. Effective buying income data is not yet available for calendar year 2015.

Effective Buying Income
As of January 1, 2010 through 2014

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2010	City of Roseville	$ 3,073,595	$55,878
	Placer County	9,455,123	56,109
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Roseville	$ 3,030,070	$56,309
	Placer County	9,797,178	55,993
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Roseville	$ 3,308,060	$55,367
	Placer County	9,955,120	55,173
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	City of Roseville	$ 3,327,535	$56,270
	Placer County	9,811,843	56,393
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Roseville	$ 3,507,655	$59,074
	Placer County	10,287,888	58,583
	California	901,189,699	50,072
	United States	7,357,153,421	45,448

Source: The Nielsen Company (US), Inc.

Employment and Industry

The unemployment rate in the Sacramento-Roseville-Arden Arcade MSA was 6.0 percent in March 2015, down from a revised 6.3 percent in February 2015, and below the year-ago estimate of 8.1 percent. This compares with an unadjusted unemployment rate of 6.5 percent for California and 5.6 percent for the nation during the same period. The unemployment rate was 5.8 percent in El Dorado County, 5.1 percent in Placer County, 6.0 percent in Sacramento County, and 7.0 percent in Yolo County. The following table summarizes the civilian labor force, employment and unemployment, as well as employment by industry, in the Sacramento Arden Arcade Rocklin Metropolitan Statistical Area (which is comprised of Sacramento, Placer and El Dorado Counties) for the years 2010 through 2014.

Sacramento Arden Arcade Roseville Metropolitan Statistical Area
(El Dorado, Placer, Sacramento, and Yolo Counties)
Civilian Labor Force, Employment and Unemployment
March 2014 Benchmark
(Annual Averages)

	2010	2011	2012	2013	2014
Civilian Labor Force (1)	1,048,900	1,039,400	1,051,600	1,046,600	1,049,200
Employment	918,000	916,200	942,900	956,400	974,100
Unemployment	130,900	123,200	108,700	90,200	75,100
Unemployment Rate	12.5%	11.9%	10.3%	8.6%	7.2%
Wage and Salary Employment: (2)					
Agriculture	8,100	8,200	8,600	8,800	9,200
Mining and Logging	400	500	400	500	500
Construction	38,400	36,900	38,400	42,900	45,500
Manufacturing	32,800	33,200	33,900	33,700	34,800
Wholesale Trade	22,800	23,600	25,100	25,000	24,700
Retail Trade	88,000	89,400	91,800	93,900	95,600
Transportation, Warehousing and Utilities	21,700	21,100	21,900	23,200	23,400
Information	17,200	16,300	15,600	15,000	13,700
Finance and Insurance	36,100	34,600	35,700	36,600	35,300
Real Estate and Rental and Leasing	12,200	12,000	12,400	13,000	13,400
Professional and Business Services	102,200	104,200	110,800	114,300	119,100
Educational and Health Services	115,000	116,900	121,300	127,700	134,900
Leisure and Hospitality	80,200	81,700	84,500	88,000	91,900
Other Services	28,100	28,000	28,500	28,900	30,400
Federal Government	14,600	14,000	13,700	13,500	13,500
State Government	110,900	109,600	108,200	109,800	113,500
Local Government	104,700	100,900	99,600	98,700	100,400
Total, All Industries	833,500	831,200	850,400	873,200	899,600

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
Source: State of California Employment Development Department.

Largest Employers

The following table lists the largest manufacturing and non-manufacturing employers within the County as of 2015.

County of Placer
Largest Employers
2015
(In Alphabetical Order)

Employer Name	Location	Industry
Adventist Health	Roseville	Health Services
Agilent Technologies Inc	Roseville	Instruments-Measuring (Mfrs)
Alpine Meadows	Alpine Meadows	Resorts
AT&T	Auburn	Telephone Companies
C-Tech Systems Inc	Roseville	Computers-Service & Repair
Composite Engineering Inc	Roseville	Engineers-Professional
Kaiser Roseville Medical Ctr	Roseville	Hospitals
Northstar At Tahoe Resort	Truckee	Resorts
Oracle	Rocklin	Computer Software-Manufacturers
Placer County Fire Dept	Auburn	County Government-Fire Protection
Placer County Food Stamps	Auburn	County Government-Social/Human Resources
Placer County of Education	Auburn	Schools
Placer County Sheriff	Auburn	Sheriff
Progressive Technology	Rocklin	Machine Shops (Mfrs)
Resort At Squaw Creek	Alpine Meadows	Hotels & Motels
Ritz-Carlton-Lake Tahoe	Truckee	Hotels & Motels
Roseville Golfland-Sun Splash	Roseville	Water Parks
Roseville Toyota & Scion	Roseville	Automobile Dealers-New Cars
Sheriff's Training	Auburn	Sheriff
Sutter Roseville Medical Ctr	Roseville	Hospitals
Tami Saner & Assoc	Roseville	Real Estate
Thunder Valley Casino	Lincoln	Casinos
Unfi Western Region Div	Rocklin	Food Products (Whls)
Union Pacific Railroad Co	Roseville	Railroads
Walmart Supercenter	Roseville	Department Stores

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2015 2nd Edition.

Construction

Placer County's 2013-2014 assessment roll totaled $54,452,236,134 as compared to the prior year's assessment roll of $51,307,476,072, which reflected a 6.13% increase this year. These numbers over the last two years contrast with the real estate decline years of 2008 and after, where the Placer County assessment roll experienced declines.

In May of 2013, the City issued 41 single family building permits and 3 commercial building permits. The City maintains building permit data, which can be viewed on its website.

The following table shows residential and non-residential building permits issued, for calendar years 2009 through 2013.

City of Roseville
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2009	2010	2011	2012	2013
Permit Valuation					
New Single-family	$125,257.4	$133,206.3	$91,310.0	$249,559.2	$118,547.9
New Multi-family	3,746.7	0.0	0.0	0.0	$6,632.0
Res. Alterations/Additions	1,620.6	2,808.4	7,329.2	3,082.0	$3,395.0
Total Residential	130,624.7	136,014.7	98,639.2	252,641.2	128,575.0
New Commercial	$ 1,439.2	$ 1,625.8	$ 707.9	$16,280.4	$26,058.9
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	6,435.5	5,026.5	0.0	0.0	$2,627.4
Com. Alterations/Additions	49,481.4	46,534.4	67,245.2	31,868.5	45,489.0
Total Nonresidential	57,356.1	53,186.7	67,953.1	48,148.9	74,175.4
New Dwelling Units					
Single Family	602	635	411	663	528
Multiple Family	49	0	0	0	224
Total New Dwelling Units	651	635	411	663	752

Source: Construction Industry Research Board, Building Permit Summary.

The following table shows residential and non-residential building permits issued within the County for calendar years 2010 through 2014. Annual figures are not yet available for 2015.

County of Placer
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2010	2011	2012	2013	2014
Permit Valuation					
New Single-family	$272,263.0	$230,831.8	$431,611.6	$378,286.0	$523,638.2
New Multi-family	11,385.1	6,549.5	11,368.0	$7,078.5	48,645.5
Res. Alterations/Additions	50,586.8	62,155.8	35,481.3	$50,358.2	59,428.5
Total Residential	334,234.9	299,537.1	478,460.9	435,722.7	631,712.2
New Commercial	$ 5,551.8	$ 7,014.3	$ 44,303.0	$70,876.0	$38,343.5
New Industrial	0.0	860.0	164.0	1,092.0	199.8
New Other	29,303.2	12,112.3	414.5	25,673.5	44,159.8
Com. Alterations/Additions	73,789.4	88,639.9	55,512.0	73,037.0	101,977.7
Total Nonresidential	108,644.4	108,626.5	100,393.5	170,678.5	184,680.8
New Dwelling Units					
Single Family	1,090	802	1,209	1,249	1,620
Multiple Family	79	28	111	227	376
TOTAL	1,169	830	1,320	1,476	1,996

Source: Construction Industry Research Board, Building Permit Summary.

Commercial Activity

Summaries of historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables. Annual figures are not yet available for calendar years 2014 or 2015.

Total taxable sales during the calendar year 2013 in the City were reported to be $4,171,738,000 a 10.58% increase over the total taxable sales of $3,772,583,000 reported during calendar year 2012.

City of Roseville
Taxable Transactions
Calendar Years 2009 through 2013
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2009	3,400	$2,708,864	4,441	$3,104,840
2010	3,640	2,814,546	4,698	3,251,045
2011	3,405	3,024,189	4,476	3,499,616
2012	3,765	3,332,827	4,861	3,772,583
2013	3,757	3,558,765	4,819	4,171,738

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable transactions reported in the County during calendar year 2013 amounted to $7,724,406,000 a 9.32 percent increase over the total taxable transactions of $7,065,597,000 that were reported during calendar year 2012. A summary of historic taxable sales within the County is shown in the following table.

PLACER COUNTY
Taxable Transactions
Calendar Years 2009 through 2013
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2009	7,819	$4,453,186	11,135	$5,796,644
2010	8,110	4,678,785	11,439	6,017,542
2011	7,803	5,112,781	11,120	6,568,195
2012	8,272	5,613,981	11,621	7,065,597
2013	8,487	6,050,198	11,713	7,724,406

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Transportation

The County's transportation network is an integral part of its development. Centrally located in the State, the area is the hub of several major highways. Interstate 80 runs through the County, connecting San Francisco to New York. Highway 65 runs north from I-80 to Lincoln and Marysville. Interstate 5, which is west of the County, runs north to Seattle and south to Los Angeles. In the City, the major highways in the area are Interstate 80 and Interstate 5, and State Highways 65, 50, and 99.

Union Pacific Railroad bought Southern Pacific in 1996 and the J.R. Davis Yard, located in Roseville, is the largest rail facility on the West Coast. Union Pacific owns and operates track in 23 states, primarily west of the Mississippi River. Amtrak provides passenger service daily to San Francisco and San Jose, and the California Zephyr connects the County to the Midwest and Chicago.

Greyhound operates a station in Roseville, providing interstate destination services. Greyhound also operates throughout the County, with bus depots or regularly scheduled stops in most of the communities along major highways and roads.

Sacramento International Airport serves the Roseville area. Served by ten major carriers and several commuter airlines, as well as air freight carriers, the airport handles passenger flights to over 140 cities with more than 130 scheduled departures per day and 4.3 million passengers annually. Nearby Auburn Municipal Airport serves charter and private aircraft for coastal, state and transcontinental flights. Executive air service is available as well. Auburn Municipal has an elevation of 1,520 feet and an east/west runway 3,100 feet in length.

Several trucking companies serve the County, ranging from interstate lines to local haulers, and transporting a wide variety of goods. United Parcel Service, with a distribution center in Rocklin, offers freight transportation services as well.

APPENDIX B

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

[THIS PAGE INTENTIONALLY LEFT BLANK]

Comprehensive Annual Financial Report

Fiscal Year c l bg l e Hs l c 1.*0./2

Utility Exploration Center at the Martha Riley Library, 1501 Pleasant Grove Blvd.

CITY OF ROSEVILLE CALIFORNIA

CITY OF ROSEVILLE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

Prepared by
FINANCE DEPARTMENT

CITY OF ROSEVILLE, CALIFORNIA
Comprehensive Annual Financial Report
For The Year Ended June 30, 2014

INTRODUCTORY SECTION

Table of Contents i

Letter of Transmittal v

Organization Chart xiii

Elected Officials xiv

GFOA Certificate xv

FINANCIAL SECTION

Independent Auditor's Report 1

Management's Discussion and Analysis 5

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 24

Statement of Activities 25

Fund Financial Statements:

Governmental Funds:

Balance Sheet 28

Reconciliation of Governmental Funds – Fund Balance with the Governmental Activities Net Position 29

Statement of Revenues, Expenditures, and Changes in Fund Balances 30

Reconciliation of the Net Change in Fund Balances - Total Governmental Funds with the Change in Net Position of Governmental Activities 31

Major Proprietary Funds:

Statement of Net Position 34

Statement of Revenues, Expenses and Changes in Fund Net Position 36

Statement of Cash Flows 38

FINANCIAL SECTION (Continued)

Fiduciary Funds:

Statement of Fiduciary Net Position 42

Statement of Changes in Fiduciary Net Position 43

Notes to Basic Financial Statements 45

1. Summary of Significant Accounting Policies 45
2. Budgets and Budgetary Accounting 53
3. Cash and Investments 54
4. Interfund Transactions 60
5. Notes Receivable 63
6. Developer Permit Fees Receivable 66
7. Development Agreements and Land Held for Resale 66
8. Capital Assets 67
9. Long-Term Debt 72
10. Derivative Instruments 84
11. Net Position and Fund Balances 86
12. Pension Plan 90
13. Post-Employment Benefits 93
14. Risk Management 96
15. Northern California Power Agency (NCPA) 98
16. South Placer Wastewater Authority (SPWA) 101
17. Municipal Solid Waste Landfill Closure and Post Closure Care Costs 103
18. Commitments and Contingent Liabilities 103
19. Gas Supply Acquisition and Resale 105
20. Redevelopment Agency Dissolution and Successor Agency Activities 106
21. Subsequent Events 113

SUPPLEMENTAL INFORMATION SECTION

Required Supplementary Information:

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual 116

Modified Approach to Reporting Street Pavement Costs and Parks and Landscaping Costs 121

SUPPLEMENTAL INFORMATION SECTION (Continued)

Supplemental Information:

Non-major Governmental Funds:

Combining Balance Sheet 126

Combining Statement of Revenues, Expenditures, and Changes In Fund Balances 132

Combining Schedule of Revenues, Expenditures, and Changes In Fund Balances-Budget and Actual 138

Internal Service Funds:

Combining Statement of Net Position 152

Combining Statement of Revenues, Expenses and Changes in Net Position 154

Combining Statement of Cash Flows 156

Private-Purpose Trust Funds:

Combining Statement of Net Position 160

Combining Statement of Changes in Net Position 161

Agency Funds:

Statement of Changes in Assets and Liabilities 165

STATISTICAL SECTION

Net Position by Components – Last Ten Fiscal Years 177

Changes in Net Position – Last Ten Fiscal Years 178

Fund Balances of Governmental Funds – Last Ten Fiscal Years 180

Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years 181

Sales Tax Revenue – Last Ten Fiscal Years 182

Assessment Roll Values – Last Ten Fiscal Years 183

Property Tax Rates – Direct & Overlapping Governments - Last Ten Fiscal Years 184

STATISTICAL SECTION (Continued)

Principal Property Tax Payers – Current Year and Nine Years Ago 185

Property Tax Levies and Collections – Last Ten Fiscal Years 186

Electric Customers & Revenues 187

Residential Energy Prices 188

Business Energy Prices 189

Ratio of Outstanding Debt by Type – Last Ten Fiscal Years 190

Revenue Bond Coverage:

2013 Refunding Variable Rate-Wastewater Revenue Bonds - Last Two Fiscal Years 191

2011 Refunding Fixed Rate-Wastewater Revenue Bonds – Series C – Last Four Fiscal Years 192

2011 Refunding SIFMA Index-Wastewater Revenue Bonds – Series D – Last Four Fiscal Years 193

2002 Redevelopment Tax Allocation Bonds – Last Ten Fiscal Years 194

2006A Redevelopment Tax Allocation Bonds – Last Eight Fiscal Years 195

2006AT Redevelopment Tax Allocation Bonds – Last Eight Fiscal Years 196

2006HT Redevelopment Tax Allocation Bonds – Last Eight Fiscal Years 197

Computation of Direct and Overlapping Debt 198

Computation of Legal Bonded Debt Margin 199

Demographic and Economic Statistics – Last Ten Fiscal Years 200

Principal Employers – Current Year and Nine Years Ago 201

Full-Time Equivalent City Employees by Function – Last Ten Fiscal Years 202

Operating Indicators by Function/Program – Last Ten Fiscal Years 203

Capital Asset Statistics by Function/Program – Last Ten Fiscal Years 204

December 22, 2014

Honorable Mayor, Members of the City Council and City Manager:

This document, the Comprehensive Annual Financial Report (CAFR) of the City of Roseville, is for the fiscal year ended June 30, 2014. The report was prepared by the Finance Department in conjunction with the City's independent auditors. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The data, as presented, is accurate in all material aspects; and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. The organization of the financial report follows the guidelines set forth by the Government Finance Officers' Association (GFOA) of the United States and Canada.

The report is divided into three sections:

I. Introductory section, including this letter of transmittal, list of City elected officials, and City's organizational chart.

II. Financial section, including the auditors' report by Maze & Associates, the City's independent certified public accountants, management's discussion and analysis, the basic financial statements, notes to the financial statements, required supplemental information and the combining financial statements for non-major funds.

III. Statistical section, including a number of tables and graphs of un-audited data depicting 10 years of financial history about the City and information on its overlapping governmental debt.

A separate single audit report has been prepared in conformity with the provisions of the Federal Single Audit Act as amended and U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments."

Finally, it is highly recommended that all readers of this report review the narrative introduction, overview, and analysis found in management's discussion and analysis (MD&A) in this CAFR's financial section.

THE REPORTING ENTITY AND ITS SERVICES

This report reflects the entity concept prescribed by generally accepted accounting principles (GAAP). It combines the financial statements of the Roseville Finance Authority (the "Authority"), the Roseville Natural Gas Financing Authority (the "RNGFA"), the Roseville Community Development Corporation (the "RCDC") and the City of Roseville Housing Authority (the "Housing Authority") with those of the City to constitute a single reporting entity. The report also includes the Successor Agency to the Redevelopment Agency. In accordance with the criteria of the Government Accounting Standards Board (GASB) Statement 14, the basic financial statements include the financial activity of the City, the Authority, the Housing Authority, the RNGFA and the RCDC. The Authority, the Housing Authority and the RNGFA are separate legal entities from the City, but have the same governing board. The RCDC has a separate governing board; however, the board members are appointed by the City Council. The Successor Agency has a governing board determined by State law that does not report to the City Council. The RNGFA and RCDC issue their own component unit financial statements. Separate financial statements are not issued for the Authority, the Housing Authority, or the Successor Agency.

Roseville is a charter law city of the State of California. The City was incorporated in 1909 and operates under a Council-Manager form of government. The City's political and legislative body is the City Council and is empowered by the City's charter to formulate citywide policy, including a fiscal program, City services, and appointment of the City Manager and City Attorney. There are five City Council members who are elected at-large for staggered four-year terms, and the Mayor is determined by which member received the highest number of votes in the previous election.

Roseville is a full-service City providing a full range of municipal utilities and services. These include: police; fire; community development; parks and recreation; public libraries; planning; building and public facility inspection; engineering; streets; electric, water, wastewater and solid waste utilities; housing; and general administrative services.

Residents of the City desiring to assist the City Council in forming government policy may do so by serving on a City commission, committee, or board. The commissions, committees, and boards act in an advisory capacity to the City Council. They are Hearing Examiners/Appeals Board, Design Committee, Library Board, Parks and Recreation Commission, Personnel Board, Placer Mosquito & Vector Control District, Planning Commission, Public Utilities Commission, Roseville Grants Advisory Commission, Roseville Revitalization Committee, Senior Citizen Commission, and Transportation Commission.

ECONOMIC CONDITION, OUTLOOK AND ACTIVITY

The economic condition of the City in fiscal year 2014 continued improving. Overall, general fund revenues increased from the prior year. Commercial development increased again over the previous year and although residential permits were down from the prior year, development activity was high adding new inventory of finished lots.

The City continued efforts to control costs as the economy continued its recovery. General fund expenditures were essentially matched with revenues before special items for the year as a whole. Expenditures increased as the City expanded services and made commitments to start funding previously delayed contributions. The combination of savings from vacant positions and reductions in spending on non-personnel items were the primary savings drivers. We were also able to use carry-over funds from fiscal year 2013 to avoid dipping into economic reserves.

The electric utility's operating revenues and expenses increased from the prior year. Utility sales were higher from the prior year but the utility experienced increased maintenance costs of the power plant. The revenue to expense outlook for the next several years forecasts the buildup of the rate stabilization fund back to policy levels, and should result in higher cash balances for the operating fund. Many of the issues that are likely to drive future rate increases will be state and federal mandates related to renewable energy and environmental concerns.

The environmental utilities (water, wastewater, and solid waste) all ended the year with positive changes in their net position. Although the drought required the water utility to institute a surcharge to recover lost revenue from conservation, the utility was able to mitigate costs. The water and wastewater utilities debt instruments performed well during fiscal year 2014. The water utility's debt is fixed rate; however, the wastewater utility includes a large amount of variable-rate debt. Some of the variable rate debt was converted to fixed rate debt and a portion of the variable rate debt was sold as index notes, which pay variable rate interest but do not require a letter-of-credit backing. The interest rates on this debt remained low through fiscal year 2014.

The Golf Course enterprise fund ended the fiscal year with operating revenues slightly lower than operating expenses. Although operating costs were lower than anticipated, the same went for the golf operations revenue. Improvements to the golf courses are planned in the next few years to keep the appearance and overall utility of the courses up-to-date.

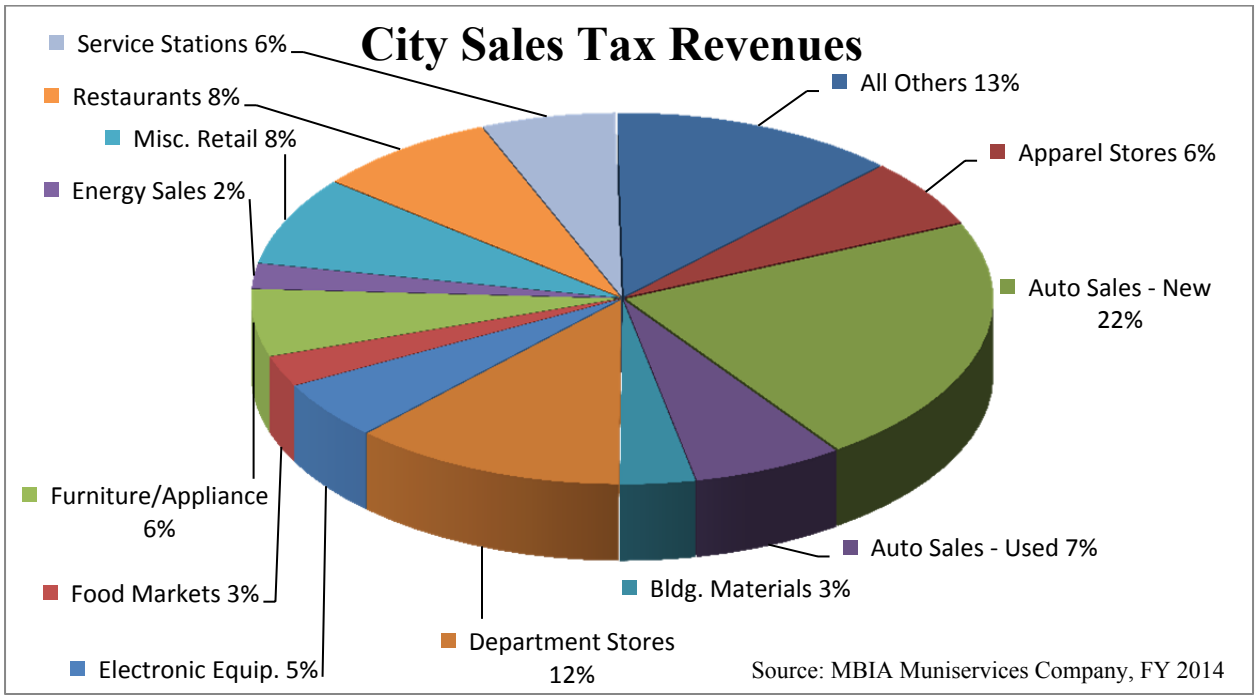
The School-Age Child Care Fund had operating revenues greater than operating expenses and ended the fiscal year in the black. Although, review of the program's financial structure is an on-going process. The programs underwent some strategic reorganization to continue to serve Roseville's youth while maintaining the intent of an enterprise fund. This realignment should continue to aid in the fund's recovery and support its continued growth toward financial stability.

The long-term outlook for the City's economy is good. While housing starts are still down from earlier highs, new homes are still being built and sold and this should turn around in the next few years. Office vacancies are lower than they were in 2007 for the first time. Sales tax continues trending up with new and diverse stores being added to the retail core of the City. New auto sales were up in fiscal year 2014 compared to fiscal year 2013. This trend appears to be continuing into fiscal year 2015.

On a short-term basis, the City will need to continue controlling costs and payroll expansion to ensure operating revenues exceed operating expenses. In fiscal year 2014, the City started a five-year funding plan to address unfunded liabilities associated with OPEB and the CIP Rehab Fund. The City will need to add additional contributions to Workers Compensation and General Liability funds in future years that were the result of funding holidays in prior years. PERS costs are expected to increase in future years as well.

TOP SALES TAX GENERATORS BY ECONOMIC SEGMENT

The chart below provides an overview of the City's sales tax revenue by economic segment. New auto sales, electronic equipment and energy sales all increased over fiscal year 2013. Total sales and use taxes increased approximately 8.46% from 2013. New auto sales, the largest sales tax category, were up 15 percent from last year and up 32 percent from two years ago.



The outlook for the next two years is that sales taxes are most likely to increase slightly and then begin to level out while property taxes will continue to recover as home values recover from the recession. The City is taking a conservative approach on sales and property taxes in its budgeting process.

MAJOR ACTIVITIES IN THE CITY

Many of the major activities undertaken in fiscal year 2014 are consistent with the City Council's direction to focus on projects and funding that provide economic stability and enhance the City's long-term financial condition while maintaining high levels of service to the older parts of the community. Major projects included:

- Public Works: Started construction on the Oak Street Roundabout, Blue Oaks widening, and Conference Center Drive extension projects. Also requested proposals from consultants to begin the design of the Washington "Andora" widening project.
- Water: Two wells will be completed by February 2015 with notice of completion expected by June 2015. The water treatment plant rehabilitation project will be completed by March 2015.
- Wastewater: SCADA project is still ongoing. A contractor was selected and they have completed necessary design work and are now working on hardware configuration.
- Electric: Ongoing expansion of electric distribution system and rehabilitation of electric assets.
- Parks and Recreation: Completion of Central Park Phase 2, Mahan Park, and Duran Park, and renovations of Olympus play area, Maidu softball infield and play area, Maidu preschool play area, Sports Center strength training area, Heritage Oak Adventure Club flooring, and repairs to resilient playground surfacing at four parks.

The City has experienced a significant increase in total permit activity which can be attributed to tenant improvements (remodels/additions). This is evidenced by the increase in permit activity this year where 5,796 permits have been issued, compared to 4,338 issued for last year. Although, single-family and multi-family residential permits decreased compared to last fiscal year with 503 new units (all single-family) in 2014 as compared to 679 single-family and 103 multi-family, respectively, in 2013. Several new development proposals should have single-family and multi-family permits on the rise in the near future.

Commercial development increased over the last year with permits being issued for 14 new commercial projects; most notably Oakmont Senior Living, which is an 80 unit complex with over 74,000 square feet and the Fed Ex building with over 198,000 square feet of commercial space.

The major growth areas of the Sierra Vista, Creekview, and Amoruso Ranch Specific Plan areas are located on the north and south boundaries of the West Roseville Specific Plan. Sierra Vista is annexed and fully entitled, including the Westbrook portion of the plan area adopted in June 2012. The Creekview Specific Plan, approved by the City Council in September 2012, was officially annexed April 17, 2013. A third development project, Amoruso Ranch, is in the entitlement process. Amoruso Ranch anticipates completing the entitlement process in summer of 2015. The City is also processing two additional entitlements, the Placer Ranch Specific Plan and the HP Campus rezone project.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurances regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. Finance Department staff remains committed to improving the City's accounting system, maintaining the City's internal accounting controls to adequately safeguard assets, and providing reasonable assurances of proper recording of financial transactions. Budgetary control is directed by the City Council by ordinance when the budget is adopted each year. Expenditures may not legally exceed appropriations at the department level by major summary category. The City utilizes the encumbrance system as a management control technique to assist in controlling expenditures. Periodic reports of revenue, expense, and investment activity are prepared and distributed to the City Council and City departments to monitor spending in relation to the budget. At fiscal year-end, open encumbrances are reported as an assignment of the fund balance. The City's accounting records are organized and operated on a "fund" basis, which is the basic fiscal and accounting entity in governmental accounting. Each fund is classified by category and fund type:

	Category Fund Type
Governmental Funds:	General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and Permanent Funds
Proprietary Funds:	Enterprise Funds and Internal Service Funds
Fiduciary Funds:	Agency Funds, OPEB Trust Fund and Private-Purpose Trust Funds

Governmental Funds: The basic financial statements necessary to fairly present the financial position and operating results from major governmental funds are: the balance sheet, and the statement of revenues, expenditures and changes in fund balance. These funds are maintained using the modified accrual basis of accounting, which is more thoroughly explained in the Notes to the Financial Statements.

Proprietary Funds: Generally accepted accounting principles applicable to private commercial business are applicable to proprietary funds of a government agency. The basic financial statements required to present the financial position and operating results from major proprietary funds are the statement of net position; statement of revenues, expenses, and changes in net position; and the statement of cash flows. The full-accrual basis of accounting is utilized as explained in the Notes to the Financial Statements.

Fiduciary Funds: Fiduciary funds are used to account for assets held by a government agency acting as a trustee or agent for individuals, assessment districts, organizations, other governmental units, or other funds of the same entity. The modified accrual basis of accounting is used for Agency Funds while full-accrual basis of accounting is used for the Trust and Private-Purpose Trust Funds as explained in the Notes to the Financial Statements.

CASH MANAGEMENT

The City has a formal investment policy, which is subject to annual review and approval by the City Council. Available cash for operations and capital was invested in the State Treasurer's Local Agency Investment Fund (LAIF), corporate notes, money market funds, municipal bonds, commercial paper, and government securities. Restrictions on the maturity and percentage of the investments and categorization of credit risk are discussed in the Notes to the Basic Financial Statements. The City's portfolio is invested mainly in Corporate Notes, Federal Agencies and U.S. Treasuries. The average annual yield was 0.790% on the City's month-end average investment balances. This compared with a return of 0.850% in the prior year. As of June 30, 2014, the yield to market of outstanding investments was 0.559%. This decrease was the result of reinvestments in a low interest-rate environment. Investment income includes changes in the fair market value of investments. Decreases in fair market value during the current year do not necessarily represent trends that will continue. The City's policy is to limit exposure to call risk and minimize callable securities in the portfolio and structure the portfolio that will perform well in an all interest-rate environment.

Although positive economic news and improvements in the housing market helped boost investor confidence about the economic recovery, the City closely monitors all investments. The City has exposure to financial institutions in the form of corporate notes and negotiable CDs. Additionally, the City owns a good deal of Federal agency bonds and U.S. Treasuries. No losses have occurred in these portfolios. The table below provides a list of the City's investments at the end of June 30, 2014.

City of Roseville
Portfolio Summary
June 30, 2014

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM
Certificates of Deposit	1,250,000.00	1,251,672.14	1,250,000.00	0.28%	287	110	0.280
C.A.M.P	971,383.14	971,383.14	971,383.14	0.22%	1	1	0.060
Local Agency Investment Funds	43,172,001.81	43,172,001.81	43,172,001.81	9.68%	1	1	0.228
Money Market	4,647,836.60	4,647,836.60	4,647,836.60	1.04%	1	1	0.001
Negotiable CDs	53,450,000.00	53,449,002.65	53,444,052.83	11.98%	665	566	0.506
Corporate Notes	90,815,000.00	91,626,067.40	91,311,262.69	20.46%	1,064	778	0.931
Commercial Paper- Interest Bearing	35,000,000.00	35,004,347.21	35,000,000.00	7.84%	168	122	0.175
Federal Agency Coupon Securities	77,447,000.00	78,091,569.65	78,010,195.76	17.48%	967	692	0.606
Treasury Coupon Securities	129,958,000.00	133,843,219.65	133,891,906.97	30.01%	1,050	803	0.526
Municipal Bonds	4,515,000.00	4,527,612.75	4,515,000.00	1.01%	1,015	546	0.764
Investments	**441,226,221.55**	**446,584,713.00**	**446,213,639.80**	**100%**	**806**	**604**	**0.559**

LONG-TERM FINANCIAL PLANNING

The City of Roseville has consistently planned its budgets with an eye to the long-term needs of the City. This is accomplished through the establishment of several funds that serve to direct City revenues to long-term financial needs. This ensures that funding is available for needs as they arise. These funds include:

Operating Reserves: The City maintains an operating reserve in its General Fund of 10 percent of operating expenditures. Additionally, the City attempts to maintain a similar operating reserve in all of the City-owned utilities. These reserves guard against impacts from sudden changes in revenues. The Electric Utility's reserve is housed in its Rate Stabilization Fund.

Rate Stabilization Funds: The Electric Department maintains a rate stabilization fund targeted at a minimum policy level of 40 percent of operating expenses. This allows the City time to react with major changes to the cost of electricity without having to impose an emergency rate increase. The City also uses this fund as a reserve for the Electric utility. Rate stabilization funds are also used in the Environmental Utilities to help ease the impacts of rate increases over a period of years.

CIP Rehabilitation Fund: The City has set aside approximately $8.4 million in a CIP Rehabilitation Fund for the purpose of maintaining the City's investments in buildings and park facilities. These funds are used to provide necessary maintenance and improvements to City-owned facilities. The Council's goal is to increase this balance of this fund to keep pace with the improvements needed to maintain City facilities.

Automotive Replacement Fund: The City funds the cost of replacement vehicles over the useful life of the vehicle. This ensures that monies are available to keep the City's vehicle fleet operating properly and safely.

Strategic Improvement Fund: The City developed a fund several years ago that provides Council with funds that can be used for periodic, strategic investments on behalf of the City. This fund has been used to acquire land and fund improvements, primarily in redevelopment areas.

OPEB Trust: The City set up the Post-Retirement Fund in 2002 to begin setting aside monies to address the City's long-term liability for post-retirement health benefits. In fiscal year 2011, the City established an irrevocable trust and moved $34 million of accumulated revenues into the OPEB Trust. This has increased the longer-term investment return on the funds, thus lowering the City's unfunded liability. Since inception, the trust's investments have performed at or better than its long-term return of 6.50%. In fiscal year 2014, the fund's market value was $50 million. In fiscal year 2014, the City began negotiating with labor groups to cap future liabilities by creating a Tier III benefit for new hires. Tier III employees will be required to set aside a portion of their salary into a Retirement Health Savings account. The OPEB unfunded liability should start decreasing with increased contributions and investment returns.

INDEPENDENT AUDIT

Each year the City requires an independent annual audit of the City's financial records, the results of its operations, and cash flows. This report includes the opinion of the City's independent auditors, Maze & Associates, for the basic financial statements of the City. In addition, a separately issued document contains the auditors' reports on the internal control structure and compliance with applicable laws and regulations related specifically to the single audit.

AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Roseville for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

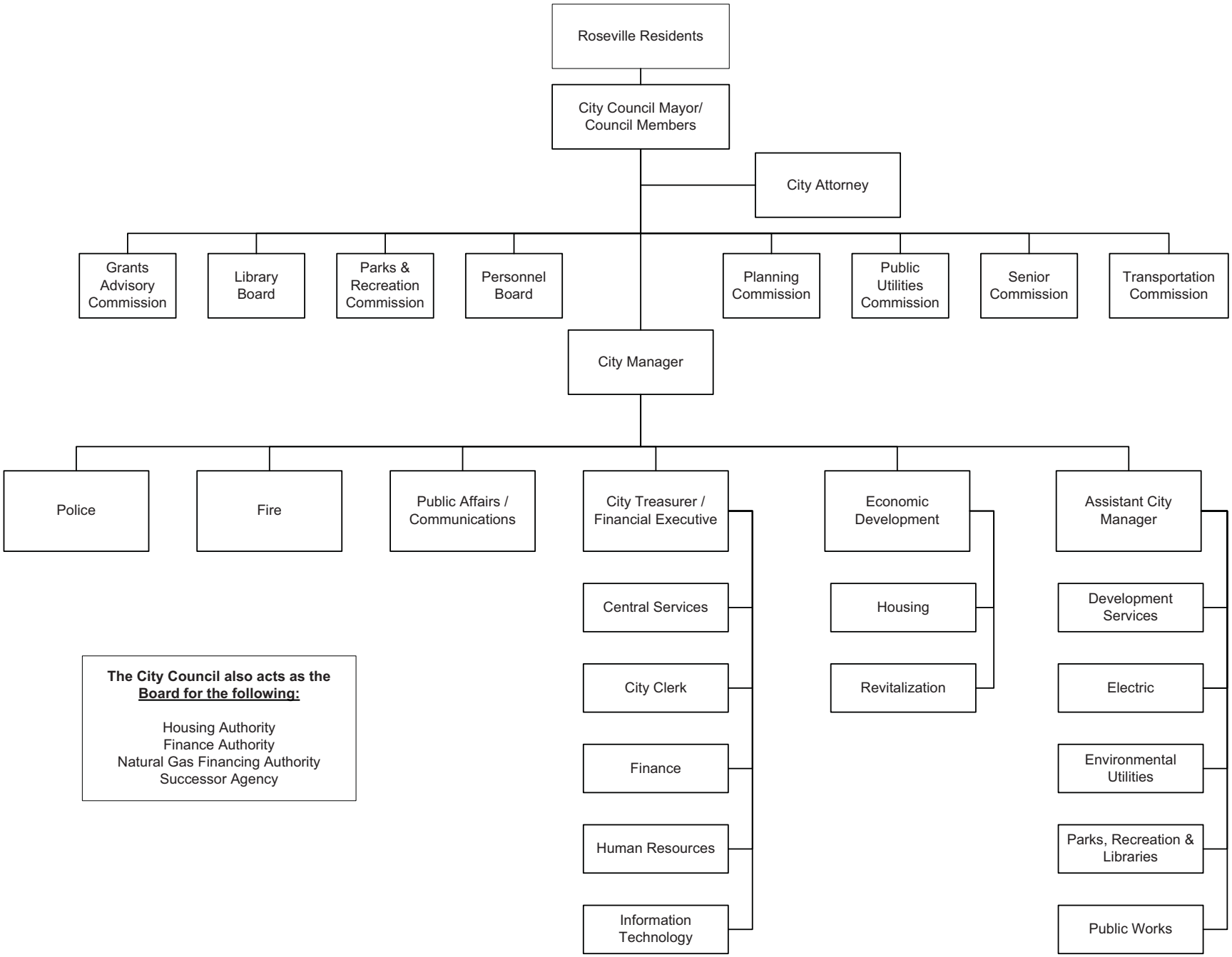
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

I extend my appreciation to the entire staff in the Finance Department and other departments who assisted in the process of compiling the information for this report. In addition, I extend a special "thank you" to the City's Accounting Division staff and our external auditors who contributed long hours to make this document possible. Their efforts and continued dedication are greatly appreciated. I sincerely thank the Mayor, members of the City Council and City Manager, for their support, interest, and integrity in directing the financial affairs of the City in a responsible, professional, and progressive manner.

Respectfully submitted,

Monty Hanks
Finance Director



Organizational Chart: City Wide

CITY OF ROSEVILLE

ELECTED OFFICIALS

JUNE 30, 2014

Mayor	Susan Rohan
Vice Mayor	Carol Garcia
Council Member	Bonnie Gore
Council Member	Tim Herman
Council Member	Pauline Roccucci

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Roseville
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

This Page Left Intentionally Blank

MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Roseville, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Roseville as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W **mazeassociates.com**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 20, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Roseville Redevelopment Agency was dissolved and its assets turned over to and liabilities assumed by Successor Agencies effective January 31, 2012. Certain transactions undertaken by the Roseville Redevelopment Agency prior to the date of dissolution, including the repayment of interfund advances and loans made to the City and the Roseville Community Development Corporation, may be subject to review by the State as discussed in Note 20, but the effect of that review cannot be determined as of June 30, 2014.

The City's position on these matters is not a position of settled law and there is considerable legal uncertainty regarding these matters. It is possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue favorably or unfavorably to the City. No provision for liabilities resulting from the outcome of these uncertain matters has been recorded in the accompanying financial statements.

As discussed in Notes 8E, Note 1F, and Note 9D the City restated certain capital asset, unavailable revenue and long term debt balances.

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Supplemental Information and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 22, 2014

This Page Left Intentionally Blank

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

The following discussion provides readers of the City of Roseville's financial statements a narrative overview and analysis of the financial activities of the City of Roseville for the fiscal year ended June 30, 2014. Please read this document in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

There have been signs of positive economic growth in this past fiscal year. Both sales and property taxes have increased, as well as development revenues and charges for services. The City's financial highlights are presented below:

FISCAL YEAR 2014 FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year 2014 include the following:

Entity-wide:

- The City's total net position was $2.4 billion as of June 30, 2014. Of this total, $1.0 billion were Governmental assets and $1.4 billion were Business-type assets.
- Governmental revenues include program revenues of $57.9 million and general revenues and transfers of $79.4 million for a total of $137.4 million.
- Governmental expenses were $168.8 million and transfers out were $11.5 million (see Governmental Activities – Table 1 discussion).
- Business-type program revenues, interest revenue, miscellaneous revenues, and transfers in were $342.3 million while Business-type expenses were $262.6 million.

Fund Level:

- Governmental Fund balances decreased to $187.2 million in fiscal year 2014, down $12.5 million from the prior year.
- Governmental Fund revenues increased to $139.5 million in 2014, up $3.7 million from the prior year. Both sales and property taxes increased as the economy has been in an upward growth mode. Licenses and permits, charges for services, use of money property, and miscellaneous revenue all increased, while subventions and grants, fines, forfeitures, and penalties, and contributions from developers all decreased. Governmental Fund expenditures decreased to $160.9 million in fiscal year 2014, down $3.1 million from the prior year. The decreases were primarily due to $4.7 million in capital outlay and $1.8 million in general government; which was partially offset by increases of $1.3 million in the combined development and operation and public works (see Table 2 discussion),and $1.1 million in police.
- Other Financing Sources provided a net of $16.9 million in fiscal year 2014, down $1.7 million from 2013.

General Fund:

- General Fund revenues of $105.1 million increased by $7.9 million higher than the prior year as most revenue categories increased; with taxes increasing by $4.6 million and a $2.1 million increase in charges for services.
- General Fund expenditures of $117.2 million increased $2.8 million over the prior year -- $1.4 million from the combined development and operation and public works and police increasing $1.0 million, while general government decreased by $1.6 million.
- Other Financing Sources decreased by $4.2 million to $12.8 million, as transfers out increased by $3.4 million.
- The General Fund balance of $53.6 million as of June 30, 2014 decreased $5.3 million from fiscal year 2013's fund balance of $58.8 million.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is divided into six parts:

1) Introductory section, which includes the Transmittal Letter and general information,
2) Management's Discussion and Analysis (this section),
3) The Basic Financial Statements, which include the Government-wide and the Fund financial statements, along with the Notes to these financial statements,
4) Required Supplemental Information,
5) Combining statements for Non-major Governmental Funds and Fiduciary Funds,
6) Statistical information

The Basic Financial Statements

The Basic Financial Statements comprise the Entity-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

The Entity-wide Financial Statements provide an overview of the City's activities, and are comprised of the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all of its capital assets and long-term liabilities on the full-accrual basis, similar to that used by corporations. The Statement of Activities provides information about all of the City's revenues and all of its expenses, also on the full-accrual basis, with the emphasis on measuring net revenues or expenses of each the City's major functions. The Statement of Activities explains in detail the change in Net Position for the year.

All of the City's activities are grouped into either Governmental Activities or Business-type Activities, as explained below. The amounts in the Statement of Net Position and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities for the City.

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

Major Funds account for the major financial activities of the City and are presented individually, while the activities of Non-major Funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. Major Funds are explained below.

The Fiduciary Statements provide financial information about the activities of the Community Facilities Districts, the Successor Agency from the dissolution of the Redevelopment Agency, and certain other entities for which the City acts solely as agent. The Fiduciary Statements provide information about the cash balances and activities of these Districts, and other entities. These statements are separate, and their balances are excluded, from the City's basic financial statements.

The Entity-wide Financial Statements

Entity-wide financial statements, prepared on the accrual basis, measure the flow of all economic resources of the City.

The Statement of Net Position and the Statement of Activities present information about the following:

- ***Governmental Activities***—All of the City's basic services are considered to be governmental activities. These services are supported by general City revenues such as taxes, and by specific program revenues such as user fees and charges.

  The City's governmental activities also include the activities of three separate legal entities, the Roseville Finance Authority, the City of Roseville Housing Authority and the Roseville Community Development Corporation. The City is financially accountable for these entities.

- ***Business-type Activities***—The City's enterprise activities of electric, water, wastewater, solid waste, natural gas, golf course, local transportation, and school-age child care are reported in this area. Unlike governmental activities, these services are supported by charges paid by users based on the amount of the service they use.

  The City's business-type activities also include the activities of a separate legal entity, the Roseville Natural Gas Financing Authority. The City is financially accountable for this entity.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. Each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major Funds. Major Funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

In the City's case, the Community Facilities District Projects Fund is the only Major Governmental Fund in addition to the General Fund.

All eight of the City's Enterprise Funds are reported as Major Funds.

Fund Financial Statements include governmental and proprietary funds as discussed below.

Governmental Fund Financial Statements are prepared on the modified accrual basis. This means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Enterprise and Internal Service Fund Financial Statements are prepared on the full-accrual basis, and include all of their assets and liabilities, current and long-term.

Since the City's Internal Service Funds provide goods and services only to the City's governmental and business-type activities, their activities are reported only in total at the Fund level. Internal Service Funds may not be Major Funds, because their revenues are derived from other City Funds. These revenues are eliminated in the Entity-wide Financial Statements and any related profits or losses are returned to the activities which created them, along with any residual net position of the Internal Service Funds.

Comparisons of budget and actual financial information are presented only for the General Fund, as required by financial reporting standards.

Fiduciary Statements

The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

This analysis focuses on the net position and changes in net position of the City as a whole. Tables 1, 2, and 3 focus on the City's Governmental Statement of Net Position and Statement of Activities, while Tables 4, 5, and 6 focus on the City's Business-type Statement of Net Position and Statement of Activities.

Governmental Activities

Table 1
Governmental Net Position at June 30
(in Millions)

	2014	2013 *
Cash and Investments	$224.5	$231.4
Other Assets	70.4	79.5
Capital Assets	840.5	853.6
Total Assets	**1,135.4**	**1,164.5**
Long-Term Debt Outstanding	14.7	16.2
Other Liabilities	92.4	89.0
Total Liabilities	**107.1**	**105.2**
Net Position:		
Net Investment in Capital Assets	828.8	837.3
Restricted	123.6	131.4
Unrestricted	75.9	90.6
Total Net Position	**$1,028.3**	**$1,059.3**

*As restated

The City's governmental net position amounted to $1.0 billion as of June 30, 2014, a decrease of $31.0 million from fiscal year 2013. The main reason for the decrease is the reclassification/transfer of a special revenue fund (Traffic Signals) to the Electric Enterprise fund. All of the funding had been provided by Electric and it was decided to transfer all of Traffic Signals to be part of Electric in fiscal year 2014. The City's net position as of June 30, 2014 comprised the following:

- Cash and investments comprised $221.5 million in the city treasury and $3.0 million of restricted cash and investments. Substantially all of these amounts were held in short term investments in government securities, as detailed in Note 3 to the financial statements.

- Receivables comprised $16.3 million of which were current, along with developer permit receivables of $2.3 million, internal balances of $3.8 million, notes receivable of $45.7 million that are due over longer periods of time, as explained in Notes 4, 5, and 6 to the financial statements.

- Capital assets of $840.5 million, net of depreciation charges, includes all of the City's infrastructure as well as other capital assets used in governmental activities, as discussed in Note 8.

- Current liabilities—including accounts payable, accrued liabilities, and other amounts due currently—totaled $29.6 million.

- Accrued compensated absence liabilities payable to employees of $12.6 million, as explained in Note 1H to the financial statements.

- $39.4 million of unfunded required contributions to the Other Post-Employment Benefits (OPEB) Trust as required by GASB 45 and detailed in Note 13.

- Long-term debt of $14.7 million, of which $13.9 million is due in future years and $0.8 million is due currently, as detailed in Note 9.

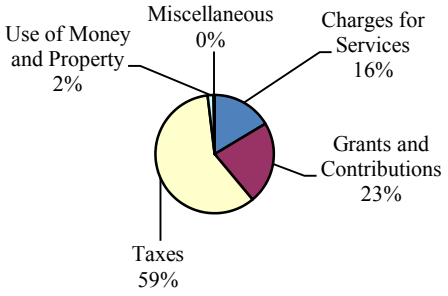
- Net investment in capital assets of $828.8 million, representing the City's investment in infrastructure and other capital assets used in Governmental Activities, net of amounts borrowed to finance that investment.

- Restricted net position totaling $123.6 million may only be used to construct specified capital projects, for debt service, or for community development projects. The restrictions on these funds cannot be changed by the City.

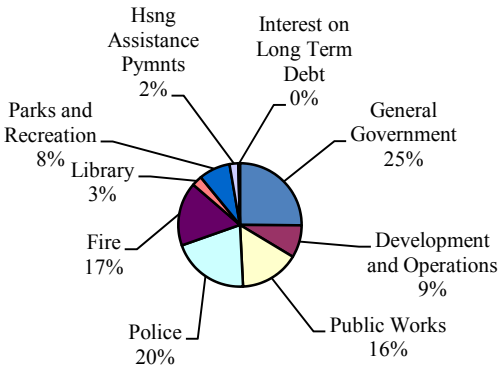
- Unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The City had $75.9 million of unrestricted net position as of June 30, 2014. While these assets are technically unrestricted, most of these assets are designated for a specific use.

Fiscal Year 2014 Governmental Activities

Sources of Revenue



Functional Expenses



As the Sources of Revenue Chart above shows, $88.0 million, or 59% of the City's fiscal year 2014 governmental activities revenue, came from taxes, while $24.5 million or 16% came from charges for services, $33.5 million or 23% came from grants and contributions, and the remainder came from use of money and property and miscellaneous, as shown above.

The Functional Expenses Chart above includes only current year expenses; it does not include capital outlays, which are added to the City's capital assets. As the Chart shows, general government was $42.4 million or 25% of total government expenses, development and operations was $14.4 million or 9%, public works was $26.3 million or 16%, police was $34.4 million or 20%, fire was $28.2 million or 17%, parks and recreation was $13.9 million or 8%, and other governmental programs and functions were the remaining 5%.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Position are summarized below.

Table 2
Changes in Governmental Net Position
June 30
(in Millions)

	Governmental Activities	
	2014	2013 *
Expenses		
General Government	$42.4	$36.2
Development and Operations	14.4	6.0
Public Works	26.3	42.7
Police	34.4	33.2
Fire	28.2	26.6
Library	4.6	4.5
Parks and Recreation	13.9	22.0
Housing Assistance Payments	3.9	4.0
Interest on Long-Term Debt	0.7	1.3
Total Expenses	**168.8**	**176.5**
Revenues		
Program Revenues:		
Charges for Services	24.5	22.7
Operating Grants and Contributions	11.0	9.6
Capital Grants and Contributions	22.5	21.8
Total Program Revenues	**58.0**	**54.1**
General Revenues:		
Taxes/Intergovernmental	88.0	82.4
Use of Money and Property	2.4	0.5
Miscellaneous	0.5	2.1
Total General Revenues	**90.9**	**85.0**
Total Revenues	**148.9**	**139.1**
Changes in Net Position before Transfers	**(19.9)**	**(37.4)**
Transfers	(11.5)	25.2
Extraordinary item-Successor Agency	0.4	0
Change in Net Position	**(31.0)**	**(12.2)**
Net Position-Beginning, as restated	**1,059.3**	**1,071.5**
Net Position-Ending	**$1,028.3**	**$1,059.3**

*As restated

As the Sources of Revenue Chart and **Table 2** above show, $58.0 million, or 39.0% of the City's fiscal year 2014 governmental revenue, came from program revenues and $90.9 million, or 61.0%, came from general revenues such as taxes and interest.

Program revenues were composed of charges for services of $24.5 million that include permit revenues, fees, and charges used to fund expenses incurred in providing services; $11.0 million of operating grants and contributions which include gas tax revenues, housing, and police grants; and capital grants and contributions of $22.5 million that consist mainly of street project grants, developer impact fees restricted to capital outlay.

General Revenues-Taxes/Intergovernmental showed an increase of $5.8 million, as sales and property taxes increased, signs of an economy rebounding. General revenues are not allocable to programs and are used to pay the net cost of governmental programs.

In addition, there was a reorganization for Public Works and Development and operations (formerly Community development and planning) in fiscal year 2014. Parts of Public Works was split and went with Community development and planning to form the new Development and operations department. Along with that, there was an additional reduction of public works expenses due to the transfer of the Traffic Signals fund/activities from a governmental fund to the Electric enterprise fund.

Table 3 presents the net (expense) or revenue of each of the City's governmental activities, including interest on long-term debt. Net expense is defined as total program cost less the revenues generated by those specific activities.

Table 3
Governmental Activities
June 30
(in Millions)

	Net (Expense)/Revenues from Services	
	2014	2013
General Government	($37.1)	($31.2)
Development and Operations	(4.8)	(2.4)
Public Works	(9.7)	(24.6)
Police	(31.8)	(30.4)
Fire	(24.6)	(23.2)
Library	(4.2)	(4.1)
Parks and Recreation	1.6	(5.6)
Housing Assistance Payments	0.5	0.4
Interest on Long Term Debt	(0.7)	(1.3)
Totals	**($110.8)**	**($122.4)**

Business-type Activities

The Statement of Net Position and Statement of Activities present a summary of the City's Business-type Activities that are composed of the City's enterprise funds.

Table 4
Business-Type Net Position at June 30
(in Millions)

	2014	2013 (Restated)
Cash and Investments	$222.0	$197.8
Other Assets	382.0	381.6
Capital Assets	1,469.4	1,432.0
Total Assets	**2,073.4**	**2,011.4**
Deferred Amount on Refunding	4.5	4.8
Accumulated Decrease in Fair Value of Hedging Derivatives	27.1	43.3
Total Deferred Outflows of Resources	**31.6**	**48.1**
Long-Term Debt Outstanding	560.3	579.9
Other Liabilities	78.2	97.8
Total Liabilities	**638.5**	**677.7**
Accumulated Increase in Fair Value of Hedging Derivatives	79.8	74.8
Total Deferred Inflows of Resources	**79.8**	**74.8**
Net Position:		
Net Investment in Capital Assets	1,084.8	1,036.6
Restricted	31.6	27.2
Unrestricted	270.3	243.2
Total Net Position	**$1,386.7**	**$1,307.0**

The net position of business-type activities increased to $1.387 billion in fiscal year 2014, an increase of $79.6 million. Cash and investments increased by $24.1 million and capital assets increased by $37.4 million, both partially due to the transfer of Traffic Signals from a governmental fund to the Electric enterprise fund. Long-term debt outstanding decreased by $19.6 million from refundings and scheduled retirements of outstanding debt. Other assets and other liabilities increased by $0.5 million and decreased by $19.6 million, respectively. Deferred outflows of resources decreased by $16.5 million and deferred inflows of resources increased by $5 million due to changes in the fair value of hedging derivatives.

Table 5
Changes in Business-Type Net Position
June 30
(in Millions)

	Business-Type Activities	
	2014	2013
Expenses		
Electric Fund	$144.6	$144.2
Water Fund	25.3	24.6
Wastewater Fund	36.1	33.8
Solid Waste Fund	16.1	16.2
Natural Gas	26.0	26.4
Golf Course Fund	2.5	2.6
Local Transportation Fund	7.5	7.9
School-Age Child Care Fund	4.5	4.7
Total Expenses	**262.6**	**260.4**
Revenues		
Program Revenues		
Charges for Services	262.4	255.6
Operating Grants and	13.3	7.2
Capital Grants and Contributions	43.5	17.5
Total Program Revenues	**319.2**	**280.3**
General Revenues		
Use of Property and Money	11.5	11.2
Miscellaneous Revenues	0.0	0.2
Total Revenues	**330.7**	**291.7**
Change in Net Position before	**68.1**	**31.3**
Transfers	11.5	(25.2)
Special Item	0.0	(22.7)
Changes in Net Position	**79.6**	**(16.6)**
Net Position-Beginning, as restated	**1,307.0**	**1,323.6**
Net Position-Ending	**$1,386.6**	**$1,307.0**

Business-type program revenues, interest revenue, miscellaneous revenues, and transfers in were $342.2 million while Business-type expenses were $262.6 million in 2014. Each program is discussed in the Proprietary Funds section below.

Table 6 summarizes the financial activity of the business-type programs, the detail of which is discussed under the Proprietary Funds section below.

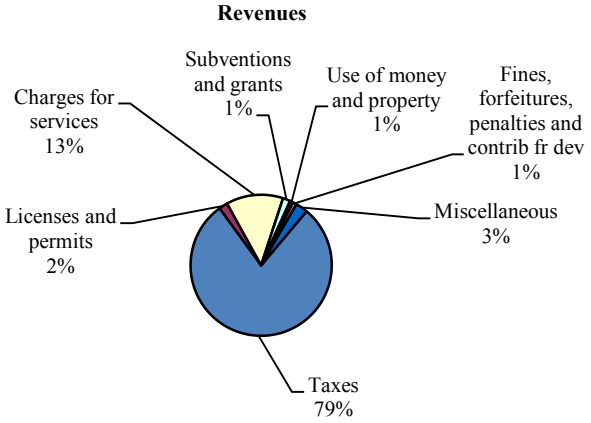
Table 6
Changes in Business-Type Net Position
(in Millions)

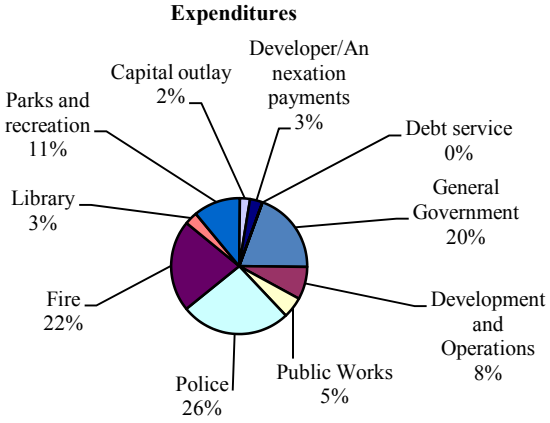
	Net (Expense)/Revenues From Services	
	2014	2013
Electric Fund	$26.8	$19.6
Water Fund	14.8	4.7
Wastewater Fund	12.3	(0.2)
Solid Waste Fund	6.0	5.7
Natural Gas	(9.5)	(9.9)
Golf Course Fund	(0.1)	(0.1)
Local Transportation Fund	5.8	0.0
School-Age Child Care Fund	0.5	0.1
Totals	**$56.6**	**$19.9**

Analyses of Major Governmental Funds

General Fund

Fiscal Year 2014 General Fund Activity





General Fund revenues increased by $7.9 million this fiscal year. Total actual revenues were more than the final budget by $1.7 million, with the following major breakdown:

- Taxes were more than budget by $1.3 million, due to both sales and property taxes coming in higher as the economy has been rebounding;
- Subventions and grants and fines, forfeitures, and penalties were less than budget by $0.5 million and $0.2 million, respectively;
- Licenses and permits, charges for services, use of money and property, and miscellaneous revenues were more than budget by $0.4 million, $0.5 million, $0.1 million, and $0.2 million, respectively, due to an increase of development activity and reimbursements.

General Fund expenditures were $117.2 million, an increase of $2.9 million from the prior year. Expenditures were also $6.5 million less than budget. The original budget was increased by a net $6.1 million, from encumbrances and incomplete capital projects carried over from fiscal year 2013. The following is a list of the major differences:

Salaries and benefits

- General Government in aggregate was under budget by $663 thousand due to unfilled positions.
- Police in aggregate was under budget by $1.0 million due to unfilled positions.
- Fire in aggregate was under budget by $365 thousand due to unfilled positions.

Operating services and supplies

- City Attorney was over budget by $306 thousand for trial costs.
- Information technology in aggregate was under budget by $389 thousand due to upgrade projects not completed.
- Specific plan projects in aggregate were delayed and were $301 thousand under budget.
- Building plan check/inspection services/development cost recovery were under budget by $332 thousand.
- Police in aggregate was under budget by $611 thousand as contracts were delayed.
- Fire in aggregate was under budget by $519 thousand as equipment ordered was not received, and system maintenance and training was not completed by year-end.
- Parks Maintenance was under budget by $142 thousand due to delays in system maintenance.
- Open space/tree maintenance was under budget by $189 thousand as planned maintenance was delayed.

Other financing sources and uses reported net inflows of $12.8 million in fiscal year 2014, a decrease of $4.3 million.

As of June 30, 2014, the General Fund's fund balance totaled $53.6 million, including $12.7 million nonspendable, mostly for notes receivable, $2.7 million assigned to various contracts, and the balance of $38.2 million considered unassigned. Only the unassigned portion of fund balance represents available liquid resources, since the nonspendable and assigned portions is represented by non-cash assets or by open purchase orders.

Community Facilities District Projects

This Fund accounts for capital expenditures on community facilities districts in the City. The purpose of these districts is to finance the construction of capital improvements within the boundaries of each district, through the contribution of Mello-Roos bond proceeds. The improvements are contributed to the City, which in turn acquires and pays for these facilities from the developers who actually construct the improvements. In fiscal year 2014 fund balance decreased by $4.0 million to $2.4 million. The largest projects underway in fiscal year 2014 were improvements to the Westpark, North Central, and Fiddyment developments.

Other Governmental Funds

These funds are not presented separately in the Basic Financial statements, but are individually presented as Supplemental Information.

Proprietary Funds

Electric Fund

Net Position of the Electric Fund increased $45.9 million in fiscal year 2014 to a total of $300.8 million, mostly due to the transfers of Traffic Signals from Governmental Activities to the Electric Fund and increased development. Operating revenues were $162.2 million, an increase of $3.2 million from 2013. Operating expenses were $134.0 million in fiscal year 2014, an increase of $1.1 million. This resulted in a net operating income of $28.2 million. Net nonoperating expenses decreased slightly by $260 thousand in fiscal year 2014 to $10.8 million from $11.0 million in fiscal year 2013. During fiscal year 2014, the City refinanced and retired the 2004 Electric System Revenue Refunding Certificates of Participation, Series A, with the 2014 Electric System Revenue Refunding Certificates of Participation. Rates charged to Electric customers are anticipated to be increased in fiscal year 2015.

Of the fund's Net Position of $300.8 million, $191.8 million was invested in capital assets, $16.5 million was restricted for debt service, $2.1 restricted for the benefit of rate payers, and $90.4 million was unrestricted.

Water Fund

Net Position of the Water Fund increased $14.2 million in fiscal year 2014, mostly due to new development. Operating revenues increased by $313 thousand in fiscal year 2014 to a total of $23.2 million, while expenses increased slightly by $936 thousand to a total of $23.5 million. The net result was an operating loss of $244 thousand. Rates are anticipated to be increased in fiscal year 2015. In fiscal year 2014, capital connection fees were $5.1 million with a nominal increase; and capital contributions from developers increased $11.3 million from fiscal year 2013 to $12.7 million, as dedicated development picked up in fiscal 2014 due to the improving economy. In addition, net transfers out were $2.9 million. As of June 30, 2014, the Fund's Net Position was $459.7 million, of which $393.1 million was invested in capital assets, $4.3 million was restricted for debt service, and $62.3 million was unrestricted as to use.

Wastewater Fund

Operating revenues increased in fiscal year 2014 by $2.7 million to a total of $30.4 million. Operating expenses increased slightly to $29.9 million, up $308 thousand. The net result was an operating income of $501 thousand. Rates are anticipated to be increased in fiscal year 2015. Other items that affected net position were: connection fees of $6.6 million; capital contributions by developers of $13.5 million; net transfers out of $4.0 million; and a loss on disposal of capital assets of $2.4 million. The total increase to net position was $11.0 million for fiscal year 2014 to a total of $572.6 million. As of June 30, 2014, of the Fund's Net Position, $465.9 million was invested in capital assets, $5.1 million restricted for debt service, and $101.6 million was unrestricted.

Solid Waste Fund

Operating revenues decreased slightly by $369 thousand to $21.8 million while operating expenses decreased even less by $72 thousand in fiscal year 2014 to $16.2 million. Net operating income was $5.6 million. Capital impact fees were $338 thousand. Net transfers out were $3.5 million. As of June 30, 2014, total net position was $23.6 million, an increase of $2.7 million.

Roseville Natural Gas Financing Authority

This fund was created as the financing mechanism to purchase pre-paid natural gas for the Roseville Energy Park (REP), an electric power plant, through the issuance of revenue bonds. $175.7 million remains due in bonds payable, while the pre-paid natural gas is $178.1 million. $7.8 million in debt service was expensed in 2014 and interest earnings were $9.7 million. Net position increased by $266 thousand to $3.3 million.

Golf Course Fund

Operating revenues decreased slightly by $68 thousand in fiscal year 2014 to $2.4 million. Operating expenses increased slightly by $123 thousand to $2.4 million, for an operating loss $7 thousand. The Fund is financed in part by advances from other City funds; as a result, it has a deficit in its unrestricted net position, partially offsetting the $10.2 million it has invested in capital assets, net of the related debt.

Local Transportation Fund

Net Position of the Fund increased by $5.1 million in fiscal year 2014. There was a $6.3 million operating loss in fiscal year 2014, but the loss was offset by subventions and grants of $12.1 million. As of June 30, 2014, of the Fund's Net Position of $20.6 million, $17.2 million was invested in capital assets and $3.5 million was restricted for use in local transportation.

School-Age Child Care Fund

Net Position of the Fund remained relatively flat with a nominal increase of $243 thousand in fiscal year 2014 to a total of $1.5 million. Operating revenues increased $305 thousand while operating expenses decreased by $196 thousand. Of the net position, $2.1 million were invested in capital assets, which leaves a negative $566 thousand in unrestricted net position.

CAPITAL ASSETS

In fiscal year 2002, the City started recording the cost of its infrastructure assets and computed the amount of accumulated depreciation for these assets based on their original acquisition dates. Infrastructure includes roads, bridges, signals and similar assets used by the entire population. The cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 7 below:

Table 7
Capital Assets at Year End
(in Millions)

	Balance at June 30, 2014	Balance at June 30, 2013 (Restated)
Governmental Activities		
Land	$37.1	$27.1
Streets (modified)	290.8	282.7
Parks (modified)	95.8	89.3
Landscaping (modified)	45.6	45.1
Construction in Progress	24.2	42.3
Buildings	134.3	126.6
Improvements	7.0	6.6
Equipment	75.3	73.9
Bike Paths	9.0	8.5
Bridges	70.1	65.3
Culverts	20.7	20.7
Curb, Gutter, Sidewalk, & Median Curbs	153.5	151.1
Drain Inlets	21.3	21.2
Flood Control Improvements	20.2	20.2
Soundwall	36.2	36.1
Stormdrains	80.5	77.8
Traffic Signals		46.0
Less: Accumulated Depreciation	(281.1)	(286.9)
Governmental Activity Capital Assets, Net	**$840.5**	**$853.6**

	Balance at June 30, 2014	Balance at June 30, 2013 (Restated)
Business-Type Activities		
Land	$16.5	$16.5
Landscaping (modified)	0.6	0.6
Construction in Progress	34.4	21.2
Buildings	26.6	26.7
Improvements	17.3	16.8
Machinery and Equipment	30.8	26.8
Bike Paths	4.1	4.1
Bridges	1.7	1.7
Culverts, drains, curbs	0.3	0.3
Curb, gutter, sidewalk, and median curbs	0.1	0.1
Flood control improvements	8.8	8.8
Traffic Signals	46.9	
Plant and Substations	354.5	354.4
Distribution	1,222.9	1,186.2
Generation	202.1	202.0
Less: Accumulated Depreciation	(498.3)	(434.2)
Business-Type Activity Capital Assets, Net	**$1,469.3**	**$1,432.0**

Detail on capital assets, current year additions and construction in progress can be found in Note 8.

The City depreciates all its capital assets over their estimated useful lives, except for streets, parks and landscaping, which are reported using the Modified Approach. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in Note 8 to the financial statements. The Modified Approach requires the City to employ an asset management system that maintains a current inventory of these assets, estimates annual costs to maintain them, and assesses the condition of the assets in a replicable way.

The City uses a computerized Pavement Management System to track the condition levels of each of the street sections. The City has adopted a policy of maintaining arterial and collector roadways at an average Pavement Quality Index (PQI) of 7.8 and residential roadways at an average PQI of 7.4, which means that, on average, the City's streets must be maintained at no less than 78% of pavement in perfect condition.

At June 30, 2014, the City's streets averaged 8.1 PQI for arterial and collector roadways and 7.0 PQI for residential roadways. The City expended $6.9 million on preservation of its streets in fiscal year 2014, compared to the budgeted amount of $4.6 million, and plans to spend $6.3 million in fiscal year 2015.

The City uses a computerized Grounds Management System to track the condition levels of each of the parks and landscaping. The City has adopted a policy of maintaining parks and landscaping at an average Ground Management Index (GMI) of Level 3, which means that, on average, the City's parks and landscaping must be maintained at no less than 78% of parks and landscaping maintained at a state-of-the-art level.

At June 30, 2014, the City's parks and landscaping averaged 3 GMI. The City expended $4.9 million on preservation of its parks and landscaping in fiscal year 2014, compared to the budget of $5.0 million, and plans to spend $5.5 million in fiscal year 2015.

DEBT ADMINISTRATION

The City made all scheduled repayments of existing debt. Each of the City's debt issues is discussed in detail in Note 9 to the financial statements. As of June 30, the City's debt comprised:

Table 8
Outstanding Debt
(in Millions)

	Balance at June 30, 2014	Balance at June 30, 2013 (Restated)
Governmental Activity Debt:		
Lease:		
2012 Public Facilities Refunding, 2.15%, due 8/1/25	$10.70	$11.55
Installment Purchase Obligations:		
Equipment		0.04
Land		1.19
Loans:		
Successor Agency	4.00	3.50
Total Governmental Activity Debt:	**$14.70**	**$16.28**

	Balance at June 30, 2014	Balance at June 30, 2013
Business-type Activity Debt:		
Certificates of Participation:		
2004 Electric System Revenue, 3.0-5.25%, due 2/1/34	$18.32	$37.43
Less deferred amount on refunding	(0.24)	(0.51)
2005 Electric System Revenue, Series A, 3.0-5.0%, due 2/1/23	3.75	40.16
Add deferred bond premium cost	0.11	2.62
2008 Electric System Revenue, Series A, Variable Rate, due 2/1/35		
2009 Electric System Revenue Refunding, 2.0-5.25%, due 2/1/24	19.29	20.84
Add deferred bond premium cost	0.26	0.29
2012 Electric System Revenue Refunding, variable rate, due 2/1/35	90.00	90.00
2003B Golf Course Refunding, 2.0-5.0%, due 8/1/23		
2007 Water Utility Revenue, 4.0%-5.0%, due 12/1/27	42.64	44.70
Add deferred bond premium cost	1.79	1.93
Total Certificates of Participation	**175.92**	**237.46**
Revenue Bonds:		
2007 Gas Revenue Bonds		
variable rate, due 2/15/28	166.17	174.20
Add deferred bond premium cost	9.57	10.30
2010 Electric System Revenue Refunding		
2.00%-5.00%, due 2/1/37	54.86	55.21
Add: deferred bond premium cost	2.35	2.46
2013 Electric System Revenue Refunding		
2.00%-5.00%, due 2/1/29	48.29	
Add: deferred bond premium cost	5.53	
2011 Refunding Wastewater Revenue Bonds, Series C		
1.00-5.25%, due 11/1/25	35.82	37.80
Add: deferred bond premium cost	2.42	2.63
2011 Refunding Wastewater Revenue Bonds, Series D		
variable rate (SIFMA rate plus 0.83%), due 11/1/14	18.50	18.50
2013 Refunding Wastewater Revenue Bonds		
variable rate, due 11/1/35	36.58	36.58
Total Revenue Bonds	**380.09**	**337.68**
Lease:		
2012 Public Facilities Refunding (Golf Course),		
2.15%, due 8/1/25	4.34	4.78
Total Business-type Activity Debt:	**$560.35**	**$579.92**

COMMUNITY FACILITIES/ASSESSMENT DISTRICTS DEBT

Community facilities districts and assessment districts in different parts of the City have also issued debt to finance infrastructure and facilities construction in their respective districts. As of June 30, 2014, a total of $327.1 million in community facilities district and assessment district debt was outstanding, representing fifteen issues by community facilities districts and one issue by assessment districts. This debt is secured only by special tax liens and assessments on the real property in the district issuing the debt and is not the City's responsibility; however, the City does act as the agent in the collection and remittance of special taxes and assessments for these Districts. Further detail on this debt may be found in Note 9 to the financial statements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the City of Roseville at 311 Vernon Street, Roseville, California, 95678.

This Page Left Intentionally Blank

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The purpose of the Statement of Net Position and the Statement of Activities is to summarize the entire City's financial activities and financial position.

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's net position, by subtracting total liabilities and deferred inflows of resources from total assets and deferred outflows of resources and summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business Type Activities include all its Enterprise Fund activities and any portion of the Internal Service Fund balances that service Enterprise Funds. Fiduciary activity is excluded.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

Both these Statements include the financial activities of the City, the Roseville Finance Authority, the Roseville Natural Gas Financing Authority, the Roseville Community Development Corporation and the City of Roseville Housing Authority, which are legally separate, but are component units of the City because they are controlled by the City which is financially accountable for the activities of these entities.

CITY OF ROSEVILLE
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments in City Treasury (Note 3)	$221,452,135	$191,694,464	$413,146,599
Restricted cash and investments with fiscal agents (Note 3)	3,007,022	30,344,784	33,351,806
Receivables:			
Taxes	1,506,825		1,506,825
Accounts, net of allowance for doubtful accounts	2,006,908	36,535,014	38,541,922
Accrued interest	3,315,191	505,081	3,820,272
Due from other government agencies	9,451,830	5,224,443	14,676,273
Internal balances (Note 4D)	3,841,787	(3,841,787)	
Prepaids	252,380	2,389,888	2,642,268
Developer permit fees receivable (Note 6)	2,259,912	53,010	2,312,922
Notes receivable (Note 5)	45,699,379		45,699,379
Notes receivable from NCPA (Note 15B)		31,546	31,546
Inventories (Note 1I)	1,218,758	9,887,427	11,106,185
Land held for resale (Note 7B)	861,245		861,245
Prepaid purchased gas (Note 19)		178,070,523	178,070,523
Investment in NCPA reserves (Note 15)		2,804,039	2,804,039
Investment in SPWA reserves (Note 16)		70,480,576	70,480,576
Derivative at fair value-asset (Note 10A)		79,847,101	79,847,101
Capital assets (Note 8):			
Capital assets not being depreciated	493,455,177	51,473,760	544,928,937
Capital assets being depreciated, net	347,067,496	1,417,922,727	1,764,990,223
Total assets	1,135,396,045	2,073,422,596	3,208,818,641
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding (Note 9)		4,551,825	4,551,825
Accumulated decrease in fair value of hedging derivatives (Notes 9O and 10A)		27,088,896	27,088,896
Total deferred outflows of resources		31,640,721	31,640,721
LIABILITIES			
Accounts payable	6,396,121	11,358,485	17,754,606
Accrued liabilities	4,099,305	11,779,658	15,878,963
Due to other governments	13,967,274	510,173	14,477,447
Deposits	4,156,309	6,537,786	10,694,095
Unearned revenues	1,002,491	11,261,394	12,263,885
Derivative at fair value-liability (Notes 9O and 10A)		27,088,896	27,088,896
Landfill closure and post closure liability (Note 17):			
Due in more than one year		2,361,710	2,361,710
Net OPEB obligation (Note 13):			
Due in more than one year	39,363,312		39,363,312
Compensated absences (Note 1H):			
Due within one year	4,223,104	2,465,770	6,688,874
Due in more than one year	8,408,474	4,813,358	13,221,832
Self-insurance claims payable and litigation settlement (Note 14):			
Due within one year	1,600,260		1,600,260
Due in more than one year	9,149,076		9,149,076
Long-term liabilities (Note 9):			
Due within one year	795,562	19,222,565	20,018,127
Due in more than one year	13,933,860	541,128,405	555,062,265
Total liabilities	107,095,148	638,528,200	745,623,348
DEFERRED INFLOWS OF RESOURCES			
Accumulated increase in fair value of hedging derivatives (Note 10A)		79,847,101	79,847,101
NET POSITION (Note 11):			
Net investment in capital assets	828,800,273	1,084,782,351	1,913,582,624
Restricted for:			
Capital projects:			
Expendable	100,343,820		100,343,820
Nonexpendable	17,512,492		17,512,492
Debt service	124,635	25,921,611	26,046,246
Community development projects	5,611,426		5,611,426
Local transportation		3,490,144	3,490,144
The benefit of rate payers (AB 32)		2,145,363	2,145,363
Total restricted	123,592,373	31,557,118	155,149,491
Unrestricted	75,908,251	270,348,547	346,256,798
Total net position	$1,028,300,897	$1,386,688,016	$2,414,988,913

See accompanying notes to basic financial statements

CITY OF ROSEVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	$42,363,927	$2,519,443	$353,403	$2,425,167	($37,065,914)		($37,065,914)
Development & operations	14,406,022	7,131,093	2,280,522	158,902	(4,835,505)		(4,835,505)
Public works	26,325,147	224,389	1,260,656	15,132,340	(9,707,762)		(9,707,762)
Police	34,443,258	1,541,641	1,119,283		(31,782,334)		(31,782,334)
Fire	28,183,501	1,326,015	1,380,978	846,294	(24,630,214)		(24,630,214)
Library	4,634,502	332,387	99,847		(4,202,268)		(4,202,268)
Parks and recreation	13,879,861	11,391,414	176,341	3,926,767	1,614,661		1,614,661
Housing assistance payments	3,858,070		4,325,019		466,949		466,949
Interest on long-term debt	740,975				(740,975)		(740,975)
Total Governmental Activities	168,835,263	24,466,382	10,996,049	22,489,470	(110,883,362)		(110,883,362)
Business-type Activities:							
Electric	144,616,552	162,182,048	7,190	9,235,825		$26,808,511	26,808,511
Water	25,300,949	23,212,495	908,298	15,947,047		14,766,891	14,766,891
Wastewater	36,129,357	30,398,896	15,396	17,992,998		12,277,933	12,277,933
Solid Waste	16,113,470	21,806,830	32,859	337,849		6,064,068	6,064,068
Natural Gas	25,984,715	16,529,666				(9,455,049)	(9,455,049)
Golf Course	2,501,897	2,392,702				(109,195)	(109,195)
Local Transportation	7,482,689	1,141,354	12,086,251	25,524		5,770,440	5,770,440
School-Age Child Care	4,496,871	4,780,848	236,515			520,492	520,492
Total Business-type Activities	262,626,500	262,444,839	13,286,509	43,539,243		56,644,091	56,644,091
Total	$431,461,763	$286,911,221	$24,282,558	$66,028,713	(110,883,362)	56,644,091	(54,239,271)
General revenues:							
Taxes:							
Property taxes					31,930,656		31,930,656
Sales taxes					46,591,961		46,591,961
Franchise taxes					2,037,189		2,037,189
Other taxes					7,465,472		7,465,472
Use of money and property					2,414,976	11,499,354	13,914,330
Miscellaneous revenues					420,959		420,959
Gain from sale of capital assets					43,992	50,252	94,244
Transfers					(11,480,648)	11,480,648	
Special Items:							
Cancellation of loans receivable from the Successor Agency (Note 5F)					(5,847,668)		(5,847,668)
Transfer of capital assets from the Successor Agency (Note 5F)					7,107,581		7,107,581
Restructuring of interest on loans receivable from the Successor Agency (Note 5F)					(814,422)		(814,422)
Total general revenues, special items and transfers					79,870,048	23,030,254	102,900,302
Change in net position					(31,013,314)	79,674,345	48,661,031
Net position-Beginning, as restated (Notes 8E and 9D)					1,059,314,211	1,307,013,671	2,366,327,882
Net position-Ending					$1,028,300,897	$1,386,688,016	$2,414,988,913

See accompanying notes to basic financial statements

This Page Left Intentionally Blank

FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City in fiscal 2014. Individual non-major funds may be found in the Supplemental Section.

GENERAL FUND

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

COMMUNITY FACILITIES DISTRICT PROJECTS CAPITAL PROJECTS FUND

This fund is used to account for specific public improvements such as streets, sewers, storm drains, sidewalks or other amenities funded by special assessments against benefited properties.

CITY OF ROSEVILLE
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014

	General	Community Facilities District Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments in City Treasury (Note 3)	$40,672,983	$5,329,770	$123,517,154	$169,519,907
Restricted cash and investments with fiscal agents (Note 3)		1,777,377	1,229,645	3,007,022
Receivables:				
Taxes	1,506,825			1,506,825
Accounts	1,557,194		446,439	2,003,633
Accrued interest	437,148	15,219	1,097,235	1,549,602
Due from other government agencies	7,321,298		1,960,899	9,282,197
Due from other funds (Note 4B)	59,365		100,000	159,365
Advances to other funds (Note 4C)	1,530,951		3,895,054	5,426,005
Prepaids	82,580			82,580
Developer permit fees receivable (Note 6)	262,910		1,997,002	2,259,912
Notes receivable (Note 5)	17,979,293		26,890,885	44,870,178
Inventories (Note 1I)	412,477			412,477
Land held for resale (Note 7B)			861,245	861,245
Total Assets	$71,823,024	$7,122,366	$161,995,558	$240,940,948
LIABILITIES				
Accounts payable	$2,888,686	$31,174	$2,587,204	$5,507,064
Accrued liabilities	3,651,089		131,951	3,783,040
Due to other funds (Note 4B)			394,773	394,773
Due to other government agencies	27,995		13,939,279	13,967,274
Advances from other funds (Note 4C)		4,661,182	2,682,614	7,343,796
Unearned revenue	511,091		491,400	1,002,491
Deposits	3,497,861		658,448	4,156,309
Total Liabilities	10,576,722	4,692,356	20,885,669	36,154,747
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (Note 1F)	7,672,294		9,867,177	17,539,471
FUND BALANCES (Note 11)				
Nonspendable	12,700,881		16,940,290	29,641,171
Restricted		2,430,010	102,007,922	104,437,932
Committed			2,280,996	2,280,996
Assigned	2,685,359		11,304,133	13,989,492
Unassigned	38,187,768		(1,290,629)	36,897,139
TOTAL FUND BALANCES	53,574,008	2,430,010	131,242,712	187,246,730
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$71,823,024	$7,122,366	$161,995,558	$240,940,948

See accompanying notes to basic financial statements

CITY OF ROSEVILLE
Reconciliation of
GOVERNMENTAL FUNDS -- FUND BALANCE
with the Governmental Activities
NET POSITION
JUNE 30, 2014

TOTAL FUND BALANCES -- TOTAL GOVERNMENTAL FUNDS	$187,246,730
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:	
CAPITAL ASSETS	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	828,863,361
ALLOCATION OF INTERNAL SERVICE FUND NET POSITION	
Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance, to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.	
Cash and investments	51,932,228
Accounts receivable	3,275
Accrued interest	2,275,423
Due from other government agencies	169,633
Prepaid expenses	169,800
Notes receivable	829,201
Inventories	806,281
Capital assets	11,659,312
Accounts payable	(889,057)
Accrued liabilities	(75,260)
Self-insurance claims payable	(10,749,336)
Compensated absences	(362,870)
Net OPEB obligation	(39,363,312)
Internal balances	5,994,986
ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES	
Revenues which are unavailable on the Fund Balance Sheets, because they are not available currently, are taken into revenue in the Statement of Activities.	17,029,637
LONG-TERM ASSETS AND LIABILITIES	
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:	
Long-term debt	(14,729,422)
Interest payable and other accrued liabilities, included in accrued liabilities	(241,005)
Non-current portion of compensated absences	(12,268,708)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$1,028,300,897

See accompanying notes to basic financial statements

CITY OF ROSEVILLE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	General	Community Facilities District Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$82,908,186		$7,784,108	$90,692,294
Licenses and permits	2,066,744			2,066,744
Charges for services	13,683,955		9,461,103	23,145,058
Subventions and grants	1,774,570		12,307,197	14,081,767
Use of money and property	837,876	$67,751	1,332,151	2,237,778
Fines, forfeitures and penalties	901,875		363,151	1,265,026
Contributions from developers and others	619,244	943,255	158,910	1,721,409
Miscellaneous revenues	2,258,297		1,989,532	4,247,829
Total Revenues	105,050,747	1,011,006	33,396,152	139,457,905
EXPENDITURES				
Current:				
General government	22,974,915		468,411	23,443,326
Development & operations	9,138,995		2,373,857	11,512,852
Public works	5,905,337		635,557	6,540,894
Public safety:				
Police	30,686,667		8,488	30,695,155
Fire	25,488,280		42,223	25,530,503
Library	3,648,574		41,340	3,689,914
Parks and recreation	13,078,587		6,138,900	19,217,487
Housing assistance payments			3,858,070	3,858,070
Capital outlay	2,763,055	4,742,411	22,664,683	30,170,149
Payments under development agreements (Note 7A)	567,619			567,619
Annexation payments	2,932,924			2,932,924
Debt service (Note 9):				
Principal retirement	42,965		2,082,313	2,125,278
Interest and fiscal charges	8,446	166,236	433,190	607,872
Total Expenditures	117,236,364	4,908,647	38,747,032	160,892,043
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,185,617)	(3,897,641)	(5,350,880)	(21,434,138)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	40,044		3,948	43,992
Transfers in (Note 4A)	25,208,960		16,334,009	41,542,969
Transfers (out) (Note 4A)	(12,483,393)	(64,595)	(12,140,909)	(24,688,897)
Total Other Financing Sources (Uses)	12,765,611	(64,595)	4,197,048	16,898,064
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEMS	579,994	(3,962,236)	(1,153,832)	(4,536,074)
SPECIAL ITEMS:				
Change in classification of assets (Notes 5E and 7B)			(2,141,561)	(2,141,561)
Cancellation of loans receivable from the Successor Agency (Note 5F)	(5,847,668)			(5,847,668)
NET CHANGE IN FUND BALANCES	(5,267,674)	(3,962,236)	(3,295,393)	(12,525,303)
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED (Notes 1F and 9D)	58,841,682	6,392,246	134,538,105	199,772,033
FUND BALANCES AT END OF YEAR	$53,574,008	$2,430,010	$131,242,712	$187,246,730

See accompanying notes to basic financial statements

CITY OF ROSEVILLE
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	($12,525,303)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
CAPITAL ASSETS TRANSACTIONS	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
The capital outlay and other capitalized expenditures are therefore added back to fund balance	30,170,149
Non-capitalized capital outlay expenditures were reclassified to various governmental activities	(7,695,214)
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of $3,066,724 which has already been allocated to serviced funds.)	(14,334,400)
Transfers of capital assets to business-type funds are deducted from fund balance	(35,057,535)
Transfer of capital assets to internal service funds are deducted from fund balance	(476,041)
Contributions of infrastructure and improvements by developers are capitalized in the Statement of Activities, but are not recorded in the Fund Statements because no cash changed hands.	8,740,693
Loss on retirement of capital assets is deducted from fund balance	(4,020,039)
Transfer of land held and capital assets from the Successor Agency is added to fund balance	7,107,581
Reclassification of loans receivable to capital assets is added to fund balance	2,743,895
LONG-TERM DEBT PROCEEDS AND PAYMENTS	
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.	
Repayment of debt principal is added back to fund balance	2,125,278
Assumption of debt is deducted from fund balance	(602,334)
ACCRUAL OF NON-CURRENT ITEMS	
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Long-term compensated absences	(1,048,736)
Interest payable and accrued liabilities, included in accrued liabilities	(133,103)
Unavailable revenues	206,661
ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY	
Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.	
Change in Net Position - All Internal Service Funds	(6,214,866)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	($31,013,314)

See accompanying notes to basic financial statements

This Page Left Intentionally Blank

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City has identified the funds below as major proprietary funds in fiscal 2014.

Financial reporting standards do not provide for the disclosure of budget vs. actual comparisons regarding proprietary funds that are major funds.

ELECTRIC FUND

This fund accounts for all financial transactions relating to the City's Electric service. Services are on a user charge basis to residents and business owners located in Roseville.

WATER FUND

This fund accounts for all financial transactions relating to the City's Water service. Services are on a user charge basis to residents and business owners located in Roseville.

WASTEWATER FUND

This fund accounts for all financial transactions relating to the City's Wastewater Collection and Treatment. Services are on a user charge basis to residents and business owners located in Roseville.

SOLID WASTE FUND

This fund accounts for all financial transactions relating to the City's Solid Waste service. Services are on a user charge basis to residents and business owners located in Roseville.

ROSEVILLE NATURAL GAS FINANCING AUTHORITY

This fund accounts for financing and purchasing pre-paid natural gas for the generation of power for the Roseville Energy Park.

GOLF COURSE FUND

This fund accounts for all financial transactions associated relating to the development, operation and maintenance of the City's public golf courses.

LOCAL TRANSPORTATION FUND

This fund accounts for the activities associated with the operations and maintenance of the City's public transit activities and has particular emphasis on serving the elderly and the handicapped.

SCHOOL-AGE CHILD CARE FUND

This fund accounts for the receipt of parent fees and State grants used to finance child development programs.

CITY OF ROSEVILLE
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2014

	Business-type Activities-Enterprise Funds				
	Electric	Water	Wastewater	Solid Waste	Roseville Natural Gas Financing Authority
ASSETS					
Current Assets:					
Cash and investments in City Treasury (Note 3)	$67,472,970	$56,600,438	$35,621,264	$20,119,167	$18,378
Restricted cash and investments with fiscal agents (Note 3)	16,575,625	5,083,382			8,685,777
Receivables:					
Accounts, net of allowance for doubtful accounts	24,486,958	4,529,274	4,118,792	2,713,735	
Accrued interest	177,959	181,483	71,446	37,353	10
Due from other government agencies	119,076	880,022	1,279,148		
Prepaids	2,317,831	72,057			
Notes receivable					
Due from other funds (Note 4B)			110,107		
Inventories (Note 1I)	9,320,847	328,893	55,700	181,987	
Total Current Assets	120,471,266	67,675,549	41,256,457	23,052,242	8,704,165
Noncurrent Assets:					
Developer permit fees receivable (Note 6)	26,908		26,102		
Notes receivable from NCPA (Note 15B)	31,546				
Prepaid purchased gas (Note 19)					178,070,523
Investment in NCPA reserves (Note 15)	2,804,039				
Investment in SPWA reserves (Note 16)			70,480,576		
Advances to other funds (Note 4C)		1,661,182	114,512		
Derivative at fair value-asset (Notes 9 and 10)	123,855				79,723,246
Capital assets (Note 8):					
Land and construction in progress	23,467,392	6,704,933	12,046,019	386,678	
Capital assets being depreciated, net	410,834,650	430,774,218	547,169,351	4,262,936	
Total Noncurrent Assets	437,288,390	439,140,333	629,836,560	4,649,614	257,793,769
Total Assets	557,759,656	506,815,882	671,093,017	27,701,856	266,497,934
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding (Note 9)	4,069,833	481,992			
Accumulated decrease in fair value of hedging derivatives (Notes 9 and 10)	20,527,949		6,560,947		
Total Deferred Outflows of Resources	24,597,782	481,992	6,560,947		
LIABILITIES					
Current Liabilities:					
Accounts payable	8,144,544	764,273	1,456,412	560,378	1,418
Accrued liabilities	3,521,765	784,528	1,761,640	267,926	3,115,688
Due to other government agencies	4,007		506,166		
Due to other funds (Note 4B)				110,107	
Current portion of compensated absences (Note 1H)	1,160,092	507,072	455,074	195,587	
Current portion of long-term debt (Note 9)	6,085,000	2,170,000	2,133,436		8,435,000
Deposits	1,846,833	44,500			4,639,115
Unearned revenue	1,672,694			34,889	
Self-insurance claims payable (Note 14)					
Total Current Liabilities	22,434,935	4,270,373	6,312,728	1,168,887	16,191,221
Long-Term Liabilities:					
Advances from other funds (Note 4C)				114,512	
Long-term debt, non-current portion (Note 9)	236,435,953	42,258,461	91,186,326		167,301,834
Landfill closure and post closure liability (Note 17)				2,361,710	
Compensated absences (Note 1H)	2,040,257	1,076,295	945,594	455,134	
Net OPEB obligations (Note 13)					
Self-insurance claims payable (Note 14):					
Derivative at fair value-liability (Notes 9 and 10)	20,527,949		6,560,947		
Total Long-Term Liabilities	259,004,159	43,334,756	98,692,867	2,931,356	167,301,834
Total Liabilities	281,439,094	47,605,129	105,005,595	4,100,243	183,493,055
DEFERRED INFLOWS OF RESOURCES					
Accumulated increase in fair value of hedging derivatives (Notes 9 and 10)	123,855				79,723,246
NET POSITION (Note 11)					
Net investment in capital assets	191,781,089	393,050,690	465,895,608	4,649,614	
Restricted for debt service	16,493,250	4,315,500	5,112,861		
Restricted for local transportation					
Restricted for the benefit of rate payers (AB 32)	2,145,363				
Unrestricted	90,374,787	62,326,555	101,639,900	18,951,999	3,281,633
Total Net Position	$300,794,489	$459,692,745	$572,648,369	$23,601,613	$3,281,633

Some amounts reported for *business-type activities* in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with business-type activities.

See accompanying notes to basic financial statements

Golf Course	Local Transportation	School-Age Child Care	Totals	Governmental Activities- Internal Service Funds
$1,079,245	$10,687,664	$95,338	$191,694,464	$51,932,228
			30,344,784	
245,749	32,277	408,229	36,535,014	3,275
13,599	23,231		505,081	2,275,423
	2,894,830	51,367	5,224,443	169,633
			2,389,888	169,800
				829,201
			110,107	1,464,894
			9,887,427	806,281
1,338,593	13,638,002	554,934	276,691,208	57,650,735
			53,010	
			31,546	
			178,070,523	
			2,804,039	
			70,480,576	
			1,775,694	3,681,962
			79,847,101	
6,007,666	2,861,072		51,473,760	476,041
8,516,417	14,297,583	2,067,572	1,417,922,727	11,183,271
14,524,083	17,158,655	2,067,572	1,802,458,976	15,341,274
15,862,676	30,796,657	2,622,506	2,079,150,184	72,992,009
			4,551,825	
			27,088,896	
			31,640,721	
14,017	359,403	58,040	11,358,485	889,057
2,127,340	44,221	156,550	11,779,658	75,260
			510,173	
127,000		60,000	297,107	1,042,486
	64,791	83,154	2,465,770	
399,129			19,222,565	
	90	7,248	6,537,786	
	9,553,811		11,261,394	
				1,600,260
2,667,486	10,022,316	364,992	63,432,938	3,607,063
2,750,000		585,000	3,449,512	90,353
3,945,831			541,128,405	
			2,361,710	
	125,542	170,536	4,813,358	362,870
				39,363,312
				9,149,076
			27,088,896	
6,695,831	125,542	755,536	578,841,881	48,965,611
9,363,317	10,147,858	1,120,528	642,274,819	52,572,674
			79,847,101	
10,179,123	17,158,655	2,067,572	1,084,782,351	11,659,312
			25,921,611	
	3,490,144		3,490,144	
			2,145,363	
(3,679,764)		(565,594)	272,329,516	8,760,023
$6,499,359	$20,648,799	$1,501,978	1,388,668,985	$20,419,335
			(1,980,969)	
	Net position business-type activities		$1,386,688,016	

CITY OF ROSEVILLE
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities-Enterprise Funds				
	Electric	Water	Wastewater	Solid Waste	Roseville Natural Gas Financing Authority
OPERATING REVENUES					
Charges for services	$159,356,541	$22,913,383	$30,369,242	$20,985,537	$16,529,666
Other	2,825,507	299,112	29,654	821,293	
Total Operating Revenues	162,182,048	23,212,495	30,398,896	21,806,830	16,529,666
OPERATING EXPENSES					
Power supply	91,879,301				
Operations	17,780,429	11,799,880	17,882,730	15,175,491	18,133,391
Administration	3,366,163	2,936,483	526,209	665,934	8,596
Depreciation and amortization	20,988,418	8,719,841	11,489,164	332,439	
Claims expense					
Total Operating Expenses	134,014,311	23,456,204	29,898,103	16,173,864	18,141,987
Operating Income (Loss)	28,167,737	(243,709)	500,793	5,632,966	(1,612,321)
NONOPERATING REVENUES (EXPENSES)					
Interest and rents revenue	603,420	624,110	285,865	139,824	9,742,821
Interest and fiscal charges (expense)	(9,051,043)	(1,947,590)	(3,911,720)	(11,508)	(7,842,728)
Subventions and grants	7,190	908,298	15,396	32,859	
Cost of issuance	(1,425,825)		(1,850)		
Gain (loss) from sale of property	(322,855)		(2,438,108)	50,252	
Increase (decrease) in NCPA reserves	(581,878)				
Increase (decrease) in SPWA reserves			314,869		
Net Nonoperating Revenues (Expenses)	(10,770,991)	(415,182)	(5,735,548)	211,427	1,900,093
Income (Loss) Before Contributions and Transfers	17,396,746	(658,891)	(5,234,755)	5,844,393	287,772
Contributions					
Capital contributions - connection/impact fees	1,344,711	5,093,431	6,609,788	337,849	
Contributions in aid of construction	3,208,753				
Capital contributions from developers and governmental activities	36,005,877	12,652,505	13,535,913		
Transfers in (Note 4A)	1,287,874	1,873,001	583,531	10,000	
Transfers (out) (Note 4A)	(13,312,265)	(4,766,014)	(4,557,338)	(3,540,287)	(22,172)
Change in net position before special item	45,931,696	14,194,032	10,937,139	2,651,955	265,600
Special Item					
Restructuring of interest on loans receivable from the Successor Agency (Note 5F)					
Change in net position	45,931,696	14,194,032	10,937,139	2,651,955	265,600
Total net position-beginning, as restated (Note 8E)	254,862,793	445,498,713	561,711,230	20,949,658	3,016,033
Total net position-ending	$300,794,489	$459,692,745	$572,648,369	$23,601,613	$3,281,633

Some amounts reported for *business-type activities* in the Statement of Activities are different because the portion of the net income of certain internal service funds is reported with the business-type activities which those funds service

See accompanying notes to basic financial statements

Golf Course	Local Transportation	School-Age Child Care	Totals	Governmental Activities- Internal Service Funds
$2,377,594	$1,003,328	$4,557,132	$258,092,423	$12,422,179
15,108	138,026	223,716	4,352,416	8,465,606
2,392,702	1,141,354	4,780,848	262,444,839	20,887,785
			91,879,301	
2,010,893	5,482,726	4,456,859	92,722,399	27,079,481
	560,698		8,064,083	
388,601	1,445,665	65,207	43,429,335	3,066,724
				3,316,103
2,399,494	7,489,089	4,522,066	236,095,118	33,462,308
(6,792)	(6,347,735)	258,782	26,349,721	(12,574,523)
21,076	79,724	2,514	11,499,354	517,456
(105,445)		(10,187)	(22,880,221)	
	12,086,251	236,515	13,286,509	
			(1,427,675)	
	(4,756)		(2,715,467)	
			(581,878)	
			314,869	
(84,369)	12,161,219	228,842	(2,504,509)	517,456
(91,161)	5,813,484	487,624	23,845,212	(12,057,067)
	74,960		74,960	476,041
			13,385,779	
			3,208,753	
			62,194,295	
	52,279	3,000	3,809,685	7,917,022
(97,852)	(843,507)	(247,137)	(27,386,572)	(1,194,207)
(189,013)	5,097,216	243,487	79,132,112	(4,858,211)
				(814,422)
(189,013)	5,097,216	243,487	79,132,112	(5,672,633)
6,688,372	15,551,583	1,258,491		26,091,968
$6,499,359	$20,648,799	$1,501,978		$20,419,335
			542,233	
Change in net position of business-type activities			$79,674,345	

CITY OF ROSEVILLE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities-Enterprise Funds				
	Electric	Water	Wastewater	Solid Waste	Roseville Natural Gas Financing Authority
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$158,915,550	$23,037,271	$31,232,271	$21,046,506	$16,528,781
Payments to suppliers	(94,775,522)	(6,693,710)	(12,911,083)	(11,093,555)	(9,642,381)
Payments to employees	(20,765,778)	(8,204,387)	(6,296,663)	(5,279,056)	
Payments to OPEB trust					
Claims paid					
Other receipts	2,825,507	299,112	29,654	821,293	
Net Cash Flows from Operating Activities	46,199,757	8,438,286	12,054,179	5,495,188	6,886,400
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Subventions and grants	(102,733)	84,407	15,396	32,859	
(Increase) decrease in due from other funds			60,108		
Increase (decrease) in due to other funds				4,220	
(Increase) decrease in advance to other funds		338,818	110,109		
Increase (decrease) in advances from other funds				(110,109)	
Transfers in	1,287,874	1,859,522	583,531	10,000	
Transfers (out)	(13,312,265)	(4,766,014)	(4,543,859)	(3,540,287)	(22,172)
Cash Flows from Noncapital Financing Activities	(12,127,124)	(2,483,267)	(3,774,715)	(3,603,317)	(22,172)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions	3,208,753				
Acquisition and construction of capital assets	(8,557,290)	(2,672,096)	(6,727,992)	(316,902)	
Proceeds from sale of capital assets	39,279		6,699	50,252	
Transfer of connection fees to SPWA			(6,603,208)		
Change in restricted assets	23,858		5,902,108		
Issuance of debt	48,780,000				
Debt issuance premium	5,899,513				
Issuance costs	(1,425,825)		(1,850)		
Principal payments on capital debt	(57,920,000)	(2,065,000)	(1,988,535)		(8,030,000)
Interest paid on capital debt	(10,942,577)	(1,947,590)	(3,911,720)	(11,508)	(8,578,639)
Connection/impact fees	1,344,711	4,717,034	6,609,788	320,087	
Cash Flows from Capital and Related Financing Activities	(19,549,578)	(1,967,652)	(6,714,710)	41,929	(16,608,639)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and rents received	634,537	664,521	321,511	157,593	9,742,831
Receipts from sale of (payment to acquire) equity instruments, net	45,992	(107,723)			(2,269)
Cash Flows from Investing Activities	680,529	556,798	321,511	157,593	9,740,562
Net increase (decrease) in cash and cash equivalents	15,203,584	4,544,165	1,886,265	2,091,393	(3,849)
Cash and investments at beginning of period	52,269,386	52,056,273	33,734,999	18,027,774	22,227
Cash and investments at end of period	$67,472,970	$56,600,438	$35,621,264	$20,119,167	$18,378
NONCASH TRANSACTIONS:					
Contribution of capital assets from developers	$5,264,238	$10,853,616	$10,892,525		
Contribution of SPWA capital assets to City			$175,817		
Capital assets transferred from the City	$30,741,639	$1,798,889	$2,467,571		
Retirement of capital assets	($362,134)		($2,444,807)		
Transfer of capital assets from other funds		$13,479			
Transfer of capital assets to other funds			($13,479)		
Amortization of bond premium	$854,897	$137,956	$201,972		$735,911
Amortization of bond discount	($12,139)				
Amortization of deferred amount on refunding	($255,262)	($37,076)			
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income (loss)	$28,167,737	($243,709)	$500,793	$5,632,966	($1,612,321)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	20,988,418	8,719,841	11,489,164	332,439	
Retirement of capital assets					
Change in assets and liabilities:					
Receivables, net	(1,482,648)	93,888	863,029	26,080	
Inventories	(1,288,023)	3,318	1,054	(45,007)	
Prepaids	154,522	85,921			
Prepaids purchased gas					8,649,950
Net OPEB obligations					
Accounts and other payables	(1,143,806)	(220,973)	(799,861)	(486,179)	(151,229)
Unearned revenue	803,557			34,889	
Cash Flows from Noncapital Financing Activities	$46,199,757	$8,438,286	$12,054,179	$5,495,188	$6,886,400

See accompanying notes to basic financial statements

Golf Course	Local Transportation	School-Age Child Care	Totals	Governmental Activities- Internal Service Funds
$2,375,854	$149,847	$4,579,866	$257,865,946	$12,269,632
(2,078,717)	(5,312,223)	(4,436,539)	(146,943,730)	(9,651,662)
	(1,038,416)	(59,257)	(41,643,557)	(6,042,854)
				(5,421,876)
				(2,163,076)
15,108	138,026	223,716	4,352,416	8,462,359
312,245	(6,062,766)	307,786	73,631,075	(2,547,477)
	11,637,223	248,999	11,916,151	
			60,108	
		(354,935)	(350,715)	566,877
			448,927	217,408
(127,000)		145,000	(92,109)	
	52,279	3,000	3,796,206	7,917,022
(97,852)	(843,507)	(247,137)	(27,373,093)	(1,194,207)
(224,852)	10,845,995	(205,073)	(11,594,525)	7,507,100
	25,524		3,234,277	
	(4,185,312)		(22,459,592)	(2,140,741)
	5,100		101,330	
			(6,603,208)	
			5,925,966	
			48,780,000	
			5,899,513	
			(1,427,675)	
(430,618)			(70,434,153)	
(59,210)		(10,187)	(25,461,431)	
			12,991,620	
(489,828)	(4,154,688)	(10,187)	(49,453,353)	(2,140,741)
28,494	89,559	2,554	11,641,600	540,062
96			(63,904)	
28,590	89,559	2,554	11,577,696	540,062
(373,845)	718,100	95,080	24,160,893	3,358,944
1,453,090	9,969,564	258	167,533,571	48,573,284
$1,079,245	$10,687,664	$95,338	$191,694,464	$51,932,228
			$27,010,379	
			$175,817	
	$49,436		$35,057,535	$476,041
	($9,856)		($2,816,797)	($7,245)
			$13,479	
			($13,479)	
			$1,930,736	
			($12,139)	
			($292,338)	
($6,792)	($6,347,735)	$258,782	$26,349,721	($12,574,523)
388,601	1,445,665	65,207	43,429,335	3,066,724
				7,245
(1,740)	(10,745)	29,303	(482,833)	(190,560)
			(1,328,658)	
			240,443	(169,800)
			8,649,950	
				6,116,526
(67,824)	(307,275)	(45,506)	(3,222,653)	1,196,911
	(842,676)		(4,230)	
$312,245	($6,062,766)	$307,786	$73,631,075	($2,547,477)

This Page Left Intentionally Blank

FIDUCIARY FUNDS

Fiduciary funds are presented separately from the Government-wide and Fund financial statements. The City had the following types of fiduciary funds in fiscal 2014:

Other Employee Benefit Trust Funds are used to account for assets held by the City as a trustee agent for the members and beneficiaries of other post-employment benefit plans.

Private-Purpose Trust Funds are used to account for trust arrangements under which principal and income benefit private organizations or other governments.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments.

The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

CITY OF ROSEVILLE
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	Retiree Health Plan Trust Fund	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash and investments in Treasury (Note 3)		$10,074,725	$127,639,574
Restricted cash and investments with fiscal agents (Note 3)		5,959,376	38,866,913
OPEB Plan Assets (Note 13F):			
Domestic equity funds	$32,162,524		
Fixed income securities	17,465,479		
Miscellaneous (EQUUS)	448,440		
Cash equivalents	164,314		
Accounts receivable			219,971
Taxes receivable			937,120
Accrued interest receivable		196,551	976,731
Permit fees receivable			1,250,771
Due from other government agencies			1,444,296
Notes receivable (Note 20B)		5,097,430	
Capital Assets (Note 20D):			
Land		74,369	
Total Assets	50,240,757	21,402,451	$171,335,376
LIABILITIES			
Accounts payable	24,609	1,594	$2,502,577
Accrued liabilities		565,806	516,527
Unearned revenue		36,294	
Due to other government agencies			13,122
Due to member agencies			110,485,448
Due to bondholders			57,506,829
Due to others			310,873
Long-term liabilities (Note 20E):			
Due within one year		825,703	
Due in more than one year		55,675,474	
Total Liabilities	24,609	57,104,871	$171,335,376
NET POSITION			
Held in trust for retiree health plan benefits	$50,216,148		
Held in trust for private purposes or for other governments		($35,702,420)	

See accompanying notes to basic financial statements

CITY OF ROSEVILLE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Retiree Health Plan Trust Fund	Private-Purpose Trust Funds
ADDITIONS		
Property taxes		$1,900,108
Contributions from the City	$7,469,613	
Investment income	6,624,670	164,074
Fines, forfeitures and other penalties		1,707
Total Additions	14,094,283	2,065,889
DEDUCTIONS		
General government		27,831
Community services		427,464
Retiree health plan benefits	5,506,794	
Debt service:		
Interest and fiscal charges		1,773,381
Total Deductions	5,506,794	2,228,676
Change in Net Position Before Special Item	8,587,489	(162,787)
SPECIAL ITEM		
Transfer of land held and capital assets to the City (Note 20C and 20D)		(7,107,581)
Cancellation of loans and interest payable to the City (Note 20E)		3,030,067
Restructuring of interest on loans payable to the City (Note 20E)		5,902,331
Change in Net Position	8,587,489	1,662,030
Net Position - Beginning of Year	41,628,659	(37,364,450)
Net Position - End of Year	$50,216,148	($35,702,420)

See accompanying notes to basic financial statements

This Page Left Intentionally Blank

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Roseville was incorporated on April 10, 1909 under provisions of Act 279, P.A. 1909, as amended (Home Rule City). The City operates under the Council Manager form of government and provides the following services: public safety (police and fire), streets, sanitation, water, solid waste, electric, local transportation, school-age child care, golf course, parks recreation, public improvements, planning and zoning, library, general administration services, redevelopment and housing.

The financial statements and accounting policies of the City conform with generally accepted accounting principles in the United States of America applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

A. Reporting Entity

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. This City's component units which are described below are all blended.

The **Roseville Finance Authority** is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital facilities within the City. The Authority has the power to purchase bonds issued by any local agency at public or negotiated sale and may sell such bonds to public or private purchasers at public or negotiated sale. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Roseville Finance Authority Debt Service Fund and Capital Projects Fund.

The **City of Roseville Housing Authority** is a separate government entity whose purpose is to assist with the housing for the City's low and moderate income residents. The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Housing Authority Section 8 Special Revenue Fund.

The **Roseville Natural Gas Financing Authority** is a Joint Exercise Powers Agency created on December 6, 2006, for the purpose of acquiring, financing and supplying natural gas to the City of Roseville. The members of the Authority are the City of Roseville and the City of Roseville Redevelopment Agency. The City of Roseville is governed by a five member Board. City Council serves as the governing body of the Authority and officers of the Authority are employees of the City. The financial activities of the Authority have been included in these financial statements in the Roseville Natural Gas Financing Authority Enterprise Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The **Roseville Community Development Corporation** is a California 501(c)3 nonprofit public benefit corporation formed in November 2010 by the City and the former Redevelopment Agency under the California Nonprofit Corporation Laws of the State of California. The Corporation was formed for the purpose of implementing the revitalization and economic goals of the City by securing private and public capital through development of both residential and commercial properties as well as developing affordable housing, redeveloping properties to create mixed-use, commercial and office projects, business recruitment and retention, commercial loans, and ongoing property management. As a separate legal entity and non-profit corporation, the corporation can secure funding that is not legally available to the former Redevelopment Agency and its activities can extend outside of the Redevelopment Plan areas.

The Corporation is governed by a volunteer five member board appointed by the City Council. The members, all from the community, have development, financing and business operations related experience. The board has operations, management, budget approval and strategy implementation authority that is separate from the City Council.

The Corporation has established a service agreement with the City to utilize existing City staff to accomplish its initial goals. The financial activities of the Corporation are included in the Roseville Community Development Corporation Special Revenue Fund.

The **City of Roseville Retiree Health Plan Trust** is governed by the City's Resolution 10-275 and is used to account for contributions and investment income restricted to pay medical benefits. Benefit and contribution provisions are established by the City Council. Eligibility, actuarial interest rates, administration and certain other tasks are the responsibility of the Council established by the above Resolution. The financial activities of the Plan have been included in these financial statements in the Retiree Health Plan Trust Fund.

Financial statements for the Roseville Natural Gas Financing Authority and Roseville Community Development Corporation may be obtained from the City of Roseville at 311 Vernon Street, Roseville, California, 95678. Separate financial statements for the Redevelopment Agency, Roseville Finance Authority, Roseville Housing Authority and City of Roseville Retiree Health Plan Trust are not issued.

The California Joint Powers Risk Management Authority, the Local Agency Workers' Compensation Excess Joint Powers Authority, the Highway 65 Joint Powers Authority, and the South Placer Wastewater Authority are not included in the accompanying basic financial statements because they do not meet the above financial accountability criteria as these entities are administered by governing boards separate from and wholly independent of the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United State of America.

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government, the City and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. However, the interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental, proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds

Major funds are defined as funds that have either assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund - This is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

Community Facilities District Projects Fund - This fund is used to account for specific public improvements such as streets, sewers, storm drains, sidewalks or other amenities funded by special assessments against benefited properties.

The City reported all its enterprise funds as major funds in the accompanying financial statements:

Electric Fund - This fund accounts for all financial transactions relating to the City's Electric service. Services are on a user charge basis to residents and business owners located in Roseville.

Water Fund - This fund accounts for all financial transactions relating to the City's Water service. Services are on a user charge basis to residents and business owners located in Roseville.

Wastewater Fund - This fund accounts for all financial transactions relating to the City's Wastewater Collection and Treatment. Services are on a user charge basis to residents and business owners located in Roseville.

Solid Waste Fund - This fund accounts for all financial transactions relating to the City's Solid Waste service. Services are on a user charge basis to residents and business owners located in Roseville.

Roseville Natural Gas Financing Authority - This fund accounts for financing and purchasing pre-paid natural gas for the generation of power for the Roseville Energy Park.

Golf Course Fund – This fund accounts for all financial transactions associated relating to the development, operation and maintenance of the City's public golf courses.

Local Transportation Fund – This fund accounts for the activities associated with the operations and maintenance of the City's public transit activities and has particular emphasis on serving the elderly and the handicapped.

School-Age Child Care Fund – This fund accounts for the receipt of parent fees and State grants used to finance child development programs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

Internal Service Funds. The funds account for automotive services, automotive replacement, workers' compensation, general liability, unemployment reserve, vision, dental, section 125, post retirement, and central stores; all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds. These funds account for assets held by the City as an agent for various functions. The Endowment Private-Purpose Trust Fund is used to account for assets held by the City as an agent for various endowment funds for the benefits of certain private-purpose trust funds. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. The Retiree Health Plan Trust Fund accounts for the accumulation of resources to be used for retiree medical benefit payments at appropriate amounts and times in the future. The Agency Funds are used to account for assets held by the City as an agency for certain special assessment districts in the City, the City's payroll revolving fund, various joint power authorities, Dry Creek Drainage Basin, Placer County, South Placer County Tourism Business Improvement District (SPCTBID), Placer County Transportation Authority, and various other programs for the benefits of parties outside of the City. The financial activities of these funds are excluded from the government-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

D. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred,* regardless of when the related cash flows take place. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are property, sales and franchise taxes, certain other intergovernmental revenues, certain charges for services and interest revenue. Fines, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

E. Revenue Recognition for Electric, Water, Wastewater, and Solid Waste Funds

Revenues are recognized based on cycle billings rendered to customers. All residential and commercial utility customers are billed once per month. There are twenty-three billing cycles per month which include all types of customers, based on their location within the City. Revenues for services provided but not billed at the end of a fiscal year are accrued.

Contributions of cash or assets to proprietary funds from state and federal agencies, developers and others are recorded as revenue.

F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualify for reporting in this category. They are the deferred charge on refunding and accumulated decrease in fair value of hedging derivatives reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The accumulated decrease in fair value of hedging derivatives represents the change in fair value for the City's derivative liabilities that have been determined to be effective.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two types of these items, the accumulated increase in fair value of hedging derivatives reported in the government-wide and proprietary fund statements of net position, and unavailable revenues reported in the governmental funds. The accumulated increase in fair value of hedging derivatives represents the change in fair value for the City's derivative assets that have been determined to be effective. Unavailable revenue arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: due from other government agencies, interest receivable and loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unavailable revenue was comprised of the following at June 30, 2014:

	Due from Other Government Agencies	Interest Receivable	Loans Receivable	Total
General Fund		$367,874	$7,304,420	$7,672,294
Nonmajor Governmental Funds	$25,399	839,581	9,002,197	9,867,177
	$25,399	$1,207,455	$16,306,617	$17,539,471

During fiscal year 2014, the City determined that unavailable revenue in the General Fund had been overstated in the amount of $1,530,951, therefore the balance of unavailable revenue, and beginning net position have been reduced and restated in that amount, and beginning fund balance has been increased and restated in that amount.

G. Property Tax

Placer County assesses properties and it bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. Collection of delinquent accounts is the responsibility of the county, which retains all penalties.

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

H. Compensated Absences

Compensated absences comprise unused vacation leave, vested sick pay and certain compensated time off, which are accrued as earned. The City’s liability for compensated absences is recorded in various Governmental funds or Proprietary funds as appropriate. The liability for compensated absences is determined annually. For all governmental funds, a liability of these amounts is reported only if they have matured, for example, as a result of employee resignations and retirements. The remaining portion is recorded as a liability in the Statement of Net Position. Proprietary funds’ liability for compensated absences is recorded in each proprietary fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The changes of the compensated absences were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	$11,766,930	$7,290,599	$19,057,529
Additions	5,075,452	1,271,387	6,346,839
Payments	(4,210,804)	(1,282,858)	(5,493,662)
Ending Balance	$12,631,578	$7,279,128	$19,910,706
Current Portion	$4,223,104	$2,465,770	$6,688,874

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

I. Inventories

Inventories are valued at cost, using the weighted-average method. Inventories of the Governmental Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure in the Governmental Funds at the time individual inventory items are consumed. Reported Governmental Funds inventories are equally offset by nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of net current assets. Inventories of the Enterprise Funds consist primarily of merchandise held for internal consumption.

J. Recategorized and Renamed Funds

The activities of the Roadway Special Revenue Fund were previously reported as part of the State Gasoline Tax Special Revenue Fund.

The Traffic Signal Special Revenue Fund was renamed to the Traffic Signal Coordination Special Revenue Fund.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

A. Budgeting Procedures

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

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. The budget is legally enacted through passage of a minute order and ordinance.

4. The City Manager or designee is authorized to apply prudent monitoring procedures to assure that actual expenditures/expenses of the City do not exceed the appropriations at the major summary categories (salaries and benefits, operating services and supplies, and capital outlay) by organization key within each department in conformance with the adopted policies set by the City Council. Capital Improvement Projects, including annual projects, may not exceed budget at the total project level. Additional appropriations or interfund transfers not included in the original budget ordinance require approval by the City Council.

5. Expenditures may not legally exceed budgeted appropriations at the organization key level by major summary category within each fund.

6. Formal budgetary integration is employed as a management control device during the year.

7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. Budgets are adopted for all governmental funds, except the FEMA Special Revenue Fund and the Roseville Aquatics Complex Maintenance Permanent Fund. In addition, the Community Facilities District Projects, Building, South Placer Animal Control Shelter, Public Facilities, Park Development, Pleasant Grove Drain Basin, Traffic Mitigation and General Capital Improvement Projects Rehabilitation Capital Projects Funds are budgeted on a project length basis and therefore are not comparable on an annual basis.

B. Adjustments to GAAP Basis from Budgetary Basis

City budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that capital projects expenditures are budgeted on a project length basis rather than a fiscal year. The effects of these differences are shown as capital outlay in the budget and actual statements.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

C. Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Encumbrances outstanding at year end are reported as restricted, committed or assigned fund balances, as applicable, since they do not constitute expenditures or liabilities and are reappropriated in the following year. Unexpended appropriations lapse at year end and must be reappropriated in the following year.

NOTE 3 - CASH AND INVESTMENTS

The City pools cash from all sources and all funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments,* or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the City's fiscal agents as required under its debt issues. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form.

The City's investments are carried at fair value instead of cost, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

A. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Cash and investments in City Treasury	$413,146,599
Restricted cash and investments with fiscal agents	33,351,806
Total City cash and investments with primary government	446,498,405
Cash and investments in Fiduciary Funds (Separate statement)	182,540,588
Total Cash and Investments	$629,038,993

Cash and investments as of June 30, 2014, consist of the following:

Cash in bank and on hand	$24,633,020
Investments	604,405,973
Total Cash and Investments	$629,038,993

NOTE 3 - CASH AND INVESTMENTS (Continued)

Cash and investments with original maturities of three months or less are treated as cash and equivalents for purpose of preparing Proprietary Fund statements of cash flows. Also, each Proprietary Funds' portion of the City's overall cash and investment pool is treated as cash and equivalents since these amounts are in substance demand deposits.

B. Investments Authorized by the California Government Code and the City's Investment Policy

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is more restrictive:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality at Time of Purchase	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations (A)	5 Years	None	None	None
U.S. Agency Securities (A)	5 Years	None	None	None
Mortgage Pass-Through Securities	5 Years	None	20%	None
Forward Delivery Agreements	N/A	A	None	None
Local Agency Bonds	5 Years	None	None	None
Repurchase Agreements	30 days	None	None	None
Bankers' Acceptances	180 days	None	40%	30%
Commercial Paper	270 days	A-1	25%	10% (B)
Medium-Term Notes	5 Years	A	30%	None
Collateralized Time Deposits	5 Years	None	30%	None
Negotiable Certificates of Deposit	5 Years	A	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None	$50 million/account
Insured Saving Accounts	N/A	None	None	None
Money Market Mutual Funds	N/A	None	20%	10%
Shares in a California Common Law Trust	N/A	None	None	None
Interest Rate Swaps (C)	N/A	None	None	None

(A) In specified fund accounts where liquidity is not the primary investment objective, the maximum maturity can be up to ten years with granted express authority by the City Council. Such investments cannot be made less than three months following the approval of extended investment terms. All longer-term investments must be Federal Treasury or Agency securities. The specified fund accounts are:

- Citizens Benefit Permanent Fund
- Roseville Aquatics Complex Maintenance Permanent Fund
- Endowment Private-purpose Trust Fund
- All future trust and/or endowment funds established by the City with no anticipated use of principal

(B) Eligible Commercial Paper may not represent more than 10% of the outstanding paper of an issuing corporation.

NOTE 3 - CASH AND INVESTMENTS (Continued)

(C) Interest rate swaps may only be used in conjunction with enterprise fund debt or investments, not the General Fund. Currently, the City does not participate in any Forward Delivery Agreements. Pursuant to its function as custodian and investment manager of the South Placer Wastewater Authority, the City invested certain Authority funds in Forward Delivery Agreements which are investments with fixed maturities and which bear interest at a variable rate. To hedge against changes in short-term interest rates, the Authority entered into a swap agreement to create a synthetic fixed interest rate on one of the Forward Delivery Agreements. Risks associated with the Forward Delivery Agreement and associated swap agreement are those of the Authority and not those of the City. Details of the swap agreement and associated risks may be found in the Basic Financial Statements of the Authority.

C. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations	N/A	None
U.S. Agency Securities	N/A	None
Certificates of Deposit	N/A - 30 days	None to A-1
Time Deposits	N/A - 30 days	None to A-1
Repurchase Agreements	N/A - 30 days	None to A
Bankers' Acceptances	N/A - 270 days	None to A-1
Money Market Funds	N/A	None to Aam-G
Taxable Governmental Money Market Portfolio	N/A	None
Commercial Paper	180-270 days	A-1 to AA
Special Revenue Bonds	N/A	AA
Pre-refunded Municipal Obligations	N/A	AAA
Municipal Obligations	N/A	AAA
Common Law Trust	N/A	None
California Asset Management Pool (CAMP)	N/A	None
Lawful Investments	N/A	None
Investment Agreements	N/A	A+ to AA
Local Agency Investment Fund (LAIF)	N/A	None
Placer County Investment Pool	N/A	None

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City also manages its interest rate risk by holding most investments to maturity, thus reversing unrealized market gains and losses.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

	Remaining Maturity (in Months)				
	12 Months Or Less	13 to 24 Months	25-60 Months	More Than 60 Months	Total
U.S. Government Securities	$4,875,218	$20,806,591	$130,378,018		$156,059,827
Federal Agency Securities	23,217,756	59,379,223	19,098,806		101,695,785
Corporate Notes	1,422,671	37,477,608	72,566,013		111,466,292
Forward Delivery Agreement	4,606,033				4,606,033
Forward Purchase Agreement	4,042,456				4,042,456
Commercial Paper	35,004,347				35,004,347
Guaranteed Investment Contracts				$6,368,599	6,368,599
Municipal Bonds	2,218,035	1,723,388	1,001,758		4,943,181
Money Market Mutual Funds (U.S. Securities)	3,934,074				3,934,074
Local Agency Investment Fund	53,252,208				53,252,208
California Asset Management Pool	58,356,630				58,356,630
Certificates of Deposit	12,771,141	51,905,400			64,676,541
Total Investments	$203,700,569	$171,292,210	$223,044,595	$6,368,599	$604,405,973

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. At June 30, 2014 the fair value was $15,908 more than the City's cost. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2014, these investments matured in an average of 232 days.

NOTE 3 - CASH AND INVESTMENTS (Continued)

The City is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Pool's investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. At June 30, 2014, the fair value approximated is the City's cost, and these investments had an average maturity of 41 days.

Money market mutual funds were available for withdrawal on demand and at June 30, 2014 and had an average maturity of 46 days for the Dreyfus U.S. Treasury Money Market Fund and 40 days for the First American Money Market Fund.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2014, for each investment type as provided by Standard and Poor's investment rating system:

	AAA/AAAm	AA+/AA/AA-	A+/A/A-	A-1+/A-1	Total
Investments:					
Federal Agency Securities		$101,695,785			$101,695,785
Corporate Notes		60,962,748	$50,503,544		111,466,292
Forward Delivery Agreement		4,606,033			4,606,033
Forward Purchase Agreement		4,042,456			4,042,456
Municipal Bonds	$2,236,132	2,707,049			4,943,181
California Asset Management Pool	58,356,630				58,356,630
Money Market Mutual Funds					
(U.S. Securities)	3,934,074				3,934,074
Commercial Paper				$35,004,347	35,004,347
Certificates of Deposit		11,896,730			11,896,730
Totals	$64,526,836	$185,910,801	$50,503,544	$35,004,347	335,945,528
Exempt from Credit Rate Disclosure:					
U.S. Government Securities					156,059,827
Not Rated:					
Local Agency Investment Fund					53,252,208
Certificates of Deposit					52,779,811
Guaranteed Investment Contracts					6,368,599
Total Investments					$604,405,973

NOTE 3 - CASH AND INVESTMENTS (Continued)

F. Concentration of Credit Risk

Investments in any one issuer, other than U. S. Treasury securities, money market mutual funds, California Local Agency Investment Fund and California Asset Management Pool, that represent 5% or more of total Entity-wide investments are as follows at June 30, 2014:

Issuer	Investment Type	Amount
Federal Home Loan Bank	Federal Agency Securities	$30,698,818

Investments in any one issuer that represent 5% or more of total investments by individual funds were as follows at June 30, 2014:

Fund	Issuer	Investment Type	Amount
Major Enterprise Funds:			
Roseville Natural Gas Financing Authority	Wachovia Bank	Forward Purchase Agreement	$4,042,456
Water	FSA Security Assurance	Investment Agreement	4,217,863

NOTE 4 - INTERFUND TRANSACTIONS

A. Transfers Among Funds

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2014, were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred	
General Fund	Non-Major Governmental Funds	$5,008,414	(A),(B),(C),(D)
	Electric Enterprise Fund	11,969,902	(A),(B),(C),(D)
	Water Enterprise Fund	3,003,428	(A),(B),(D)
	Wastewater Enterprise Fund	2,026,874	(A),(B),(D)
	Solid Waste Enterprise Fund	1,594,582	(A),(B),(D)
	Roseville Natural Gas Financing Authority Enterprise Fund	22,172	(D)
	Golf Course Enterprise Fund	93,671	(D)
	Local Transportation Enterprise Fund	248,892	(A),(B),(D)
	School-Age Child Care Enterprise Fund	222,391	(D)
	Internal Service Funds	1,018,634	(B),(D)
Non-Major Governmental Funds	General Fund	7,396,606	(A),(B)
	Community Facilities District Capital Projects Fund	54,595	(B)
	Non-Major Governmental Funds	5,705,757	(A),(B),(E)
	Electric Enterprise Fund	334,232	(A),(B)
	Water Enterprise Fund	875,679	(A),(B),(C)
	Wastewater Enterprise Fund	810,740	(A),(B),(C)
	Solid Waste Enterprise Fund	580,111	(A),(B),(C)
	Golf Course Enterprise Fund	381	(B)
	Local Transportation Enterprise Fund	575,908	(B)
Electric Enterprise Fund	Non-Major Governmental Funds	1,287,874	(E)
Water Enterprise Fund	Solid Waste Enterprise Fund	645,657	(A),(D)
	Wastewater Enterprise Fund	1,227,344	(A),(C),(D)
Wastewater Enterprise Fund	Water Enterprise Fund	512,572	(B)
	Solid Waste Enterprise Fund	70,959	(B)
Solid Waste Enterprise Fund	Non-Major Governmental Funds	10,000	(A)
Local Transportation Enterprise Fund	General Fund	42,279	(A)
	Community Facilities District Capital Projects Fund	10,000	(A)
School-Age Child Care Enterprise Fund	Non-Major Governmental Funds	3,000	(B)
Internal Service Funds	General Fund	5,044,508	(A)
	Non-Major Governmental Funds	125,864	(A)
	Electric Enterprise Fund	1,008,131	(A)
	Water Enterprise Fund	374,335	(A)
	Wastewater Enterprise Fund	492,380	(A)
	Solid Waste Enterprise Fund	648,978	(A)
	Golf Course Enterprise Fund	3,800	(A)
	Local Transportation Enterprise Fund	18,707	(A)
	School-Age Child Care Enterprise Fund	24,746	(A)
	Internal Service Funds	175,573	(A)
Total Interfund Transfers		$53,269,676	

(A) To fund operations or indirect costs
(B) To fund various projects and/or pay debt service
(C) To transfer in lieu franchise fees or fund indirect costs or capital projects
(D) To pay for indirect costs
(E) To transfer fund balance related to change in fund activities

In addition to the above, Governmental Activities transferred capital assets with a net book value of $35,057,535 to Business-Type Activities.

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

B. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2014, interfund balances comprised the following:

Due From Other Funds	Due To Other Funds	Amount	
General Fund	Traffic Safety Special Revenue Fund	$59,365	(A)
Capital Projects Fund:			
Public Facilities	Technology Fee Replacement Special Revenue Fund	100,000	(B)
Enterprise Funds:			
Wastewater	Solid Waste Enterprise Fund	110,107	(B)
Internal Service Funds:			
Automotive Replacement	Fire Facilities Special Revenue Fund	235,408	(B)
Automotive Replacement	Golf Course Enterprise Fund	127,000	(B)
Automotive Replacement	School-Age Child Care Enterprise Fund	60,000	(B)
Automotive Replacement	Automotive Services Internal Service Fund	942,486	(A) (B)
Workers Compensation	Unemployment Insurance Internal Service Fund	100,000	(B)
		$1,734,366	

(A) To temporarily fund short-term cash flow needs.
(B) Current portion of the advances mentioned in 4C below.

C. Long-Term Interfund Advances

At June 30, 2014, the funds below had made advances which were not expected to be repaid within the next year.

Fund Receiving Advance	Fund Making Advance	Amount
Special Revenue Funds:		
Fire Facilities	Automotive Replacement Internal Service Fund	$256,609
Roseville Community Development Corporation	General Fund	1,530,951
Roseville Community Development Corporation	Affordable Housing Special Revenue Fund	500,000
Technology Fee Replacement	Public Facilities Capital Projects Fund	395,054
Capital Projects Funds:		
Community Facilities District	Pleasant Grove Drainage Basin Capital Projects Fund	3,000,000
	Water Enterprise Fund	1,661,182
Enterprise Funds:		
Solid Waste	Wastewater Enterprise Fund	114,512
Golf Course	Automotive Replacement Internal Service Fund	2,750,000
School-Age Child Care	Automotive Replacement Internal Service Fund	585,000
Internal Service Fund:		
Unemployment Reserve	Workers' Compensation Internal Service Fund	90,353
		$10,883,661

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

Fire Facilities advance bears interest at the average interest rate of the City's pooled investments. It will be repaid over a period of 5 years beginning in fiscal year 2013.

Roseville Community Development Corporation advances bear interest at the average interest rate of the City's pooled investments plus 1%, adjusted every 5 years. Principal and interest are deferred for the first ten years from the date of disbursement, and are then payable in annual installments over ten years, with one beginning in fiscal year 2021 and the second beginning in 2023.

Technology Fee Replacement advance bears interest at the average interest rate of the City's pooled investments. It will be repaid over a period of 7 years beginning in fiscal year 2014.

Community Facilities Districts advance bears interest at the City's pooled interest rate plus 2.5%. It will be repaid over a period of 10 years and will be repaid in 2016.

Solid Waste advance bears interest at 3.94%. It will be repaid over a period of 10 years and will be repaid in 2016.

Golf Course advance bears interest at the average interest rate of the City's pooled investments. It will be repaid over a period of 27 years and will be repaid in 2029.

School-Age Child Care advances are being repaid over five years with one beginning in fiscal year 2007 and the other in 2010. A third advance began in 2013 and will be repaid over a 6 year period beginning in 2019. A fourth advance began in 2014 and will be repaid over a 12 year period beginning in 2023. These advances bear interest at the average interest rate of the City's pooled investments and interest is to be paid at the end of the loans.

D. Internal Balances

Internal balances are presented in the City-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

NOTE 5 - NOTES RECEIVABLE

The City and former Redevelopment Agency engage in programs designed to encourage business enterprises, construction or improvement in low-to-moderate income housing, or other projects. Under these programs, grants or loans are provided with favorable terms to businesses, home-owners or developers who agree to spend these funds in accordance with the City's terms. With the dissolution of the Redevelopment Agency as discussed in Note 20, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the Low and Moderate Income Housing Asset Fund assumed the housing loans of the Redevelopment Agency and a Successor Agency assumed the non-housing loans as of February 1, 2012. Although these notes are expected to be repaid in full, their balances have been offset in the fund financial statements by unavailable revenue, due to other government agencies or fund balance as they are not expected to be repaid during fiscal year 2014. These notes receivable comprised the following at June 30, 2014:

Flood Loan Notes	$6,633
Housing Rehabilitation and Affordable Housing Notes	16,559,209
First Time Home-Buyer Notes	5,926,574
Housing Elevation Notes	15,000
Successor Agency	23,191,963
Total	$45,699,379

A. Notes Receivable

The City has provided loans to various homeowners and businesses for rehabilitation due to flood damage. The maximum loan amount is $5,000 carrying various interest rates and payment dates. Although these notes are expected to be repaid in full, their balance has been offset by nonspendable fund balance. The balance of these notes receivable at June 30, 2014 was $6,633.

B. Housing Rehabilitation and Affordable Housing Notes Receivable

The City and Agency engage in programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to home-owners or developers who agree to spend these funds in accordance with the City's or Agency's terms. Although these loans and notes are expected to be repaid in full, their balance has been offset with the liability, Due to Other Government Agencies, as they are not expected to be repaid during fiscal year 2014 and any repayments will be used to reduce future grant draw-downs by the City. With the dissolution of the Agency effective February 1, 2012, the assets of the Low and Moderate Income Housing Fund, including affordable housing notes receivable, were assumed by the Low and Moderate Income Housing Asset Fund as discussed in Note 20. The balance of the notes receivable arising from these programs at June 30, 2014, was $16,559,209.

NOTE 5 - NOTES RECEIVABLE (Continued)

C. First Time Home-Buyer Notes Receivable

The City and the Agency engage in a first time home-buyer program designed to encourage home ownership among low-income persons. Under this program, grants or loans are provided at no interest and are due upon sale or transfer of the property. These loans have been offset by Due to Other Government Agencies and unavailable revenue as they are not expected to be repaid during fiscal year 2014, and any repayments will be used to reduce future grant draw-downs by the City. With the dissolution of the Agency effective February 1, 2012, the assets of the Low and Moderate Income Housing Fund, including $1,657,453 in First Time Home Buyer notes receivable, were assumed by the Low and Moderate Income Housing Asset Fund as discussed in Note 20. The balance of the notes receivable arising from this program at June 30, 2014, was $5,926,574.

D. Housing Elevation Notes Receivable

In fiscal 1997, the Federal Emergency Management Agency (FEMA) approved Hazard Mitigation Grant Program funds to be used for residential home elevation projects in the City at a maximum of $5,000 per household, with the total federal share not to exceed $1,493,096. The City provides matching funds to each eligible household at a maximum of $5,000 in the form of a zero percent, deferred loan payable upon sale, change of title or change of use (See Note 5A above). As of June 30, 2014, three loans funded through the FEMA Hazard Mitigation Grant Program were outstanding with a total balance of $15,000.

E. Roseville Community Development Corporation Notes

As of June 30, 2012, the Corporation purchased properties located at 240 Vernon Street and 242-246 Vernon Street on behalf of 240 Vernon Street LLC and 242-246 Vernon Street LLC in the amount of $602,435 and $541,047, respectively. Both of these purchases were recorded as a Note Receivable from each of the LLCs. The cost of the properties was expected to be paid back to the Corporation when the properties were sold or through a monthly rental agreement. During fiscal year 2014, the Corporation determined that the properties should be held as capital assets, rather than as loans receivable from its subsidiaries and the change is included in additions to capital assets in Note 8B.

On February 22, 2012, the Corporation entered into a loan agreement with Innova Vernon LP for costs associated with fees, improvements, modifications, upgrades and equipment for the purpose of operating a restaurant called “Sammy’s Rockin’ Island Bar and Grill” at the property referred to as 238 Vernon Street. The total loan is for $1,512,500 and was to be disbursed per a Funding Release Schedule. The Loan was to be repaid over sixty-six months beginning with the nineteenth month after the date of the Note. Interest at 4% was to accrue and be capitalized to the principal. A balloon payment comprised of accrued interest and principal was to be paid on or before the Maturity Date (7 years after the Date of the Note).

Due to unforeseen circumstances, the third party defaulted on April 17, 2014. As a result, the Corporation foreclosed on the loan and retained title to the building, and entered into an operating agreement with an unrelated entity to reopen the restaurant. The land and building are included in additions to capital assets included in Note 8B.

The transfer of the above loans receivable to capital assets has been recorded as a Special Item in the amount of $2,743,895.

NOTE 5 - NOTES RECEIVABLE (Continued)

F. Successor Agency Loans

Prior to July 1, 2011, the Redevelopment Agency had received six advances from various City funds: (1) Advances in the amount of $5,422,789 were to be repaid in fiscal year 2029. This advance bore interest at the average interest rate of the City's pooled investments. (2) Advance in the amount of $915,049 bore interest at 3.15% and was to be repaid in fiscal year 2023. (3) Advance in the amount of $3,900,000 bears no interest and was to be repaid in fiscal year 2029. (4) Advance in the amount of $3,000,000 bears no interest and was to be repaid in fiscal year 2034. (5) Advance in the amount of $4,966,402 will be repaid in fiscal year 2031. This advance bore interest at the average rate of the City's pooled investments, plus 1%. (6) Advances in the amount of $9,774,347 were to be repaid in fiscal year 2040. These advances bear interest at the average interest rate of the City's pooled investments.

Principal and accrued interest on the advances totaled $32,768,517 at July 1, 2011. During fiscal year 2012, the City and Redevelopment Agency determined that certain advances should have instead been funded by bond proceeds of the Agency. Therefore, the Redevelopment Agency repaid advances from the City in the amount of $7,309,447 prior to the dissolution of the Agency on January 31, 2012.

The balance of the advances, including principal and accrued interest, was $25,603,129 as of January 31, 2012. These loans had previously been reported as interfund advances. However, with the transfer of the associated liabilities to the Successor Agency, repayment of the loans is based upon whether the Successor Agency to the Redevelopment Agency receives a Finding of Completion from the State as discussed in Note 20. In addition, the interest rate on the loans is limited to the Local Agency Investment Fund interest rate calculated from the inception of each loan. Therefore the loan balances were adjusted to reflect the revised interest rate during fiscal year 2012. During fiscal year 2013, the State Department of Finance denied this repayment and required the return of $7,304,420 to the Successor Agency. The General Fund returned the cash to the Successor Agency during fiscal year 2013 and recorded the payment as an extraordinary item and increased the balance of the loans receivable.

During fiscal year 2014, the Successor Agency completed its Long-Range Property Management Plan which was approved by the Department of Finance in May 2014 and as a result, the Successor Agency transferred land that was designated for governmental use to the City in the amount of $7,107,581. As a result of the transfer, the City cancelled the loans that had been made to the former Redevelopment Agency for the purchase of those properties, including accrued interest, in the amount of $5,847,668, which has been reported as a Special Item. Also during fiscal year 2014, the Department of Finance clarified the how the interest is to be calculated on each loan to the Successor Agency. The City recalculated the interest due on the loans using the revised guidance and as a result the interest receivable was reduced by $3,030,067. Interest receivable in governmental funds had been offset with unavailable revenue in the amount of $2,215,615, therefore there was no net effect on fund balance. Interest receivable in the Automotive Replacement Internal Service Fund in the amount of $814,422 was reduced and has also been reported as a Special Item. The principal balance of the loans as of June 30, 2014 is $22,701,861. Accrued interest on the loans as of June 30, 2014 is $572,386 and has been included in accrued interest receivable.

NOTE 5 - NOTES RECEIVABLE (Continued)

In addition, during the fiscal year ending June 30, 2010, the Agency approved an interfund advance authorizing the Roseville Redevelopment Project Area Fund and the Roseville Flood Control Project Area to borrow $558,381 and $258,455, respectively, from the Low and Moderate Income Housing Fund to assist in making the Agency's fiscal year 2009-10 SERAF payment. These loans do not bear interest and were repayable in five equal annual installments, and were required to be repaid prior to June 30, 2015. The balance of the loans as of June 30, 2014 totaled $490,102.

With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the above advances and has recorded a loan payable to the Low and Moderate Income Housing Asset Fund as discussed in Note 20 below. These loans had previously been reported as interfund advances. However, with the transfer of the associated liabilities to the Successor Agency, repayment of the loans is also based upon whether the Successor Agency to the Redevelopment Agency receives a Finding of Completion from the State, as discussed in Note 20. The Successor Agency received its Finding of Completion in August 2013 and the loans are now enforceable obligations.

With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the advances and has recorded loans payable to the City as discussed in Note 20E below.

NOTE 6 – DEVELOPER PERMIT FEES RECEIVABLE

The City has entered into a number of agreements with developers to defer permit fees for various projects within the City. The terms of these agreements call for various interest rates and payment dates. Although these fees are expected to be repaid in full, their balance has been offset by unavailable revenue in governmental funds, as they are not expected to be repaid early enough to be treated as a current asset. The long-term portion of these receivables at June 30, 2014, was $103,808 which has been classified as developer permit fees receivable, and the short-term portion of these receivables, which totaled $26,102 at June 30, 2014, is included in accounts receivable.

In response to the state wide slowdown of the housing market, the City has also established a Single Family Residential Fee Deferral Program which offers deferred payment of permit fees for new single-family residences. The deferred fees will be paid to the City (1) prior to the final building inspection on the home; or (2) at close of escrow or within a year of the deed of trust being recorded whichever occurs first. The long-term portion of these receivables at June 30, 2014, was $2,209,114 which has been classified as developer permit fees receivable, and the short-term portion of these receivables, which totaled $2,925,087 at June 30, 2014, is included in accounts receivable.

NOTE 7 – DEVELOPMENT AGREEMENTS AND LAND HELD FOR RESALE

The City may enter into development agreements in an effort to provide incentives to develop new businesses and new tax revenues. The substance of these agreements is that developers or other public agencies will be paid a portion of future sales tax or traffic mitigation fee revenues produced by their developments. These payments are conditioned on the generation of sales tax revenues or traffic mitigation fee revenues by these developments and the City is not required to use any other resources to pay these amounts.

NOTE 7 – DEVELOPMENT AGREEMENTS AND LAND HELD FOR RESALE (Continued)

A. Galleria at Roseville

In fiscal 2001, the City entered into a lease agreement with the Galleria at Roseville regional mall. The purpose of this agreement was to share revenue with the mall developers based on the generation of certain levels of sales tax. The Developer agreed to construct the mall, along with water and storm sewer mains, a bike trail, pedestrian walks, landscaping, parking areas and infrastructure improvements to surrounding streets. The mall opened for business in August 2000 and the term of the revenue sharing agreement commenced on that date. The remaining portion of sales tax revenues to be returned approximated to $2,246,796 at June 30, 2014. The agreement terminates in 2017, regardless of whether this amount has been returned; after that date all future sales tax revenues remain with the City. During fiscal year 2014, payments made to the developer under the agreement totaled $567,619.

B. Land held for Resale

The former Redevelopment Agency purchased 304 Washington Boulevard in June 2011. The 304 Washington Boulevard parcel will be developed by a private developer into 71 Mixed Use residential units with commercial and parking on the first floor. With the dissolution of the Redevelopment Agency as discussed in Note 20, the City, as housing successor, assumed the low and moderate income housing set-aside-funded assets of the Redevelopment Agency as of February 1, 2012, including 304 Washington Boulevard. As of June 30, 2014, the total carrying value of the housing property held by the City amounted to $861,245. The property is held for resale in the future.

In fiscal year 2013, the Roseville Community Development Corporation purchased a vacant lot for $25,426 for future development along the Vernon Street corridor, however during fiscal year 2014, the Corporation determined that the lot should be held as a capital asset. The change in use has been reported as an addition to capital assets and as a Special Item.

These properties are accounted for at the lower of cost, market or net realizable value.

NOTE 8 – CAPITAL ASSETS

A. Policies

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City has recorded all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

Capital assets with limited useful lives are depreciated over their estimated useful lives. Alternatively, the “modified approach” is used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of capital assets.

NOTE 8 - CAPITAL ASSETS (Continued)

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives and capitalization thresholds listed below to capital assets:

	Useful Lives	Capitalization Thresholds
Buildings	20-40 years	$10,000
Improvements	40 years	10,000
Machinery and Equipment	3-20 years	5,000
Bike Paths	20 years	10,000
Bridges	90 years	10,000
Culverts	75 years	10,000
Curb, Gutter, Sidewalks and Median Curbs	20 years	10,000
Drain Inlets	50 years	10,000
Flood Control Improvements	75 years	10,000
Soundwalls	35 years	10,000
Stormdrains	75 years	10,000
Traffic Signals	20 years	10,000
Plants and Substations:		
Electric	10-120 years	10,000
Sewer	15-60 years	10,000
Water	15-75 years	10,000
Distribution Systems:		
Electric	7-100 years	10,000
Sewer	75 years	10,000
Water	75 years	10,000
Electric Generation	10-40 years	10,000

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

NOTE 8 - CAPITAL ASSETS (Continued)

B. Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	Balance at June 30, 2013 (As restated)	Additions	Retirements	Transfers	Transfers from Successor Agency (Note 5F)	Balance at June 30, 2014
Governmental activities						
Capital assets not being depreciated:						
Land	$27,049,961	$2,787,842		$188,848	$7,107,581	$37,134,232
Streets (modified)	282,669,258	4,183,471		3,956,858		290,809,587
Parks (modified)	89,332,046	50,786		6,394,992		95,777,824
Landscaping (modified)	45,088,843			472,434		45,561,277
Construction in progress	42,336,221	18,051,033	($3,987,644)	(32,227,353)		24,172,257
Total capital assets not being depreciated	486,476,329	25,073,132	(3,987,644)	(21,214,221)	7,107,581	493,455,177
Capital assets being depreciated:						
Buildings	126,636,381	3,023,459		4,623,354		134,283,194
Improvements	6,637,436			397,754		7,035,190
Equipment	73,900,244	3,671,165	(2,916,957)	654,020		75,308,472
Bike paths	8,484,971	67,475		471,297		9,023,743
Bridges	65,301,728			4,752,065		70,053,793
Culverts	20,723,814					20,723,814
Curb, gutter, sidewalk, and median curbs	151,126,956	1,843,301		542,194		153,512,451
Drain inlets	21,166,231			97,683		21,263,914
Flood control improvements	20,224,585					20,224,585
Soundwall	36,062,492	172,399				36,234,891
Stormdrains	77,757,010	2,474,046		288,822		80,519,878
Traffic signals	46,037,625			(46,037,625)		
Total capital assets being depreciated	654,059,473	11,251,845	(2,916,957)	(34,210,436)		628,183,925
Less accumulated depreciation for:						
Buildings	(48,835,150)	(3,268,022)				(52,103,172)
Improvements	(1,848,642)	(206,724)		115,350		(1,940,016)
Equipment	(54,725,714)	(5,074,789)	2,877,317	229,466		(56,693,720)
Bike paths	(6,184,090)	(327,349)				(6,511,439)
Bridges	(9,626,392)	(751,974)				(10,378,366)
Culverts	(5,275,767)	(276,317)				(5,552,084)
Curb, gutter, sidewalk, and median curbs	(105,479,522)	(4,713,988)				(110,193,510)
Drain inlets	(8,186,261)	(424,301)				(8,610,562)
Flood control improvements	(2,967,227)	(269,661)				(3,236,888)
Soundwall	(9,400,191)	(1,032,820)				(10,433,011)
Stormdrains	(14,408,482)	(1,055,179)				(15,463,661)
Traffic signals	(20,022,306)			20,022,306		
Total accumulated depreciation	(286,959,744)	(17,401,124)	2,877,317	20,367,122		(281,116,429)
Net capital assets being depreciated	367,099,729	(6,149,279)	(39,640)	(13,843,314)		347,067,496
Governmental activity capital assets, net	$853,576,058	$18,923,853	($4,027,284)	($35,057,535)	$7,107,581	$840,522,673

NOTE 8 - CAPITAL ASSETS (Continued)

	Balance at June 30, 2013 (As restated)	Additions	Retirements	Transfers	Balance at June 30, 2014
Business-type activities					
Capital assets, not being depreciated:					
Land	$16,514,858				$16,514,858
Landscaping (modified)	576,843				576,843
Streets (modified)	24,914				24,914
Construction in progress	21,209,329	$17,985,495	($906,199)	($3,931,480)	34,357,145
Total capital assets not being depreciated	38,325,944	17,985,495	(906,199)	(3,931,480)	51,473,760
Capital assets, being depreciated:					
Buildings	26,658,763			(47,585)	26,611,178
Improvements	16,751,272			503,656	17,254,928
Machinery and equipment	26,768,894	3,610,650	(39,257)	408,950	30,749,237
Bike paths	4,078,094				4,078,094
Bridges	1,702,403				1,702,403
Culverts	305,328				305,328
Curb, gutter, sidewalk, and median curbs	110,989				110,989
Drain inlets	24,663				24,663
Flood control improvements	8,830,439				8,830,439
Storm drains	38,069				38,069
Traffic signals				46,933,631	46,933,631
Plants and substations	354,434,655		(14,713)	82,368	354,502,310
Distribution	1,186,221,054	27,699,322	(2,471,312)	11,475,117	1,222,924,181
Generation	202,009,888	129,635			202,139,523
Total capital assets being depreciated	1,827,934,511	31,439,607	(2,525,282)	59,356,137	1,916,204,973
Less accumulated depreciation for:					
Buildings	(7,629,028)	(656,819)		16,060	(8,269,787)
Improvements	(6,004,163)	(466,437)		(131,410)	(6,602,010)
Machinery and equipment	(16,414,822)	(1,789,355)	29,400	(229,466)	(18,404,243)
Bike paths	(1,218,396)	(201,571)			(1,419,967)
Bridges	(85,121)	(18,915)			(104,036)
Culverts	(21,926)	(4,071)			(25,997)
Curb, gutter, sidewalk, and median curbs	(12,036)	(5,550)			(17,586)
Drain inlets	(3,849)	(494)			(4,343)
Flood control improvements	(176,609)	(117,739)			(294,348)
Storm drains	(4,163)	(507)			(4,670)
Traffic signals		(3,231,436)		(20,022,306)	(23,253,742)
Plants and substations	(101,274,082)	(8,073,692)	14,714		(109,333,060)
Distribution	(244,229,354)	(19,077,043)	588,376		(262,718,021)
Generation	(57,154,378)	(10,676,058)			(67,830,436)
Total accumulated depreciation	(434,227,927)	(44,319,687)	632,490	(20,367,122)	(498,282,246)
Net capital assets being depreciated	1,393,706,584	(12,880,080)	(1,892,792)	38,989,015	1,417,922,727
Business-type activity capital assets, net	$1,432,032,528	$5,105,415	($2,798,991)	$35,057,535	$1,469,396,487

NOTE 8 - CAPITAL ASSETS (Continued)

C. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program is as follows:

Governmental Activities	
General government	$1,717,025
Development & Operations	730,357
Public works	9,386,351
Police	808,818
Fire	678,704
Library	514,101
Parks and recreation	499,044
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	3,066,724
Total Governmental Activities	$17,401,124
Business-Type Activities	
Electric	$21,575,915
Water	8,820,723
Wastewater	11,691,137
Solid Waste	332,439
Golf Course	388,601
Local Transportation	1,445,665
School-age Child Care	65,207
Total Business-Type Activities	$44,319,687

D. Streets, Parks and Landscaping Covered By the Modified Approach

The City has elected to use the modified approach discussed above with respect to its roads. The City's policy based on current funding is to maintain the arterial and collector roadways at an average Pavement Quality Index (PQI) of 7.8 and residential roadways at an average PQI of 7.8, instead of providing depreciation. During fiscal 2014 the City expended $6,918,584 to preserve its roads. The City estimates that it will be required to expend approximately $6,295,490 in fiscal 2015 to maintain its roads at this condition level.

The City has also elected to use the modified approach with respect to its parks and landscaping. The City's policy based on current funding is to maintain the parks and landscape at an average Ground Management Index (GMI) of Level 3, instead of providing depreciation. During fiscal 2014 the City expended $4,879,463 to preserve its parks and landscaping. The City estimates that it will be required to expend approximately $5,538,641 in fiscal 2015 to maintain its parks at this condition level.

NOTE 8 - CAPITAL ASSETS (Continued)

E. Restatement and Transfer of Capital Assets

During the fiscal year ended June 30, 2014, the City completed a detailed review of the Water and Wastewater distribution systems, traffic signal system and construction in progress. As a result, capital assets, accumulated depreciation and beginning net position have been reduced and restated in the Water Enterprise Fund and the Wastewater Enterprise Fund in the amounts of $2,080,946 and $8,091,113, respectively. In addition, capital assets were increased and restated in the amount of $1,944,475 in governmental activities and in the amount of $104,384 in the Local Transportation Enterprise Fund.

The Traffic Signal Program which was previously reported as part of the Traffic Signal Special Revenue Fund, has been recategorized and is now reported with the Electric Enterprise Fund. As a result of the recategorization, capital assets with a net book value of $26,911,325 previously reported in the Governmental Activities in the Statement of Net Position were transferred to the Electric Fund and are now included as Business-Type Activities in the Statement of Net Position.

NOTE 9 - LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another financing source gross of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any differences between proprietary refunded debt and the debt issued to refund it is amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter.

With the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65 in fiscal year 2013, the balance of deferred charge on refunding is to be reported as an asset or liability, as applicable. Another provision of GASB Statement No. 65 requires that bond issuance costs, other than prepaid insurance, be expensed in the year incurred.

NOTE 9 - LONG-TERM DEBT (Continued)

A. Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2013 (As restated)	Additions	Retirements	Balance June 30, 2014	Current Portion
Governmental Activity Debt:						
Lease:						
2012 Public Facilities Refunding,						
2.15%, due 8/1/25	$11,549,031	$11,549,031		$878,784	$10,670,247	$795,562
Installment Purchase Obligations:						
Equipment	2,239,765	42,964		42,964		
Land (Fulcrum Property)	1,191,322	1,191,322		1,191,322		
Loans:						
Successor Agency	4,071,383	3,469,049	$602,334	12,208	4,059,175	
Total Governmental Activity Debt:	$19,051,501	$16,252,366	$602,334	$2,125,278	$14,729,422	$795,562
Business-type Activity Debt:						
Certificates of Participation:						
2004 Electric System Revenue,						
3.00%-5.25%, due 2/1/34	$39,940,000	$37,430,000		$19,110,000	$18,320,000	
Less: deferred bond discount	(728,254)	(509,778)		(267,028)	(242,750)	
2005 Electric System Revenue, Series A						
3.00%-5.00%, due 2/1/23	52,900,000	40,165,000		36,415,000	3,750,000	$3,750,000
Add: deferred bond premium cost	3,528,055	2,617,590		2,503,781	113,809	
2009 Electric System Revenue Refunding						
2.00%-5.25%, due 2/1/24	27,010,000	20,835,000		1,545,000	19,290,000	1,600,000
Add: deferred bond premium cost	396,611	290,847		26,441	264,406	
2012 Electric System Revenue Refunding						
variable rate, due 2/1/35	90,000,000	90,000,000			90,000,000	
2007 Water Utility Revenue,						
4.0%-5.0%, due 12/1/27	53,695,000	44,700,000		2,065,000	42,635,000	2,170,000
Add: deferred bond premium cost	2,759,170	1,931,417		137,956	1,793,461	
Total Certificates of Participation	269,500,582	237,460,076		61,536,150	175,923,926	7,520,000
Revenue Bonds:						
2007 Gas Revenue Bonds						
4.00-5.00%, due 2/15/28	209,350,000	174,200,000		8,030,000	166,170,000	8,435,000
Add: deferred bond premium cost	15,454,116	10,302,745		735,911	9,566,834	
2010 Electric System Revenue Refunding						
2.00%-5.00%, due 2/1/37	55,845,000	55,210,000		355,000	54,855,000	375,000
Add: deferred bond premium cost	2,764,207	2,457,073		102,378	2,354,695	
2013 Electric System Revenue Refunding						
2.0%-5.0%, due 2/1/29	48,780,000		$48,780,000	495,000	48,285,000	360,000
Add: deferred bond premium cost	5,899,513		5,899,513	368,720	5,530,793	
2011 Refunding Wastewater Revenue Bonds, Series C						
1.00-5.25%, due 11/1/25	36,315,568	37,803,746		1,988,535	35,815,211	2,133,436
Add: deferred bond premium cost	2,839,017	2,625,645		201,972	2,423,673	
2011 Refunding Wastewater Revenue Bonds, Series D						
variable rate (SIFMA rate plus 0.83%), due 11/1/14	16,251,000	18,498,000			18,498,000	
2013 Refunding Wastewater Revenue Bonds						
variable rate, due 11/1/35	36,582,878	36,582,878			36,582,878	
Total Revenue Bonds	430,081,299	337,680,087	54,679,513	12,277,516	380,082,084	11,303,436
Lease:						
2012 Public Facilities Refunding (Golf Course),						
2.15%, due 8/1/25	4,775,578	4,775,578		430,618	4,344,960	399,129
Total Business-type Activity Debt:	$704,357,459	$579,915,741	$54,679,513	$74,244,284	$560,350,970	$19,222,565

NOTE 9 - LONG-TERM DEBT (Continued)

B. 2012 Public Facilities Refunding Lease

On June 1, 2013, the City entered into a Lease and Sublease Agreement in the amount of $16,324,609 to refund the outstanding 2003A Public Facilities Refunding Certificates of Participation (2003A COPs) and the 2003B Golf Course Refunding Certificates of Participation (2003B COPs). The 2003A and 2003B COPs were called on August 1, 2013. The Lease is repayable from any source of available funds of the City which includes the General Fund, however the Golf Course Enterprise Fund is expected to repay the portion of the lease related to the refunding of the 2003B Certificates of Participation. Principal and interest payments are payable semi-annually on February 1 and August 1 through 2025.

C. Installment Purchase Obligations

The City has purchased various pieces of computer equipment on the installment basis. The City has also entered into long-term contracts for the lease/purchase of various public safety equipment.

Fulcrum Property Corporation purchased commercial property for the development of a conference center and subsequently assigned the commercial property to the City, and the City assumed all of Fulcrum's rights and obligations to the property, including the associated installment purchase obligation. The installment purchase obligation was due in a lump sum of $1,191,322, plus simple interest of 5% per year from December 21, 2012 to December 31, 2016, and the outstanding principal and interest was due on December 31, 2016. During fiscal year 2014 the City purchased the property and the installment purchase obligation was fully repaid.

D. Loans from the Successor Agency

The former Redevelopment Agency made a loan in the amount of $3,469,049 in May 2011 to the Roseville Community Development Corporation, a component unit of the City. The Agency had entered into the agreement with the Corporation under which the Agency agreed to provide funding to the Corporation in the form of a start-up loan not to exceed five million dollars ($5,000,000). The loan is a 20 year loan deferred for 10 years with accrued interest and principal due beginning January 1, 2021. A State Supreme Court decision on August 11, 2011 suspended all redevelopment activity effective June 28, 2011. However, the Successor Agency to the Redevelopment Agency continued to make disbursements related to the loan agreement after that date, because it had been approved by the Agency Board prior to the Court decision.

Under the provisions of Health and Safety Code Section 34171(d)(2), agreements between the City or any of its component units and the former Redevelopment Agency that were executed after December 31, 2010 are no longer enforceable obligations and Health and Safety Code Section 34167.5 requires that if the City or component unit is not contractually committed to a third party for the expenditure or encumbrance of those funds that they be returned to the Successor Agency.

The State Controller's Office, but not the State Department of Finance, has denied that this loan agreement is an enforceable obligation of the Successor Agency. The City continues to contend that the loan agreement was lawfully entered into at the time of its execution and therefore transactions executed with the Corporation prior to fiscal year 2014 were not reversed in the current fiscal year and remain in the Corporation as of June 30, 2014. Therefore, the loan remains outstanding as of June 30, 2014.

NOTE 9 - LONG-TERM DEBT (Continued)

The City determined that the loan made by the Successor Agency to the Corporation in the amount of $3,469,049 and accrued interest payable on the loan of $88,360 reported as accrued liabilities as of June 30, 2013 should instead be reported as long-term debt and an entity-wide liability, respectively. Therefore, beginning fund balance of the Roseville Community Development Corporation Special Revenue Fund has been increased and restated in those amounts.

During fiscal year 2014, the Corporation assumed a loan made by the former Redevelopment Agency to a developer in connection with the acquisition of 238 Vernon Street. The developer had been current on payments on the loan through June 2013, but defaulted on the loan when it had an outstanding balance of $602,334. The loan bears interest of 4.00% and is repayable in monthly payments of $3,103 from July 1, 2014 through August 1, 2024, with a final balloon payment of $421,227 due on September 1, 2024.

E. 2004 Electric System Revenue Certificates of Participation

On July 1, 2004, the City issued $39,940,000 of Certificates of Participation to finance capital improvements to the City's Electric System. The COPs are repayable from net revenue of the Electric Utility System. The COPs bear interest at 3.00% - 5.25% and are due semi-annually on February 1 and August 1 of each year beginning February 1, 2005. Principal payments are due annually on February 1 through February 2034. The COPs were partially refunded by the 2013 Electric System Revenue Refunding Bonds as discussed in Note 9J below.

F. 2005 Electric System Revenue Certificates of Participation, Series A

On May 26, 2005, the City issued Certificates of Participation, Series A, in the original principal amount of $52,900,000 to finance certain Electric System improvements, primarily including construction of the Roseville Energy Park.

The Series A COPs bear interest at 3.00%-5.00% and are due semi-annually on February 1 and August 1 of each year. Principal payments are due annually beginning February 1, 2008 through 2023. The COPs were partially refunded by the 2013 Electric System Revenue Refunding Bonds as discussed in Note 9J below.

G. 2009 Electric System Revenue Refunding Certificates of Participation

On November 24, 2009, the City issued Certificates of Participation (COPs) in the original principal amount of $27,010,000.

The COPs were issued to refinance the remaining outstanding balance of the 2002 Electric System Revenue Certificates of Participation.

The COPs bear interest at 2.00%-5.25% and are due semi-annually on February 1 and August 1 of each year. Principal payments are due annually beginning February 1, 2010 through 2024.

NOTE 9 - LONG-TERM DEBT (Continued)

H. 2010 Electric System Revenue Refunding Bonds

On October 21, 2010, the City issued Revenue Bonds in the original principal amount of $55,845,000.

The Bonds were issued to refinance the remaining outstanding balance of the 2008 Electric System Revenue Refunding Certificates of Participation Series B.

The Revenue Bonds bear interest at 2.00%-5.00% and are due semi-annually on February 1 and August 1 of each year. Principal payments are due annually beginning February 1, 2012 through 2037.

I. 2012 Electric System Revenue Refunding Certificates of Participation

On November 7, 2012 the City issued Certificates of Participation (COPs) in the original principal amount of $90,000,000. The COPs were issued to refund and retire the outstanding balance of the 2008A Electric System Revenue COPs. The refunding did not change the total debt service payments and there was no economic gain or loss (difference between the present values of the debt service payments on the old and new debt). The 2008A COPs were called on November 7, 2012 with the termination of the letter of credit.

The COPs were issued as variable rate securities with interest calculated monthly equal to the LIBOR Index Rate. The LIBOR Index Rate is defined in the Trust Agreement to mean a per annum rate of interest established on each Computation Date (monthly) and effective on each related LIBOR Index Reset Date equal to the sum of (a) the Applicable Spread (initially 0.625%, but adjustable based on the credit rating of the Roseville Finance Authority's long-term unenhanced debt secured or evidenced by a parity obligation) plus (b) the product of the LIBOR Index multiplied by the Applicable Factor (initially 70.5%). The LIBOR Index is defined as the London interbank offered rate for U.S. dollar deposits for a one-month period, as reported on Reuters Screen LIBOR01 Page or any successor thereto, which will be that one-month LIBOR rate in effect two London Business Days prior to the LIBOR Index Reset Date, adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation. The interest rate of the COPs cannot exceed 12% per year and may be converted by the City into a daily rate, weekly rate, commercial paper rate or index rate, subject to certain conditions defined in the Trust agreement. The interest rate at June 30, 2014 was 0.731%.

The City originally entered into a 27-year interest rate swap agreement for the entire amount of the 2008A COPs, and the interest rate swap agreement remains outstanding after the refunding, but the notional amount of the swap is based on the notional amount of the 2008A COPs. The combination of the variable rate COPs and a floating rate swap creates synthetic fixed-rate debt for the City. The synthetic fixed rate for the COPs was 3.966% at June 30, 2014. The COPs are subject to mandatory prepayment annually beginning February 1, 2023 through 2035.

NOTE 9 - LONG-TERM DEBT (Continued)

J. 2013 Electric System Revenue Refunding Bonds

On November 14, 2013, the Roseville Finance Authority issued the Electric System Revenue Refunding Bonds, Series 2013, in the principal amount of $48,780,000 to refund a portion of each of the 2004 Electric System Revenue and 2005 Electric System Revenue, Series A, Certificates of Participation. The Bonds bear interest at 2.00%-5.00% and are due semi-annually on February 1 and August 1 of each year. The Bonds are repayable by a pledge of net revenue from the Electric System. Principal payments are due annually beginning February 1, 2014 through 2029. The refunding resulted in an overall debt service savings of $5,176,832. The net present value of the debt service savings is called an economic gain and amounted to $4,301,054. The refunded portion of the 2004 COPs were called in February 2014. The balance of the defeased portion of the 2005 COPs was $32,790,000 at June 30, 2014.

As of June 30, 2014, the total principal and interest remaining to be paid on the 2004 Electric System Revenue COPs, 2012 Electric System Revenue Refunding COPs, 2005 Electric System Revenue COPs, 2009 Electric System Revenue Refunding COPs, 2010 Electric System Revenue Refunding Revenue Bonds and the 2013 Electric System Revenue Refunding Bonds was $380,409,689. As disclosed in the official statements, all net revenues of the Electric System are expected to provide coverage over debt service of 110% over the lives of the Bonds. For fiscal year 2014, net revenues amount to $36,509,391 which represents coverage of 237% over the $15,414,845 in debt service.

K. 2007 Water Utility Revenue Certificates of Participation

The City issued Certificates of Participation in the original principal amount of $53,695,000 on October 16, 2007, to refund the remaining balance of 1997 Water Utility Revenue Certificates of Participation, and to finance the acquisition and the construction of certain capital improvements and additions to the City's Water Utility System. The COP's are repayable from net revenue from the Water Utility System. Principal payments are payable annually on December 1 and interest payments are due semi-annually on December 1 and June 1, through December 1, 2027.

As of June 30, 2014, the total principal and interest remaining to be paid on the bonds was $59,010,645. As disclosed in the official statement, all net revenues of the Water Utility System are expected to provide coverage over debt service of 120% over the life of the Bonds. For fiscal year 2014 net revenues amounted to $9,100,242 which represented coverage of 216% over the $4,106,781 in debt service.

L. 2007 Roseville Natural Gas Financing Authority Gas Revenue Bonds

On January 24, 2007, the Authority issued $209,350,000 of Gas Revenue Bonds, Series 2007, to finance a lump sum prepayment to a Gas Supplier (See Note 19A) in order to acquire a supply of natural gas to be delivered over a period of twenty-years. The gas purchased by the Authority will be sold to the City pursuant to a Natural Gas Supply Agreement (See Note 19B) to produce revenues to be used for debt service on the Bonds.

Principal payments are due annually commencing on February 15, 2009 through 2028 and interest is payable semiannually on February 15 and August 15, commencing August 15, 2007. As of June 30, 2014, the total principal and interest to be paid on the bonds was $235,098,995. For fiscal year 2014, net revenues amounted to $26,263,891 which represented coverage of 1.58% over the $16,589,438 in debt service.

NOTE 9 - LONG-TERM DEBT (Continued)

M. 2011 South Placer Wastewater Authority Refunding Wastewater Revenue Bonds, Series A, B, C, and D

On April 7, 2011, the Authority issued Variable Rate Demand Refunding Wastewater Revenue Bonds Series 2011A and 2011B in the original principal amounts of $30,165,000 and $30,160,000, respectively, and Revenue Refunding Bonds Series 2011C and 2011D (SIFMA Index Bonds) in the original principal amount of $67,040,000 and $30,000,000, respectively. The City's share of this obligation was determined to be 54.17% when the Bonds were issued. The Authority amended the Funding Agreement and the members entered into a Reallocation and Repayment Agreement during fiscal year 2012 which changed the proportionate share of the member obligations prospectively effective October 1, 2012. As a result, the City's share of the obligation increased to 61.66% and the liabilities for the 2011C and 2011D Bonds were increased $4,819,815 and $2,247,000, respectively, during fiscal year 2013.

The Series 2011ABCD Bonds were issued to refund the remaining outstanding balance of the 2008 South Placer Wastewater Authority Refunding Wastewater Revenue Bonds Series A and Series B. During fiscal year 2013, the 2011 A and 2011B Bonds were refunded by the 2013 South Placer Wastewater Authority Refunding Wastewater Bonds.

Interest rates on the Series 2011D Bonds will be a per annum rate equal to the Adjusted SIFMA Rate (the sum of the SIFMA Index Rate and an additional interest rate of 0.832%), applied on the basis of the actual number of days in the applicable Interest Period divided by 365 or 366, as applicable. "SIFMA Index" is defined under the Indenture to mean the SIFMA Municipal Swap Index (formerly The Bond Market Association Municipal Swap Index), a seven–day high–grade market index composed of selected tax–exempt variable–rate demand obligations meeting specific criteria. The SIFMA Index is calculated weekly and released each Wednesday afternoon. If at any time the SIFMA Index is not available, there will be used in its place such index as the Trustee, following consultation with the Authority and the Calculation Agent, as applicable for the applicable Interest Rate Period, from time to time determines most closely approximates the SIFMA Index. The interest rate at June 30, 2014 was 0.892%

N. 2013 South Placer Wastewater Authority Refunding Wastewater Revenue Bonds

On April 1, 2013, the Authority issued Variable Rate Demand Refunding Wastewater Revenue Bonds, Series 2013, in the original principal amount of $59,330,000. The City's share of this obligation was determined to be 61.66%. The 2013 Bonds were issued to refund the remaining outstanding balance of the 2011 South Placer Wastewater Authority Refunding Wastewater Revenue Bonds, Series A and B.

NOTE 9 - LONG-TERM DEBT (Continued)

The 2013 Bonds were issued as variable rate securities with interest calculated monthly equal to the LIBOR Index Rate. The LIBOR Index Rate is defined in the Indenture to mean the per annum rate of interest established on each Computation Date (monthly) and effective on each related LIBOR Index Reset Date equal to the sum of the Applicable Spread (initially 0.625%, but adjustable based on the credit rating of the Roseville Finance Authority's long-term unenhanced debt secured or evidenced by a parity obligation) plus the product of the LIBOR Index multiplied by the Applicable Factor (initially 70.5%). The interest rate of the Bonds cannot exceed 12% per year and may be converted by the Authority into a Daily Rate, a Weekly Rate, a Long-Term Rate, a Commercial Paper Rate, or a subsequent Index Rate, subject to certain conditions defined in the Indenture. The interest rate at June 30, 2014 was 0.732%. The Bonds are subject to mandatory redemption annually beginning November 1, 2029 through 2035.

The Authority originally entered into a 19 year interest rate swap agreement for the entire amount of the 2008B Bonds, and as part of the issuance of the 2011 ABCD Bonds, the swap agreement was amended and remains in effect, but the notional amount of the swap is based on the notional amount of the 2008 B Bonds. The interest rate swap agreement remains outstanding after the refunding and issuance of the 2013 Bonds, and the notional amount of the swap continues to be based on the notional amount of the 2008B Bonds. The combination of the variable rate bonds and the floating rate swap creates a synthetic fixed-rate debt for the Authority. The synthetic fixed rate for the 2011 C and 2013 Bonds at June 30, 2014 was 4.13%.

As of June 30, 2014, the total principal and interest remaining to be paid on the 2011 Series C, 2011 Series D Bonds and the 2013 Bonds was $123,021,222. As disclosed in the Indenture, net revenues of the respective systems of the members are expected to provide coverage over debt service of 110% over the lives of the Bonds, however the Funding Agreement established a Rate Stabilization Account to be used for the payment of debt service on the Bonds and other costs of the Authority. As discussed in Note 16, the members' monthly contributions of regional connection fees are deposited into the Rate Stabilization Account, and the Authority pays the debt service and other costs from the Account, based on each member's proportionate share. For fiscal year 2014, $5,892,122 in debt service was paid from the Rate Stabilization Account.

O. Interest Rate Swap Agreements

The City entered into interest swap agreements in connection with the 2008 Electric Revenue Certificates of Participation, Series A. In addition, the City has a 61.66% interest in the Authority which entered into an interest swap agreement in connection with the 2008 Refunding Wastewater Revenue Bonds, Series B. The Authority amended the swap with the issuance of the 2013 Bonds, but the swap continues to be based on the notional amount of the 2008 B Bonds.

These transactions allow the City to create synthetic fixed rates on the COPs and Revenue Bonds, protecting it against increases in short-term interest rates. The terms, fair value and credit risk of the swap agreements are disclosed below.

NOTE 9 - LONG-TERM DEBT (Continued)

Terms. The terms, including the counterparty credit ratings of the outstanding swaps, as of June 30, 2014, are included below. The swap agreements contain scheduled reductions to the outstanding notional amount that are expected to follow scheduled reductions in the associated bond issues.

Related Bond Issue	Notional Amount	Effective Date	Counterparty	Credit Rating	Fixed Rate Paid	Variable Rate Received	Termination Date
2012 Electric System Revenue Refunding COP (based on notional amount of 2008 Electric System Revenue COP, Series A)	$36,000,000	5/13/2008	Bank of America, N.A.	A	3.364%	70.5% of 1m LIBOR	2/1/2035
2012 Electric System Revenue Refunding COP (based on notional amount of 2008 Electric System Revenue COP, Series A)	54,000,000	5/13/2008	Morgan Stanley Capital Services Inc.	A-	3.321%	70.5% of 1m LIBOR	2/1/2035
2011 Refunding Wastewater Revenue Bonds, series C and D and 2013 Refunding Wastewater Revenue Bonds (based on notional amount of 2008 Refunding Wastewater Revenue Bonds, Series B)	48,356,855 (A)	9/17/2003, amended 4/10/2008	Morgan Stanley Capital Services Inc.	A-	3.665%	62% of 1m LIBOR plus 26 bps	11/1/2027
	$138,356,855						

(A) The Authority's swap agreement is based on the notional amount of $78,425,000 related to the 2008B Bonds. The City's share of these underlying Bonds is 61.66%, or $48,356,855. Only the City's portion of the swap agreement is shown above, since the City was only obligated for that portion of the Authority's bonds.

Based on the swap agreements, the City owes interest calculated at a fixed rate to the counterparty of the swap. In return, the counterparty owes the City interest based on the variable rate that approximates the rate required by the associated COPs and Bonds. Debt principal is not exchanged; it is only the basis on which the swap receipts and payments are calculated.

NOTE 9 - LONG-TERM DEBT (Continued)

Fair value. Fair value of the swaps takes into consideration the prevailing interest rate environment, the specific terms and conditions of each transaction and any upfront payments that may have been received. Fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by each swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. As of June 30, 2014, the fair value of the swaps were not in favor of the City as follows:

Related Bond Issue	Fair Value 2014	Fair Value 2013
2012 Electric System Revenue Refunding COP (based on notional amount of 2008 Electric System Revenue COP, Series A)		
Bank of America N.A.	($5,892,566)	($5,503,837)
Morgan Stanley Capital Services Inc.	(8,548,074)	(7,952,467)
2011 Refunding Wastewater Revenue Bonds, series C and D and 2013 Refunding Wastewater Revenue Bonds (based on notional amount of 2008 Refunding Wastewater Revenue Bonds, Series B) (A)	(6,560,947)	(7,044,596)
	($21,001,587)	($20,500,900)

(A) The Authority's swap agreement is based on the notional amount of $78,425,000 equivalent to the notional balance on the 2008B Bonds. The City's share of these underlying Bonds was 61.66%, or $48,356,855. Only the City's portion of the fair value of the swap agreement is shown above, since the City is only obligated for that portion of the Authority's 2011 and 2013 bonds.

Credit risk. Since the fair values of the swaps are negative, the City is not currently exposed to credit risk. The fair values may increase if interest rates increase in the future. Should interest rates increase to the point where the fair values become positive, the City would be exposed to credit risk on the outstanding swaps. The City will be exposed to interest rate risk only if a counterparty to a swap defaults or if the swap is terminated.

Basis risk. Basis risk is the risk that the interest rate paid by the City on the underlying variable rate bonds to the bondholders temporarily differs from the variable swap rates received from the applicable counterparty. The City bears basis risk on the swaps. The swaps have basis risk since the City receives a percentage of the LIBOR Index to offset the actual variable bond rates the City pays on the underlying COPs and Bonds. The City is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the City pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

NOTE 9 - LONG-TERM DEBT (Continued)

A portion of this basis risk is tax risk. The City is exposed to tax risk when the relationship between the taxable LIBOR based swaps and tax-exempt variable rate bonds changes as a result of a reduction in federal and state income tax rates. Should the relationship between LIBOR and the underlying tax-exempt variable rate bonds converge the City is exposed to this basis risk.

Termination risk. The City may terminate if the other party fails to perform under the terms of the contract. The City will be exposed to variable rates if the counterparty to the swap contract defaults or if the swap contract is terminated. A termination of the swap contract may also result in the City's making or receiving a termination payment based on market interest rates at the time of the termination. If at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Rollover Risk. Rollover risk is the risk that the swap associated with a debt issue matures or may be terminated prior to the maturity of the associated debt. When the swap terminates or a termination option is exercised by the counterparty, the City will be re-exposed to the risks being hedged by the swap. The swap based on the 2008 Refunding Wastewater Revenue Bonds, Series B, associated with the 2011 C and D Refunding Wastewater Revenue Bonds and 2013 Refunding Wastewater Revenue Bonds, exposes the City to rollover risk because the swap terminates on November 1, 2027 while the 2011 C Bonds mature on November 1, 2025 and the 2011 D Bonds mature on November 1, 2014, and the 2013 Bonds mature on November 1, 2035.

Swap payments and associated debt. Using rates as of June 30, 2014, debt service requirements of the City's outstanding swap-related variable-rate and fixed rate debt and net swap payments are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary. These payments below are included in the Debt Service Requirements at June 30, 2014:

For the Year Ending June 30	Variable-Rate and Fixed Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2015	$2,133,436	$2,686,950	$4,448,665	$9,269,051
2016	2,287,586	2,581,696	4,356,808	9,226,090
2017	2,457,151	2,468,351	4,261,889	9,187,391
2018	2,635,965	2,341,022	4,163,228	9,140,215
2019	2,830,194	2,204,368	4,060,825	9,095,387
2020 - 2024	28,104,938	8,511,106	18,334,347	54,950,391
2025 - 2029	56,438,941	7,217,840	11,427,439	75,084,220
2030 - 2034	63,589,731	2,112,062	4,730,772	70,432,565
2035 - 2036	20,418,147	109,493	163,490	20,691,130
Totals	$180,896,089	$30,232,888	$55,947,463	$267,076,440

NOTE 9 - LONG-TERM DEBT (Continued)

P. Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt:

For the Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	$795,562	$225,134	$19,222,565	$21,836,433
2016	828,304	231,532	20,055,257	21,111,502
2017	845,661	213,381	21,077,141	20,184,778
2018	860,781	194,859	22,082,190	19,199,770
2019	875,071	176,005	23,169,771	18,173,614
2020 - 2024	5,715,391	579,103	135,737,306	72,419,140
2025 - 2029	4,114,843	64,439	150,458,784	40,827,820
2030 - 2034	693,809		89,869,888	17,043,334
2035 - 2037			56,873,147	4,414,233
Total	$14,729,422	$1,684,453	538,546,049	$235,210,624
Reconciliation of long-term debt				
Less deferred bond discount			(242,750)	
Add deferred bond premium costs			22,047,671	
Net long-term debt			$560,350,970	

NOTE 9 - LONG-TERM DEBT (Continued)

Q. Special Assessment Districts

Special Assessment Districts, including Mello Roos Districts, in various parts of the City have issued debt to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not recorded as long-term debt of the City. The outstanding balance of each of these issues as of June 30, 2014, is as follows:

North Roseville Community Facilities District #1	$13,940,000
North Central Roseville Community Facilities District #1, Series 2010	13,590,000
Woodcreek West Community Facilities District #1, Series 2005	15,955,000
Stone Point Community Facilities District # 1	8,615,000
Fiddyment Ranch Community Facilities District # 1	75,230,000
Westpark Community Facilities District # 1	74,010,000
Roseville Finance Authority Revenue Bonds, Series 2006 A and B	28,855,000
Stone Point Community Facilities District #5, Series 2006	5,120,000
Diamond Creek Community Facilities District #1, Series 2007	6,880,000
Special Tax Revenue Refunding Bonds, Series 2007 A Senior Lien Bonds	36,355,000
Special Tax Revenue Refunding Bonds, Series 2007 B Junior Lien Bonds	8,520,000
Fountains Community Facilities District No.1 Special Tax Bonds Series 2008	11,155,000
Roseville Automall Community Facilities District #1 Special Tax Bonds	1,885,000
Roseville Finance Authority Special Tax Revenue Refunding Bonds, Series 2012	18,740,000
Longmeadow Parkside Community Facilities District #1 Special Tax Refunding Bonds, Series 2013	8,210,000
Total	$327,060,000

NOTE 10 – DERIVATIVE INSTRUMENTS

A. Summary of Notional Amounts and Fair Values

The City enters into contracts to hedge its price exposures to power and natural gas, and to procure energy supplies. These contracts are evaluated pursuant to GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, to determine whether they meet the definition of derivative instruments, and, if so, whether they effectively hedge the expected cash flows associated with interest rate and energy exposures.

The City applies hedge accounting for derivatives that are deemed effective hedges. Under hedge accounting, the increase (decrease) in the fair value of a hedge is reported as a deferred cash flow hedge on the consolidated statement of net position. For the reporting period, all of the City's derivatives meet the effectiveness tests.

For energy derivatives, fair values are estimated by comparing contract prices to forward market prices quoted by third party market participants or provided in relevant industry publications.

NOTE 10 – DERIVATIVE INSTRUMENTS (Continued)

The following is a summary of the fair values and notional amounts of derivative instruments outstanding as of June 30, 2014.

	2014 Change in Fair Value		Fair Value, End of Fiscal Year 2014		Notional
	Classification	Amount	Classification	Amount	
Effective Cash Flow Hedges					
Electric Fund					
Pay Fixed SWAP, Natural Gas	Deferred Outflow	$16,760,440	Derivative	($6,087,309)	8,687,000 mmBtu
Pay Fixed SWAP, Natural Gas	Deferred Inflow	$123,855	Derivative	$123,855	552,000 mmBtu
Receive Fixed SWAP, Electric	Deferred Inflow	($92,171)	Derivative	$0	36,600 MWh
Roseville Natural Gas Financing Authority					
Pay Fixed SWAP, Natural Gas	Deferred Inflow	($1,185,338)	Derivative	$18,913,671	34,513,500 mmBtu
Receive Fixed SWAP, Natural Gas	Deferred Inflow	6,154,442	Derivative	60,809,575	76,000-372,000 monthly mmBtu
				$79,723,246	

B. *Objective and Terms of Hedging Derivative Instruments*

The objectives and terms of the City's hedging derivative instruments that were outstanding at June 30, 2014, are summarized in the next table. The table is aggregated by the credit ratings of the City's counterparties. For counterparties having multiple ratings, the rating indicating the greatest degree of risk is used.

Objectives and terms of the City's hedging derivative instruments that were outstanding at June 30, 2014 are summarized in the table below:

Type and Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty	Counterparty Rating
Forward Contracts, Gas:						
Hedge Cash Flows on PG&E citygate Gas	552,000 mmBtu	7/1/2014	12/31/2014	Pay $4.76; Receive NGI PG&E citygate price	J Aron & Company	BBB+
Hedge Cash Flows on PG&E citygate Gas	644,000 mmBtu	7/1/2014	12/31/2014	Pay $5.20; Receive NGI PG&E citygate price	J.P. Morgan Ventures Energy Corp.	A-
Hedge Cash Flows on PG&E citygate Gas	4,287,500 mmBtu	1/1/2015	12/31/2014	Pay $4.92; Receive NGI PG&E citygate price	Macquarie Energy	A
Hedge Cash Flows on PG&E citygate Gas	3,755,500 mmBtu	7/1/2014	12/31/2014	Pay $6.12; Receive NGI PG&E citygate price	Shell Energy North America	A-
Commodity Swaps, Gas:						
Prepayment 20-year supply of Natural Gas	$34,513,500	1/1/2008	12/31/2027	Pay index minus 0.68; Receive NGI	Merrill Lynch	A+
Hedge on Cash Flows on prepayment of 20-year supply of Natural Gas	From 76,000 to 372,000 mmBtu per month	1/24/2007	1/25/2028	Pay NGI PG&E citygate price; Receive $7.7224 per MMBtu	JPMorgan Chase Bank, NA	A

NOTE 10 – DERIVATIVE INSTRUMENTS (Continued)

C. Risks of Derivative Instruments

Credit risk – Credit risk is the risk of loss due to a counterparty defaulting on its obligations. The City seeks to minimize credit risk by transacting with creditworthy counterparties. Interest rate swap counterparties are evaluated at the time of transaction execution. The procedure prohibits the City from executing energy hedge transactions with counterparties rated lower than BBB by Standard & Poor's or Fitch rating services, or Baa2 by Moody's. Subsequent to entering into transactions, the credit ratings of one or more counterparties may deteriorate. If so, the City's credit risk management policies increase the amount of collateral that the counterparty must post with the City when the counterparty owes the City, thereby reducing credit risk associated with the decline in the counterparty's credit worthiness.

Termination risk – Termination risk is the risk that a derivative will terminate prior to its scheduled maturity due to a contractual event. Contractual events include bankruptcy, illegality, default, and mergers in which the successor entity does not meet credit criteria. One aspect of termination risk is that the City would lose the hedging benefit of a derivative that becomes subject to a termination event. Another aspect of termination risk is that, if at the time of termination the mark-to-market value of the derivative was a liability to the City, the City could be required to pay that amount to the counterparty. Termination risk is associated with all of the City's derivatives up to the fair value amounts.

NOTE 11 – NET POSITION AND FUND BALANCES

A. Net Position

Net Position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net Position are divided into three captions. These captions apply only to Net Position, which is determined only for proprietary funds and at the Government-wide level, and are described below:

Net investment in capital assets describes the portion of Net Position which is represented by the current net book value of the capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects (expended) or contributions received in permanent funds (unexpended), debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

Unrestricted describes the portion of Net Position which is not restricted to use.

NOTE 11 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances, Reserves and Designations

In the Fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council, such as an Ordinance, which may be altered only by the same formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee, the Finance Director, and may be changed at the discretion of the City Council or the Finance Director.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

NOTE 11 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2014, are below:

Fund Balance Classifications	General Fund	Capital Projects: Community Facilities District Projects	Other Governmental Funds	Total
Nonspendable:				
Items not in spendable form:				
Prepaid expenses	$82,580			$82,580
Notes receivable	12,205,824			12,205,824
Inventories	412,477			412,477
Subtotal	12,700,881			12,700,881
Amounts required to be maintained intact:				
Permanent funds			$16,940,290	16,940,290
Total Nonspendable Fund Balances	12,700,881		16,940,290	29,641,171
Restricted for:				
Community facilities districts		$2,430,010		2,430,010
Debt service			124,635	124,635
Lighting and landscaping			9,523,665	9,523,665
Street projects			10,887,556	10,887,556
Affordable housing			5,472,905	5,472,905
Library services and projects			385,695	385,695
Public safety services and projects			4,258,885	4,258,885
Bike trail/open space maintenance			936,876	936,876
Animal control shelter			702,177	702,177
Traffic projects			20,458,576	20,458,576
Public facilities			10,244,907	10,244,907
Park development			26,165,266	26,165,266
Pleasant Grove drain basin			8,728,243	8,728,243
Tree propagation			2,064,907	2,064,907
Community development block grant and HOME programs			138,521	138,521
Aquatics Complex Maintenance			24,296	24,296
Citizens' Benefits			547,906	547,906
Other capital projects			1,342,906	1,342,906
Total Restricted Fund Balances		2,430,010	102,007,922	104,437,932
Committed to:				
Utility exploration center			66,845	66,845
Park services and projects			389,450	389,450
Building projects			1,824,701	1,824,701
Total Committed Fund Balances			2,280,996	2,280,996
Assigned to:				
Information systems upgrades and improvements	374,031			374,031
Annual park and maintenance repairs	442,427			442,427
Building maintenance	19,132			19,132
Police patrol supplies	178,790			178,790
Fire operations and supplies	99,468			99,468
Economic development	311,130			311,130
Plan check and inspection	38,594			38,594
Street paving and maintenance	123,011			123,011
Utility billing	137,587			137,587
Various contracts	961,189			961,189
Building and general rehabilitation projects			11,304,133	11,304,133
Total Assigned Fund Balances	2,685,359		11,304,133	13,989,492
Unassigned:				
General fund	38,187,768			38,187,768
Other governmental fund deficit residuals			(1,290,629)	(1,290,629)
Total Unassigned Fund Balances	38,187,768		(1,290,629)	36,897,139
Total Fund Balances	$53,574,008	$2,430,010	$131,242,712	$187,246,730

NOTE 11 – NET POSITION AND FUND BALANCES (Continued)

C. Economic Reserves

The Ordinance adopting the City's annual budget requires the City to implement and maintain reserves or rate stabilization funds of approximately 10% of General Fund net, and Utility Fund total, operating expenditures as an appropriated reserve for economic uncertainties. As of June 30, 2014, the General Fund Reserve for Economic Uncertainties, which is reported within the unassigned fund balance of the General Fund, had a balance of $11,836,486. As of June 30, 2014, the Electric Operations Economic Uncertainty balance, which is reported within the Electric Rate Stabilization Fund, had a balance of $47,029,880. As of June 30, 2014, the Environmental Utility Funds Economic Uncertainties balances, which are reported within the unrestricted net position of the Water, Wastewater and Solid Waste Enterprise Funds, had balances of $2,703,300, $2,879,300 and $1,980,400 respectively.

D. Fund Balance and Net Position Deficits

The Roseville Community Development Corporation Special Revenue Fund had a deficit fund balance at June 30, 2013 of $948,535. Future contributions and revenues are expected to eliminate this deficit.

The Technology Replacement Special Revenue Fund had a deficit fund balance at June 30, 2014 of $342,094. Future permit fees are expected to offset this deficit.

The Automotive Services Internal Service Fund had deficit net position at June 30, 2014 of $369,627. Rental Rates will be increased in future years to eliminate the deficit.

The Workers' Compensation Self Insurance Internal Service Fund had deficit net position at June 30, 2014 of $1,405,559. Increasing future premium amounts is expected to eliminate this deficit.

The Post Retirement Internal Service Fund had deficit net position at June 30, 2014 of $36,554,550. Future increases in contribution rates will eliminate this deficit.

The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund had deficit net position at June 30, 2014 of $38,155,617. Future tax revenues are expected to eliminate this deficit.

NOTE 12 - PENSION PLAN

CALPERS Safety and Miscellaneous Employees Plans

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees or beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service; one year of credited service is equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2014, are summarized as follows:

	Safety	
Hire Date	Prior to January 1, 2013	After January 1, 2013
Benefit vesting Schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of annual salary	3%	2.0% - 2.7%
Required employee contribution rates	9%	12.25%
Required employer contribution rates	34.311%	31.298%

	Safety
Actuarially required contributions	$10,707,954

	Miscellaneous	
Hire Date	Prior to January 1, 2013	After January 1, 2013
Benefit vesting Schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of annual salary	2.0% - 2.7%	1.0% - 2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	21.752%	20.230%

	Miscellaneous
Actuarially required contributions	$19,855,778

NOTE 12 - PENSION PLAN (Continued)

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The City uses actuarially determined percentages of payroll to calculate and pay contributions to CalPERS. The City paid 100% of the contributions required by CALPERS, for the years ended June 30, 2014, 2013 and 2012. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CalPERS, for the last three fiscal years were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Safety Plan			
June 30, 2012	$10,027,631	100%	$0
June 30, 2013	10,101,015	100%	0
June 30, 2014	10,707,954	100%	0
Miscellaneous Plan			
June 30, 2012	$18,065,353	100%	0
June 30, 2013	18,063,140	100%	0
June 30, 2014	19,855,778	100%	0

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.50% is assumed, including inflation at 2.75%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

NOTE 12 - PENSION PLAN (Continued)

The Plans' actuarial value (which differs from market value) and funding progress over the past three years are set forth below at their actuarial valuation date of June 30:

Safety Plan (3% @ 50):

	Actuarial					
Valuation Date	Entry Age Accrued Liability	Value of Asset	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2011	$196,208,635	$145,495,984	$50,712,651	74.2%	$22,222,636	228.203%
2012	213,420,106	157,246,641	56,173,465	73.7%	23,542,236	238.607%
2013	229,488,161	153,012,683	76,475,478	66.7%	24,567,399	311.288%

Miscellaneous Plan (2.7% @ 55):

	Actuarial					
Valuation Date	Entry Age Accrued Liability	Value of Asset	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2011	$403,899,989	$281,366,830	$122,533,159	69.7%	$62,355,851	196.506%
2012	429,218,174	302,337,115	126,881,059	70.4%	63,780,598	198.934%
2013	459,668,557	292,797,486	166,871,071	63.7%	65,672,293	254.097%

The schedule of funding progress is not yet available for the 2.7% @ 57 Safety Plans or 2% @ 62 Miscellaneous Plans.

Audited annual financial statements and ten-year trend information are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

NOTE 13 – POST-EMPLOYMENT BENEFITS

A. Plan Provisions

The City provides medical benefits to substantially all retirees under the City of Roseville Other Post Employment Benefit Plan, a sole employer defined benefit healthcare plan. The City is responsible for establishing and amending the funding policy of the Plan. The Plan does not issue separate financial statements. As of June 30, 2014, there were 525 participants receiving these health care benefits.

By Council resolution and through agreements with its labor units, the City provides certain health care benefits for retired employees under third-party insurance plans. A summary of eligibility and benefits offered are shown below:

■ Eligibility	• Retire directly from the City under CalPERS (age 50 and 5 years of CalPERS service or disability retirement)	
	Tier 1 Hired prior to January 1, 2004 (a)	**Tier 2** Hired prior on or after January 1, 2004 (a)
■ Benefit	• City paid premium, subject to the following caps: Group / 2013 / 2014 Management/Confidential / $1,200.00 / $1,248.00 Stationary Engineers Local 39 / 1,284.00 / 1,284.00 Roseville Police Association / 1,088.50 / 1,248.00 Roseville Police Officers Association / 1,200.00 / 1,248.00 Roseville Firefighters Association / 1,116.75 / 1,248.00 International Brotherhood of Electrical Workers / 1,200.00 / 1,248.00	• City paid premium, subject to the following caps: 2013 / 2014 Single / $622 / $642 Two-Party / 1,183 / 1,218 Family / 1,515 / 1,559 • Subject to vesting schedule: CalPERS service / Percent of Cap Less than 10 years / 0% (b) 10 - 20 years / 50% 20 years or more / 100% • Five years City service required • 100% vested if disabled • If 20 years with the City, do not need to retire directly from the City
	Tier 3 RFF (c) Hired on or after January 1, 2012	**Tier 3 Non-RFF (c)** Hired on or after January 1, 2014 (d)
■ Benefit (continued)	• $720/month - subject to Tier 2 vesting schedule based on City service • Employees contribute percent of payroll to PFM trust starting 2012: Years of City Service / Payroll % 1 / 1% 2 / 2% 3 / 3% 4 / 4% 5+ / 5%	• PEMHCA minimum • Roseville Health Savings Account: • Employees contribute percent of payroll to health savings account Years of City Service / Payroll % 1 / 1% 2 / 2% 3 / 3% 4 / 4% 5+ / 5% • City contribution of $100/month after 5 years City service • Must retire from City to receive City health savings account contributions
■ Non-Represented	• Eligible for PEMHCA minimum only	
■ Dental, Vision and Life	• None	
■ Surviving Spouse Continuation	• Retiree medical benefit continues to surviving spouse if retiree elects CalPERS survivor annuity.	
	(a) January 1, 2005 for Police Officers Association (sworn) and Local 39 (b) City must pay at least the PEMHCA minimum (c) RFF is the Roseville Firefighters Association (d) October 1, 2013 for Police Association (non-sworn), March 1, 2014 for Police Officers Association (sworn)	

NOTE 13 – POST-EMPLOYMENT BENEFITS (Continued)

B. Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a June 30, 2013, actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 6.50% investment rate of return, (b) 3.25% projected annual salary increase, (c) 3.00% of general inflation increase, and (d) a healthcare trend of declining annual increases ranging from 8.50% to 8.90% in 2014 to 5.00% for years starting 2021. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll, on a closed basis, using a 28 year amortization period with 28 years remaining.

C. Trend Information

The following table provides three years of historical information of the Annual OPEB Cost:

Fiscal Year	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2012	$15,104,848	$4,972,333	33%	$25,541,730
6/30/2013	15,317,140	7,612,084	50%	33,246,786
6/30/2014	13,586,139	7,469,613	55%	39,363,312

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
6/30/2009	$0	$180,097,000	($180,097,000)	0.00%	$82,912,000	-217.21%
6/30/2011	34,626,000	176,733,000	(142,107,000)	19.59%	74,535,000	-190.66%
6/30/2013	41,493,000	184,532,000	(143,039,000)	22.49%	86,402,000	-165.55%

NOTE 13 – POST-EMPLOYMENT BENEFITS (Continued)

D. Funding Progress and Funded Status

During the fiscal year ended June 30, 2014, the City has recorded a Net OPEB Obligation in the Post Retirement Internal Service Fund, representing the difference between the ARC and actual contributions, as presented below:

Annual required contribution	$14,522,000
Interest on net OPEB obligation	2,161,041
Adjustment to annual required contribution	(3,096,902)
Annual OPEB cost	13,586,139
Contributions:	
Pay-as-you-go premiums	(5,369,613)
Contribution to the Trust	(2,100,000)
Change in net OPEB obligation	6,116,526
Net OPEB obligation at June 30, 2013	33,246,786
Net OPEB Obligation at June 30, 2014	$39,363,312
Percentage of annual OPEB cost contributed	55%

The Net OPEB Obligation is liquidated by the fund that has recorded the liability. The long-term portion of governmental activities Net OPEB Obligation is liquidated primarily by the General Fund.

E. Investments Authorized for the Retiree Health Plan Trust

The authorized investments for the Retiree Health Plan Trust were established pursuant to the Trust Agreement. The City, as trustee, has elected to invest the Trust assets in up to six months of cash, cash equivalent and/or money market funds for near term Trust benefits and expenses. All remaining assets will be invested in longer-term securities and shall be diversified with the intent to minimize the risk of long-term investment losses. Consequently, the total portfolio will be constructed and maintained to provide diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries. To achieve the Trust's investment objectives and the best balance between risk and return for optimal diversification, assets will be invested in accordance with the targets for each asset class as follows to attempt to achieve a long-term average total annual rate of return that is equal to or greater than the Trust's actuarial discount rate as described above.

	Asset Weightings	
	Range	Target
Domestic Equity	18% - 38%	28%
International Equity	7%-27%	17%
REITs	0%-10%	2.50%
Inflation Hedge	0% -10%	2.50%
Fixed Income	35%-75%	50%
Cash Equivalent	0%-20%	0%

NOTE 13 – POST-EMPLOYMENT BENEFITS (Continued)

F. Retiree Health Plan Assets

At June 30, 2014, the Plan reported assets available for benefits of $50,240,747. The composition of these assets at June 30, 2014, is shown below. For actuarial purposes, the value of the Plan's assets was determined to be fair value.

Domestic Equity	$32,162,524
Fixed Income Securities	17,465,479
Miscellaneous (EQUUS)	448,440
Cash Equivalent	164,314
Assets available for benefits at June 30, 2014	$50,240,757

NOTE 14 - RISK MANAGEMENT

The City manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member agencies. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member agencies beyond their representation on that board. Obligations and liabilities of these risk pools are not the City's responsibility.

The contributions made to the risk pools below equal the ratio of the respective member payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

A. Risk Coverage

General Liability, Property and Boiler and Machinery

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA) which covers general liability claims, property, and boiler and machinery losses. Once the City's SIR is met, CJPRMA becomes responsible for payment of all claims up to the limit. Financial statements for the risk pool and more information may be obtained from CJPRMA, 3201 Doolan Road, Suite 285, Livermore, CA 94551.

General Liability Coverage

The City has a self-insured retention (SIR) of $500,000 per claim up to a $40,000,000 limit. The City's premium was $429,658.

NOTE 14 - RISK MANAGEMENT (Continued)

Property Coverage

CJPRMA has purchased commercial insurance against property damage. The City has a self-insured retention (SIR) of $25,000 per claim up to a $300,000,000 limit. The City's premium for coverage is $249,319.

Boiler and Machinery Coverage

CJPRMA has purchased commercial insurance against boiler and machinery claims. The City has a self-insured retention (SIR) of $5,000 per claim up to a $21,250,000 limit. The annual premium paid was $31,170.

Roseville Energy Park Property Coverage

The City purchased commercial property insurance specifically to cover the Roseville Energy Park. The City has a self-insured retention of $250,000 per claim up to a $200,000,000 limit. The City's premium for coverage is $407,008.

Fiduciary Coverage

The City purchased fiduciary insurance specifically to cover the OPEB Trust. The self-insured retention is $25,000 per claim up to a $3,000,000 limit. The City's premium for coverage is $27,864.

Workers' Compensation

The City is also a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX), which covers workers' compensation claims up to $5,000,000 and has excess coverage through CSAC-EIA up to the statutory limit. The City has a self-insured retention (SIR) of $350,000 per claim. The City's premium of $555,181 was for current year coverage plus $3,874 towards a 97/98 assessment and $26,837 towards a 98/99 assessment. The total premium charged to the City was $585,892.

Financial statements for the risk pool and more information may be obtained from LAWCX, 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

B. Insurance Internal Service Funds

The Governmental Accounting Standards Board (GASB) requires municipalities to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims.

NOTE 14 - RISK MANAGEMENT (Continued)

The change in the Workers' Compensation Internal Service Fund's claims liability, including claims incurred but not reported is based on an independent actuarial study prepared annually and was computed as follows for the years ended June 30:

	2014	2013
Claims liability, beginning of year	$7,703,704	$6,309,143
Current year claims	3,024,000	2,363,000
Change in prior year claims	(163,705)	127,859
Claims paid, current year claims	(495,516)	(331,860)
Claims paid, prior year claims	(1,144,676)	(764,438)
Claims liability, end of year	$8,923,807	$7,703,704
Current claims liabilities	$1,070,857	$924,444

The City's liability for uninsured general liability claims, including claims incurred but not reported is reported in the General Liability Internal Service Fund. The liability is based on an independent actuarial study prepared annually and was computed as follows for the years ended June 30:

	2014	2013
Claims liability, beginning of year	$1,892,605	$1,555,904
Current year claims	802,000	1,119,000
Change in prior year claims	192,129	2,549,950
Claims paid, current year claims	(33,104)	(105,869)
Claims paid, prior year claims	(1,028,101)	(3,226,380)
Claims liability, end of year	$1,825,529	$1,892,605
Current claims liabilities	$529,403	$548,855

NOTE 15 - NORTHERN CALIFORNIA POWER AGENCY (NCPA)

A. General

The City participates in joint ventures through Joint Powers Authorities (JPAs) established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these JPAs exercise full powers and authorities within the scope of the related Joint Powers Agreement, including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the JPAs are not those of the City.

Each JPA is governed by a board consisting of representatives from each member agency. Each board controls the operations of its respective JPA, including selection of management and approval of operating budgets, independent of any influence by member agencies beyond their representation on the Board.

NOTE 15 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

The City is a member of NCPA, a joint powers agency which operates under a joint powers agreement among fifteen public agencies. The purpose of NCPA is to use the combined strength of its members to purchase, generate, sell and interchange electric energy and capacity through the acquisition and use of electrical generation and transmission facilities, and to optimize the use of those facilities and the member's position in the industry. Each agency member has agreed to fund a pro rata share of certain assessments by NCPA and certain members have entered into take-or-pay power supply contracts with NCPA. While NCPA is governed by its members, none of its obligations are those of its members unless expressly assumed by them.

The City receives no income from NCPA, and does not participate in all of its projects. Further, NCPA does not measure or determine the City's equity in NCPA as a whole. NCPA reports only the City's share of its General Operating Reserve, comprised of cash and investments, and the City's share of those Projects in which the City is a participant. These amounts are reflected in the financial statements as Investment in NCPA Reserve.

During the year ended June 30, 2014, the City incurred expenses totaling $7,095,703 for purchased power and assessments and prepaid assets paid to NCPA.

The City's interest in certain NCPA Projects and Reserve, as computed by NCPA using unaudited information, is set forth below.

	June 30, 2014
General Operating Reserve (including advances)	$1,504,523
Associated Member Services (including advances)	86,155
Purchased Power and Transmission	13,916
Undivided equity interest, at cost, in certain NCPA Power Projects:	
Geothermal Projects	416,729
Calaveras Hydroelectric Project	730,338
Combustion Turbine Project No. 2	52,378
	$2,804,039

The General Operating Reserve (GOR) is an additional operating reserve for non-budgeted items that are contingent or non-specific. Deposits to the GOR include items such as the City's portion of funds which resulted from the settlement with third parties of issues with financial consequences and reconciliations of prior years' budgets for programs. It is recognized that all the funds credited to the City are linked to the collection of revenue from the City's ratepayers, or to the settlement of disputes relating to electric power supply and that the money was collected from the City's ratepayers to pay power bills. Additionally, the NCPA Commission identified and approved the funding of specific reserves for working capital, accumulated employees post-retirement medical benefits, and billed property taxes for the geothermal project. The Commission also identified a number of contingent liabilities that may or may not be realized, the cost of which in most cases is difficult to estimate at this time. One such contingent liability is the steam field depletion which will require funding to cover debt service and operational costs in excess of the expected value of the electric power. The General Operating Reserve is intended to minimize the number and amount of individual reserves needed for each project, protect NCPA's financial condition and maintain its credit worthiness. These funds are available on demand, but the City maintains funds with NCPA as a reserve against these contingencies identified by NCPA.

Members of NCPA may participate in an individual project of NCPA without obligation for any other project. Member assessments collected for one project may not be used to finance other projects of NCPA without the member's permission.

NOTE 15 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

B. Projects

Geothermal Projects

NCPA's Geothermal Project has experienced a greater than originally anticipated decline in steam production from geothermal wells on its leasehold property. NCPA will continue to monitor the wells while pursuing alternatives for improving and extending reservoir performance, including supplemental water reinjection, plant equipment modifications, and changes in operating methodology. NCPA, along with other steam field operators, has observed a substantial increase in steam production in the vicinity of reinjection wells and is attempting to increase water reinjection at strategic locations. NCPA, together with other steam developers and the Lake County Sanitation District, has completed the construction of a wastewater pipeline project that greatly increased the amount of water available for reinjection.

Based on an internal assessment of the melded costs of power from the Geothermal Project and all other resources available to the members, NCPA believes its members will continue to be able to operate their electric utilities on a competitive basis, when compared to local investor-owned utility rates, while meeting all electric system obligations including those to NCPA. In March 2009, NCPA issued $35,610,000 Geothermal Project Number 3 Revenue Bonds (2009 Series A). The proceeds were used to finance and operate the two NCPA 110 MW geothermal steam powered generating plants, Plant Number 1 and Plant Number 2. In 2012, NCPA issued $12,910,000 in bonds for Plant Number 1 turbine upgrades. The City is obligated to pay its contractual share of 7.883% of the operating costs and debt service until it is fully satisfied, regardless of resulting cost or availability of energy. At June 30, 2014, the book value of this Project's plant, equipment and other assets was $90,622,396 while its long-term debt totaled $41,480,868 and other liabilities totaled $43,854,698. The City's share of the Project's long-term debt amounted to $3,269,937 at that date.

On October 28, 2004, NCPA approved a resolution to finance the expansion and remodeling of the NCPA main office building located in Roseville. The expansion is included as part of the Geothermal Projects funded by the bonds mentioned above. The City will recover its 7.883% share of the cost of the expansion which was $204,958, with a 5% return on the investment over a ten year period. As of June 30, 2014, the City was owed $31,546.

Calaveras Hydroelectric Project

In July 1981, NCPA agreed with Calaveras County Water District to purchase the output of the North Fork Stanislaus River Hydroelectric Development Project and to finance its construction. Debt service payments to NCPA began in February 1990 when the project was declared substantially complete and power was delivered to the participants. Under its power purchase agreement with NCPA, the City is obligated to pay 12% of this Project's debt service and operating costs. In January 2012, NCPA refunded the outstanding Revenue Bonds with the $83,785,000 2012 Hydroelectric Project Number One Revenue Bonds. At June 30, 2014, the book value of this Project's plant, equipment and other assets was $398,311,438, deferred outflows of resources totaled $66,942,706, while its long-term debt totaled $416,877,291, and other liabilities totaled $42,290,706 The City's share of the Project's long-term debt amounted to $50,025,275 at that date.

NOTE 15 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

Combustion Turbine Project No. 2 (Steam Injected Gas Turbine Project)

The City is a participant in a 49.8 megawatt Steam Injected Gas Turbine project which was built under turnkey contract near the City of Lodi and declared substantially complete on April 23, 1996. In October 1992, NCPA issued $152,320,000 of Multiple Capital Facilities Revenue Bonds to finance this project. In January 2010, NCPA refinanced the outstanding Capital Facilities Revenue Bonds by the issuance of the $55,120,000 Capital Facilities Revenue Bonds Series A (2010 Refunding Series A). Under the NCPA power purchase agreement, the City is obligated to pay 36.50% of the debt service and operating costs for the Lodi unit.

The City's participation in procurement of natural gas for fuel for existing and new combustion turbine units was approved in 1993. Although there is currently no additional debt financing, the City and NCPA have committed to long-term payments for gas transmission pipeline capacity, and entered a purchase contract for natural gas. The City is obligated to pay 17.9218% of the natural gas purchase contract.

At June 30, 2014, the book value of this Project's plant, equipment and other assets was $49,259,010, deferred outflows totaled $2,642,954, while its long-term debt totaled $49,470,778 and other liabilities totaled $2,287,684. The City's share of the Project's long-term debt amounted to $18,056,834 at that date.

C. NCPA Financial Information

NCPA's financial statements can be obtained from NCPA, 651 Commerce Drive, Roseville, CA 95678.

NOTE 16 – SOUTH PLACER WASTEWATER AUTHORITY

The City is a member of the South Placer Wastewater Authority (SPWA), a joint powers agency which operates under a joint powers agreement among three public agencies, the City of Roseville, South Placer Municipal Utility District and Placer County. The purpose of SPWA is to provide for the planning, financing, acquisition, ownership, construction and operation of the Regional Wastewater Facilities.

NOTE 16 – SOUTH PLACER WASTEWATER AUTHORITY (Continued)

Under the terms of a funding agreement, the City will own and operate the Regional Wastewater Facilities. Under the terms of this agreement the member agencies will share the operating costs of the Facilities after construction is complete. The Regional Wastewater Facilities include the Dry Creek Plant and the Pleasant Grove Plant. In November 2000, the SPWA issued Revenue Bonds Series A and Series B in the original principal amounts of $109,775,000 and $70,000,000 respectively. The purpose of these bonds is to partially finance the costs of acquisition and construction of the Pleasant Grove Wastewater Treatment Plant. On September 2003, the SPWA issued Refunding Revenue Bonds in the original principal amounts of $97,000,000. The purpose of the 2003 bonds is to advance refund the 2000 Revenue Bonds Series A. On April 3, 2008, the SPWA issued Variable Rate Demand Refunding Wastewater Revenue Bonds Series 2008A and 2008B in the original principal amounts of $72,504,000 and $92,850,000 respectively. The purpose of the 2008A bonds is to refund the remaining outstanding balance of the 2000 Revenue Bonds Series B. The 2008B bonds were issued to refund the remaining outstanding balance of the 2003 Refunding Revenue Bonds and to advance refund the remaining outstanding balance of the 2000 Revenue Bonds Series A. On April 7, 2011 the SPWA issued Refunding Wastewater Revenue Bonds Series A, B, C and D in the original principal amounts of $30,165,000, $30,160,000, $67,040,000 and $30,000,000, respectively. The purpose of the 2011 Bonds was to refund the remaining outstanding balance of the 2008A and 2008B Bonds. On April 1, 2013, the SPWA issued Refunding Wastewater Bonds, Series 2013, in the original principal amount of $59,330,000 to refund the outstanding balance of the 2011 Series A and B Bonds. The three agencies are responsible for the repayment of all of these Revenue Bonds. The City's share of this obligation was originally 54.17%, but with the amendment to the funding agreement discussed below, the City's obligation is now 61.66%. As a result, this portion of the debt was recorded on the City's financial statements, as discussed in Note 9.

During the year ended June 30, 2014, the City paid $6,318,020 to SPWA based on connection fees collected during the fiscal year.

The City records its share of income and expenses from SPWA in the Wastewater Enterprise Fund and these changes are reflected in the Statement of Revenues, Expenses and Changes in Net Position. The members of the SPWA entered into an Amended and Restated Funding Agreement and a Reallocation and Repayment Agreement effective October 1, 2012. The Amended and Restated Funding Agreement changed the proportionate shares of each member for the cost allocations and the City's share was increased to 61.66%. As a result, the City's investment in SPWA reserves and obligations increased by $30,125,316 and $7,410,294, respectively, during fiscal year 2013. The City's investment in SPWA Reserves at June 30, 2014, was $70,480,576.

SPWA's financial statements can be obtained from the City of Roseville, 311 Vernon Street, Roseville, California, 95678.

NOTE 17 - MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

State and federal laws and regulations require that the City perform certain maintenance and monitoring functions at the Roseville sanitary landfill site, which is closed, through the year 2024. Accordingly, the City has recorded a liability and expense in the Enterprise Solid Waste Fund for the estimated postclosure care cost. The recorded amount is based on applicable state and local laws and regulations concerning closure and postclosure care. If additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may result in increased charges to future landfill users or the usage of future tax revenues. During fiscal year 2014, the changes of landfill closure liabilities were as follows:

Beginning Balance	$2,615,565
Deductions	(253,855)
Ending Balance	$2,361,710

NOTE 18 – COMMITMENTS AND CONTINGENT LIABILITIES

A. NCPA and Western Area Power Administration

Under the terms of its NCPA joint venture agreement, the City is contingently liable for a portion of the bonded indebtedness issued by these agencies under take-or-pay or similar agreements, as discussed in Note 15. The City's estimated share of such debt outstanding at June 30, 2014, was $71,352,046. Under certain circumstances, the City may also be responsible for a portion of the costs of operating these entities. Under certain circumstances, such as default or bankruptcy of other participants, the City may also be liable to pay a portion of the debt of these joint ventures on behalf of the other participants.

In addition, the City has a long-term obligation to the United States Department of Energy, Western Area Power Administration, for 4.5817% of the output of the Central Valley Project, California. This contract, also known as the Western Base Resource, obligates the City to make payments on a "take-or-pay" basis through December 31, 2024. The City expects to pay approximately $3.5 million annually for the term of this contract. The City receives approximately 153,000 MWh of energy per year under average hydro and storage conditions.

B. Federal and State Grant Programs

The City participates in Federal and State grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

C. Litigation

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation, other than disclosed above, which is likely to have a material adverse effect on the financial position of the City.

NOTE 18 – COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

D. State Gas Tax – Disallowed Costs

During fiscal year 2014, the City underwent a monitoring visit by the State of California of the State Gasoline Tax Special Revenue Fund. The State of California found that the City did not comply with the three-year average the Maintenance of Effort (MOE) statute concerning expenditures of Traffic Congestion Relief Funds (TCRF). In fiscal year 2009/10, the City did not expend up to the MOE level of $4.8 million by a short fall of $1.8 million. The State of California has requested the City return approximately $1 million in funds to the State Controller's Office. Staff is in disagreement with the finding and negotiations are still in process as of December 2014, and the final amount of disallowed costs cannot be determined at this time. Therefore, a liability for the requested return of funds is not recorded in the accompanying financial statements.

E. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end may be reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2014, by individual major funds and non-major funds in total were as follows:

Major Governmental Funds:	
General Fund	$2,685,359
Community Facilities Districts Projects	4,926
Non-Major Governmental Funds	5,410,549
Total Encumbrances	$8,100,834

F. Other Commitments

The City had the following outstanding significant commitments at June 30, 2014:

Projects	(in millions)
REP long-term service agreement	$34.5
Net power purchase contracts	30.9
Natural Gas Forward Obligations	120.4

NOTE 19 – GAS SUPPLY ACQUISITION AND RESALE

The City operates certain electrical generating plants which provide power for sale to the public and needs reliable, economic supplies of natural gas to generate the needed electricity. In pursuit of that objective the City and its component unit, the City of Roseville Redevelopment Agency formed the Authority for the purpose of acquiring, financing and supplying natural gas to the City. Summarized below are various agreements entered into by the Authority to achieve its purpose.

A. Prepaid Gas Agreement

Pursuant to an Agreement for the Purchase and Sale of Natural Gas dated January 24, 2007, the Authority used a portion of the proceeds of its $209,350,000 of Gas Revenue Bonds, Series 2007 (the Bonds) to prepay Merrill Lynch Commodities, Inc. (Gas Supplier) for a twenty year supply of natural gas. Commencing January 1, 2008, and continuing through December 31, 2027, the Gas Supplier is obligated to deliver daily contract quantities of natural gas on a firm basis to the designated delivery point. Daily contract quantities vary from month to month but not from year to year. This commitment totals 2,352,000 MMBtus (millions of British thermal units) per year or 47,040,000 MMBtus for the twenty year contract period. The Authority has recorded a Prepaid Natural Gas asset which is to be amortized as daily contract quantities are delivered.

The agreement provides for payments to be made by the Gas Supplier if it fails to deliver the daily contract quantities and may be terminated by the Authority in the event of non-performance by the Supplier. The Agreement will automatically terminate if there is a termination of the Commodity Swap (See Note 19 D below) which is not due to default by the Authority or if there is an event of default under the swap agreement entered into by the Gas Supplier and a third party. Upon early termination, whether due to the above or due to any other optional termination event as defined in the agreement, the Gas Supplier is required to make a termination payment to the Authority that is expected to be sufficient, together with other available funds, to redeem the Bonds. The Gas Supplier's commitments under this agreement are guaranteed by its parent company, Merrill Lynch & Co. Inc. under a guarantee agreement with the Authority.

As of June 30, 2014, prepaid gas under this agreement amounted to $178,070,523.

B. Funding Agreement

Under certain conditions specified in a Funding and Assignment Agreement dated January 24, 2007 between the Authority and Gas Supplier, the Gas Supplier has agreed to advance funds to the Trustee to pay debt service when due or to redeem bonds in the event of early termination. Advances are required under covered swap deficiencies and covered termination deficiencies and optional advances may also be made. Advances are repayable from by the responsible party causing the deficiency requiring an advance under this agreement. This agreement is coterminous with the Bonds. The Gas Supplier's commitment under this agreement is guaranteed by its parent company, Merrill Lynch & Co. Inc. under a guarantee agreement with the Authority.

There were no advances outstanding as of June 30, 2014.

NOTE 19 – GAS SUPPLY ACQUISITION AND RESALE (Continued)

C. Supply Agreement

Pursuant to a Natural Gas Supply Agreement dated February 1, 2007, the Authority has agreed to sell to the City a twenty year supply of natural gas. This Supply Agreement is coterminous with and provides for the delivery of natural gas in quantities which are matched to the Prepaid Gas Agreement, discussed above. For each MMBtu delivered (sold) to the City, the Authority will receive a variable revenue stream based on a first of the month index for the delivery location.

The Agreement terminates upon termination of the Prepaid Gas Agreement or upon the City's failure to make any required payment within two business days of the due date.

D. Commodity Swap Agreement

In order to have its gas price exposure consistent with prevailing market rates, the Authority entered into a natural gas Commodity Swap Agreement with JPMorgan Chase Bank (Counterparty). For the term of deliveries under the Prepaid Gas Agreement and the Supply Agreement, the Authority will pay an index price per MMBtu to the Counterparty, and the Counterparty will pay a fixed price to the Authority. The index price paid by the Authority is expected to approximate the price paid by the City under the Supply Agreement.

The monthly quantity and term of the Commodity Swap Agreement are matched to those of the Supply Agreement.

Detail of the commodity swap agreement is discussed in Note 10.

NOTE 20 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. REDEVELOPMENT DISSOLUTION

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain housing assets of the Redevelopment Agency were distributed to a Housing Successor; and all remaining Redevelopment Agency assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and on February 1, 2012, the housing assets were transferred to the City's Low and Moderate Income Housing Asset Special Revenue Fund. The activities of the Housing Successor are reported in the Low and Moderate Income Housing Assets Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

NOTE 20 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established in March 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor.

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency. With the dissolution of the Redevelopment Agency, pass-through payments to affected taxing entities become the responsibility of the County.

AB1484 required the Successor Agency to complete two due diligence reviews – one for the low and moderate income housing assets of the Successor Agency (Housing DDR), and a second for all other balances of the Successor Agency (Non-housing DDR). The due diligence reviews were to calculate the balance of unencumbered balances as of June 30, 2012 available to be remitted to the County for disbursement to taxing entities. The Successor Agency submitted both due diligence reviews to the State Department of Finance for review and approval. The Department of Finance approved the Housing DDR, after making an adjustment, and the Successor Agency remitted the unencumbered balance of $1,953,159 to the County in January 2013. The Department of Finance approved the Non-housing DDR in July 2013, after making adjustments, which indicated that the City had to return the prior year advance payments of $7,304,420, and the Successor Agency had unencumbered balances of $1,831,499, which was remitted to the County in August 2013. The Successor Agency received a Finding of Completion on August 30, 2013.

Cash and investments of the Successor Agency as of June 30, 2014 are discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2014.

B. NOTES RECEIVABLE

The Successor Agency assumed the non-housing loans receivable of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans were provided under favorable terms to homeowners, developers or others who agreed to expend these funds in accordance with the Agency's terms. The balances of the notes receivable were $5,097,430 at June 30, 2014.

NOTE 20 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Included in the notes receivable above is a loan to the Roseville Community Development Corporation in the amount of $3,469,049. The Agency had entered into an agreement with the Corporation, a component unit of the City, under which the Agency agreed to provide funding to the Corporation in the form of a start-up loan not to exceed five million dollars ($5,000,000). The loan is a 20 year loan deferred for 10 years with accrued interest and principal due beginning January 1, 2021. The Agency Board approved the execution of the loan agreement in May 2011. A State Supreme Court decision on August 11, 2011 suspended all redevelopment activity effective June 28, 2011. However, the Successor Agency continued to make disbursements related to the loan agreement after that date, because it had been approved by the Agency Board prior to the Court decision.

Under the provisions of Health and Safety Code Section 34171(d)(2), agreements between the City or any of its component units and the Agency that were executed after December 31, 2010 are no longer enforceable obligations and Health and Safety Code Section 34167.5 requires that if the City or component unit is not contractually committed to a third party for the expenditure or encumbrance of those funds that they be returned to the Successor Agency.

The State Controller's Office, but not the State Department of Finance, has denied that this loan agreement is an enforceable obligation of the Successor Agency. The City continues to contend that the loan agreement was lawfully entered into at the time of its execution and therefore transactions executed with the Corporation prior to fiscal year 2014 were not reversed in the current fiscal year and remain as payable from the Corporation as of June 30, 2014.

Also included in the notes receivable above is a loan to the Corporation in the amount of $590,125. During fiscal year 2014, the Corporation assumed a loan made by the former Redevelopment Agency to a developer in connection with the acquisition of 238 Vernon Street. The developer had been current on payments on the loan through June 2013, but defaulted on the loan when it had an outstanding balance of $602,334. The loan bears interest of 4.00% and is repayable in monthly payments of $3,103 from July 1, 2014 through August 1, 2024, with a final balloon payment of $421,227 due on September 1, 2024.

C. LAND HELD FOR REDEVELOPMENT

The Successor Agency assumed the land held for redevelopment of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency had purchased parcels of land as part of its efforts to develop or redevelop blighted properties within the Redevelopment areas. Such land parcels are accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer.

During the fiscal year ended June 30, 2014 with the adoption of a Long Range Property Management Plan, it was determined that the use for the land was for governmental purposes, therefore land held for redevelopment in the amount of $5,419,762 was transferred to the City and reported as a Special Item.

NOTE 20 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

D. CAPITAL ASSETS

The Successor Agency assumed the capital assets of the Redevelopment Agency as of February 1, 2012. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Successor Agency's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

During the fiscal year ended June 30, 2014 with the adoption of a Long Range Property Management Plan, it was determined that the use of the land held by the Successor Agency was for governmental purposes, therefore land in the amount of $1,687,819 was transferred to the City and reported as a Special Item.

Capital assets as of June 30, 2014 were comprised of land in the amount of $74,369.

E. LONG-TERM OBLIGATIONS

The Successor Agency assumed the long-term debt and loans of the Redevelopment Agency as of February 1, 2012.

1. Tax Allocation Bonds and Loans

All of the long-term debt of the Successor Agency is comprised of Tax Allocation Bonds and loans issued by the Redevelopment Agency. The Bonds and Loans are special obligations of the Agency and are secured only by the Agency's tax increment revenues. Tax Allocation Bond and loan transactions were as follows:

	Balance June 30, 2013	Additions	Retirements and Adjustments	Balance June 30, 2014	Current Portion
Tax Allocation Bonds:					
2002 Redevelopment Project Tax Allocation Bonds, 3%-5.14%, due 9/1/33	$11,615,000		$355,000	$11,260,000	$370,000
2006 Redevelopment Project Tax Allocation Bonds, Series A 4.5%-5.00%, due 9/1/40	13,155,000			13,155,000	
2006 Redevelopment Project Taxable Tax Allocation Bonds, Series A-T 5.31%-5.90%, due 9/1/28	2,575,000		110,000	2,465,000	115,000
2006 Redevelopment Project Taxable Tax Allocation Housing Bonds, Series H-T 5.31%-6.07%, due 9/1/40	5,985,000		90,000	5,895,000	95,000
Total Tax Allocation Bonds	33,330,000		555,000	32,775,000	580,000
Advances from the City of Roseville					
Loans from the City	32,105,253	$63,220	8,932,398	23,236,075	
SERAF Loans from the Housing Successor	490,102			490,102	245,703
Total	$65,925,355	$63,220	$9,487,398	$56,501,177	$825,703

NOTE 20 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

2. *Debt Service Requirements*

Debt service requirements are shown below for all long-term debt except the Successor Agency loans, because the ultimate repayment terms cannot be determined at this time as discussed in the Loans from the City section below.

For the Year Ending June 30	Principal	Interest
2015	$580,000	$1,682,920
2016	610,000	1,652,969
2017	635,000	1,621,289
2018	670,000	1,587,184
2019	705,000	1,550,983
2020 - 2024	4,125,000	7,134,862
2025 - 2029	5,360,000	5,876,572
2030 - 2034	6,925,000	4,275,276
2035 - 2039	8,920,000	2,227,192
2040 - 2041	4,245,000	206,194
Total	$32,775,000	$27,815,441

3. *2002 Roseville Redevelopment Project Tax Allocation Bonds*

On October 23, 2002, the Redevelopment Agency issued Tax Allocation Bonds in the original principal amount of $14,500,000 to fund certain redevelopment activities of benefit to properties within the Agency's Roseville Redevelopment Project Area. The Bonds are special obligations of the Agency and are secured by the Agency's tax increment revenue. As disclosed in the official statement, pledged future tax increment revenues are expected to provide coverage over debt service over the life of the Bonds. Principal payments are payable annually on September 1 and interest payments are due semi-annually on March 1 and September 1, through September 1, 2033.

4. *2006 Roseville Redevelopment Project Tax Allocation Bonds*

On October 26, 2006, the Redevelopment Agency issued Tax Allocation Bonds Series 2006 A, Taxable Tax Allocation Bonds Series 2006 A-T, and Taxable Tax Allocation Bonds, Series 2006 H-T in the amounts of $13,155,000, $3,285,000, and $6,505,000, respectively, for a total principal amount of $22,945,000. The Series A bonds bear interest at 4.50%-5.00%, the Series A-T at 5.31%-5.90%, and the Series H-T at 5.31%-6.07%. The proceeds for the Series A and Series A-T bonds were used to fund redevelopment activities of benefit to properties within the Agency's Redevelopment Project Area. The proceeds for the Series H-T bonds were used to pay the costs of low-and-moderate-income housing projects of the Agency's Redevelopment Project Area. The Series A and Series A-T bonds are secured by tax revenues, which are allocated to the Agency from the Project Area. The Series H-T bonds are secured by the tax increment revenue deposited in the Agency's Low and Moderate Income Housing Fund. As disclosed in the official statement, pledged future tax increment revenues are expected to provide coverage over debt service over the life of the Bonds. Interest on the bonds is payable semiannually on March 1 and September 1. Principal for the Series A is payable annually on September 1 beginning 2028 through 2040. Principal for the Series H-T bonds is payable annually on September 1 through 2040. Principal for the Series A-T is payable annually on September 1 through 2028.

NOTE 20 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

As discussed above, the Agency has pledged all future tax increment revenues of the Roseville Redevelopment Project Area, less amounts required to be set aside for Low and Moderate Income Housing, for the repayment of the 2002 Tax Allocation Bonds and the 2006 Series A and Series A-T Tax Allocation Bonds, which are considered parity obligations. The pledge of all future tax increment revenues ends upon repayment of the remaining debt service on the Bonds which is expected in 2040. Also as discussed above, the Agency has pledged the tax increment revenue set aside for Low and Moderate Income Housing for the repayment of the 2006 Series H-T Tax Allocation Bonds.

The pledge of all future tax increment revenue ends upon repayment of the $60,590,444 remaining debt service on the bonds which is scheduled to occur in fiscal year 2041. With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed and housing set-aside amounts are no longer required, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. Total property taxes available for distribution to the Successor Agency and other taxing entities for fiscal year 2014 calculated by the County Auditor-Controller was $3,713,386 and the total received by the Successor Agency for fiscal year 2014 debt service was $1,900,108, which represented coverage of 84% of the $2,265,555 of debt service. The lesser tax distribution was deemed sufficient, because the Successor Agency had other revenues/resources available to direct towards debt service.

5. Loans from the City

Prior to July 1, 2011, the Redevelopment Agency had received six advances from various City funds: (1) Advances in the amount of $5,422,789 were to be repaid in fiscal year 2029. This advance bore interest at the average interest rate of the City's pooled investments. (2) Advance in the amount of $915,049 bore interest at 3.15% and was to be repaid in fiscal year 2023. (3) Advance in the amount of $3,900,000 bears no interest and was to be repaid in fiscal year 2029. (4) Advance in the amount of $3,000,000 bears no interest and was to be repaid in fiscal year 2034. (5) Advance in the amount of $4,966,402 will be repaid in fiscal year 2031. This advance bore interest at the average rate of the City's pooled investments, plus 1%. (6) Advances in the amount of $9,774,347 were to be repaid in fiscal year 2040. These advances bear interest at the average interest rate of the City's pooled investments.

Principal and accrued interest on the advances totaled $32,768,517 at July 1, 2011. During fiscal year 2012, the City and Redevelopment Agency determined that certain advances should have instead been funded by bond proceeds of the Agency. Therefore, the Redevelopment Agency repaid advances from the City in the amount of $7,309,447 prior to the dissolution of the Agency on January 31, 2012. The balance of the advances, including principal and accrued interest, was $25,230,453 as of February 1, 2012. During fiscal year 2013, the State Department of Finance denied the fiscal year 2012 repayment and required the return of $7,304,227 to the Successor Agency. The City's General Fund returned the cash to the Successor Agency during fiscal year 2013 and the balance of the loans payable to the City were increased in that amount.

NOTE 20 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

These loans had previously been reported as interfund advances. However, with the transfer of the associated liabilities to the Successor Agency, repayment of the loans is based upon whether the Successor Agency receives a Finding of Completion from the State. In addition, the interest rate on the loans is limited to the Local Agency Investment Fund interest rate calculated from the inception of each loan. During fiscal year 2014, the Successor Agency completed its Long-Range Property Management Plan which was approved by the Department of Finance in May 2014 and as a result, the Successor Agency transferred land that was designated for governmental use to the City in the amount of $7,107,581. As a result of the transfer, the City cancelled the loans that had been made to the former Redevelopment Agency for the purchase of those properties, including accrued interest, in the amount of $5,902,331, which has been reported as a Special Item. Also during fiscal year 2014, the Department of Finance clarified the how the interest is to be calculated on each loan to the Successor Agency. The City recalculated the interest due on the loans using the revised guidance and as a result the interest payable on the loans was reduced by $3,030,067, which has also been reported as a Special Item. The balance of the loans, including principal and accrued interest, as of June 30, 2014 is $23,236,075.

In addition, during the fiscal year ending June 30, 2010, the Agency approved an interfund advance authorizing the Roseville Redevelopment Project Area Fund and the Roseville Flood Control Project Area to borrow $558,381 and $258,455, respectively, from the Agency's Low and Moderate Income Housing Fund to assist in making the Agency's fiscal year 2009-10 SERAF payment. These loans do not bear interest and were repayable in five equal annual installments, and were required to be repaid prior to June 30, 2015. The City assumed the housing assets of the Agency, and the loans are now payable to the City's Low and Moderate Income Housing Assets Special Revenue Fund. The balance of the loans as of June 30, 2014 totaled $490,102.

The loans had previously been reported as an interfund advance between the City and Redevelopment Agency, but with the transfer of the Redevelopment Agency's liabilities to the Successor Agency, the advances are now reported as long-term obligations of the Successor Agency. The loans were originally required to be repaid by the dates noted above, however repayment is now contingent upon the Successor Agency receiving a Finding of Completion, as defined in Health and Safety Code Section 34179.6. After the Successor Agency receives a Finding of Completion, and under the provisions of Health and Safety Code Section 34191.4(b)(2)(A), the loans can be repaid by the Successor Agency. However, the Successor Agency must apply for approval of the loans by the Oversight Board including a finding that the loans were for legitimate redevelopment purposes. If the Oversight Board finds that the loans are enforceable obligations, the loans are to be repaid in accordance with a defined schedule over a reasonable term of years, beginning with the SERAF loans, followed by all other loans. Repayment cannot begin prior to fiscal year 2014 and the maximum annual repayment amount is limited based on calculations in the Code Section.

NOTE 20 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

The Successor Agency received its Finding of Completion in August 2013 and the Oversight Board found they were for legitimate redevelopment purposes in April 2013, and the loans are now considered enforceable obligations of the Successor Agency.

F. STATE APPROVAL OF ENFORCEABLE OBLIGATIONS

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 21 – SUBSEQUENT EVENTS

Roseville Finance Authority Electric System Revenue Refunding Bonds, Series 2014

On July 24, 2014, the Roseville Finance Authority issued the Electric System Revenue Refunding Bonds, Series 2014, in the amount of $16,485,000 to refund the 2004 Electric System Revenue Certificates of Participation. The Bonds bear interest of 5%. Principal payments are due annually on February 1. Interest payments are due semi-annually on each August 1 and February 1, commencing on February 1, 2015 through February 1, 2034.

South Placer Wastewater Authority Wastewater Revenue Refunding Bonds, Series 2014

On August 7, 2014, the South Placer Wastewater Authority issued the Wastewater Revenue Refunding Bonds, Series 2014, in the amount of $29,120,000 to refund the Authority's Wastewater Revenue Refunding Bonds, Series 2011D. The Bonds are being issued as Securities Industry and Financial Markets Association (SIFMA) Index Bonds and the interest rate will be the rate of the SIFMA index, adjusted weekly, plus a spread of .33%. Interest payments will be due on a monthly basis on the first business day of each month commencing September 2, 2014. Principal payments are due annually on each November 1 through November 1, 2017.

Successor Agency of the Redevelopment Agency of the City of Roseville, Tax Allocation Refunding Bonds, Series 2014

On September 9, 2014, the Roseville Successor Agency issued the Series 2014 Refunding Bonds, in the amount of $10,740,000 for the purpose of refunding the 2002 Tax Allocation Bonds. The Bonds bear interest at rates ranging from 2.00% to 5.00%. Principal payments are due annually on September 1. Interest payments are due semi-annually on each September 1 and March 1, commencing on September 1, 2015 through September 1, 2033.

This Page Left Intentionally Blank

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROSEVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts Budgetary Basis	Positive (Negative)
REVENUES				
Taxes	$78,402,276	$81,657,583	$82,908,186	$1,250,603
Licenses and permits	1,687,200	1,690,200	2,066,744	376,544
Charges for services	10,639,497	13,141,332	13,683,955	542,623
Subventions and grants	1,947,403	2,315,947	1,774,570	(541,377)
Use of money and property	439,033	711,905	837,876	125,971
Fines, forfeitures and penalties	1,048,200	1,144,000	901,875	(242,125)
Contributions from developers	620,000	620,000	619,244	(756)
Miscellaneous revenues	1,376,918	2,062,063	2,258,297	196,234
TOTAL REVENUES	96,160,527	103,343,030	105,050,747	1,707,717
EXPENDITURES				
Current:				
Salaries And Benefits				
General Government				
City Council	37,587	37,587	37,587	
City Manager - Administration	587,940	759,249	592,947	166,302
Communications-Government Relations	847,446	891,509	829,064	62,445
City Attorney	1,367,941	1,380,536	1,335,457	45,079
Human Resources-Admin	1,098,051	1,085,699	1,076,659	9,040
Risk Mgmt - Administration	134,284	172,341	170,746	1,595
IT Administration	516,884	513,631	511,121	2,510
IT-Data Center	614,791	572,630	572,514	116
IT-Communications	831,703	761,282	734,364	26,918
IT-Public Safety	397,982	382,152	378,872	3,280
IT-GIS/Web	573,747	588,456	588,325	131
IT-Customer Service	776,323	770,369	770,322	47
IT-Applications	785,174	788,165	788,081	84
City Clerk - Administration	694,395	702,669	702,195	474
Central Services - Administration	284,870	355,799	354,033	1,766
Purchasing	527,122	443,396	404,485	38,911
Central Stores	254,071	260,911	236,977	23,934
Building Maintenance	798,368	733,557	724,049	9,508
Janitorial	559,193	548,885	535,805	13,080
Finance Administration	626,165	647,931	496,217	151,714
Budget	379,039	387,013	386,486	527
Payroll	398,880	449,451	411,786	37,665
Licensing	92,043	106,853	106,547	306
Cash Management	198,037	200,117	197,094	3,023
Util Billing & Services-Field Services	907,839	882,353	858,907	23,446
Util Billing & Services - Billing	459,114	451,385	434,483	16,902
Util Billing & Services-Services	922,074	936,295	924,301	11,994
Gen Acct - Administration	264,805	270,596	270,398	198
Gen Acct - Accounts Payable	415,504	407,643	395,980	11,663
Gen Acct - Accounting	369,570	381,851	381,847	4
Community Events				
Neighborhood Services				
Economic Development				
Utility Billing and Services	160,551	143,192	143,174	18
Development & Operations				
Development & Operations-Admin	881,989	745,724	721,788	23,936
Housing Admin	148,716	148,372	63,356	85,016
Planning	1,640,309	1,563,007	1,465,264	97,743
Economic Development & Housing	314,157	430,227	360,366	69,861
Development Services-Admin	310,289	341,955	340,266	1,689
Development Services-Permit Center	586,683	630,895	519,486	111,409
Development Services-Building Inspection	1,475,030	1,495,411	1,467,131	28,280
Development Services-Code Enforcement	432,531	338,625	338,186	439
Development Services-Engineering	1,511,010	1,602,673	1,517,833	84,840

(Continued)

CITY OF ROSEVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts Budgetary Basis	Positive (Negative)
Public Works				
Public Works - Administration	283,795	282,919	278,610	4,309
Building Inspection				
Engineering	1,301,041	1,483,445	1,413,974	69,471
Flood Alert	123,040	127,465	127,257	208
Streets - Administration	629,504	642,331	642,122	209
Street Drainage	163,125	133,857	126,823	7,034
Paving	945,316	1,062,600	1,008,741	53,859
Street Signs	248,929	277,924	277,803	121
Street Markings	296,140	301,564	282,999	18,565
Public Safety				
Police				
Police - Administration	1,596,025	1,767,170	1,603,666	163,504
Records-Property	1,102,847	1,485,614	1,208,079	277,535
Jail	924,576	921,703	823,233	98,470
Police Communications	2,490,618	2,612,695	2,547,528	65,167
Community Services	1,564,754	1,380,038	1,301,147	78,891
Patrol	13,360,842	13,591,304	13,544,153	47,151
Investigations	3,684,600	3,812,673	3,694,372	118,301
Animal Control	292,573	287,736	271,504	16,232
Police Traffic	2,129,412	1,669,710	1,570,415	99,295
Fire				
Fire - Administration	741,068	766,433	764,526	1,907
Fire Prevention	1,522,177	1,392,273	1,320,258	72,015
Fire Operations	20,498,779	20,890,406	20,625,813	264,593
Fire Training	249,822	300,177	273,408	26,769
Library				
Library - Admin/Tech Services	2,900,464	2,685,284	2,670,673	14,611
Library-Public Services				
Maidu Museum-Historic Site	327,375	336,127	336,045	82
Parks And Recreation				
Parks & Rec - Administration	1,062,936	1,056,422	1,051,678	4,744
Park Development	287,400	269,764	262,779	6,985
Adult Sports	213,754	230,130	226,454	3,676
Youth Sports				
Adult & Senior Activities	102,791	105,039	103,961	1,078
Youth & Teen Services	165,010	169,078	147,219	21,859
Youth Classes	335,045	333,552	312,694	20,858
Maidu Community Center/Sports Courts	286,330	288,931	266,217	22,714
Roseville Sports Center	515,847	475,534	469,524	6,010
Aquatics	1,106,213	1,128,860	1,127,310	1,550
Park Operations - Admin	671,165	669,155	661,736	7,419
Open Space/Tree Maintenance	562,323	566,289	538,701	27,588
Parks - Maintenance	2,346,559	2,275,901	2,256,525	19,376
Community Special Events	97,573	106,266	100,015	6,251
Town Square	118,078	134,049	122,910	11,139
Cultural Arts & Entertainment	31,244	30,566	23,648	6,918
Operating Services And Supplies				
General Government				
City Council	277,070	300,308	285,323	14,985
Community Grants	30,000	49,319	28,814	20,505
Strategic Improvements	102,410	136,410	99,862	36,548
City Manager - Administration	54,792	54,792	41,416	13,376
Conference Center Dr-Parcel 40a				
Communications-Government Relations	33,037	208,050	203,035	5,015
City Attorney	90,687	173,187	478,993	(305,806)
Human Resources-Admin	370,917	414,629	336,158	78,471
Risk Mgmt - Administration	13,215	14,215	8,789	5,426
IT Administration	223,860	492,302	395,335	96,967
IT-Data Center	652,048	685,797	547,340	138,457
IT-Communications	350,779	388,533	335,455	53,078
IT-Public Safety	3,502	3,502	3,502	

(Continued)

CITY OF ROSEVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts Budgetary Basis	Positive (Negative)
IT-GIS/Web	30,089	30,089	24,484	5,605
IT-Customer Service	371,923	394,822	336,814	58,008
IT-Applications	250,588	282,989	246,290	36,699
City Clerk - Administration	100,514	106,214	64,415	41,799
Elections	76,000	75,300		75,300
Central Services - Administration	18,311	18,311	14,632	3,679
Purchasing	15,439	27,439	20,172	7,267
Central Stores	70,259	70,259	60,080	10,179
Building Maintenance	1,051,147	1,288,334	1,275,487	12,847
Janitorial	404,324	434,142	428,909	5,233
Finance Administration	85,103	170,103	120,199	49,904
Budget	40,219	51,719	50,184	1,535
Payroll	14,011	71,470	26,321	45,149
Licensing	35,168	39,168	32,938	6,230
Cash Management	55,626	81,436	32,872	48,564
Utility Billing & Services - Admin	1,099	1,099	1,099	
Utility Billing & Services-Field Services	142,083	152,083	142,896	9,187
Utility Billing & Services - Billing	829,130	920,425	788,570	131,855
Utility Billing & Services-Services	28,229	28,229	27,947	282
General Accounting - Administration	123,861	123,861	141,023	(17,162)
General Accounting - Accounts Payable	14,576	15,576	14,352	1,224
General Accounting - Accounting	6,746	6,746	5,288	1,458
Community Events	245	245	245	
Downtown Vernon/Historic Old Town			4,853	(4,853)
Development & Operations				
Development & Operations-Admin	40,771	40,772	16,044	24,728
Housing Admin	39,587	74,790	28,342	46,448
Planning	93,221	102,972	91,775	11,197
Sierra Vista Specific Plan	15,000	2,500	711	1,789
Creekview Specific Plan	5,000	910	910	
Amoruso/Brookfield	80,000	599,130	300,136	298,994
Westbrook-SVSP	5,000	7,080	4,137	2,943
Planning-Full Cost Projects	160,000	348,401	361,520	(13,119)
Economic Development & Housing	370,579	378,581	340,387	38,194
Development Services-Admin		10,699	9,617	1,082
Development Services-Permit Center	18,600	21,100	20,466	634
Development Services-Building Inspection	647,102	626,902	594,001	32,901
Development Services-Code Enforcement	71,580	56,180	51,148	5,032
Development Services-Engineering	113,880	144,926	113,534	31,392
Placer Ranch		148,700	50,501	98,199
Plan Check/Inspection Consultant-Engineering	100,000	100,000		100,000
Building Plan Check Services		200,000	69,578	130,422
Development Full Cost Recovery		250,000	135,016	114,984
Traffic Study Dep/Consultant	157,496	157,496	157,496	
Public Works				
Public Works - Administration	5,839	6,464	6,463	1
Engineering	131,355	166,436	108,615	57,821
Flood Alert	50,486	50,486	42,993	7,493
Streets - Administration	91,062	91,062	86,992	4,070
Street Drainage	251,380	264,291	234,509	29,782
Paving	972,052	994,702	907,131	87,571
Street Signs	151,230	158,938	139,114	19,824
Street Markings	243,449	243,449	205,699	37,750
Public Works Projects-General		95,011	15,492	79,519
Public Safety				
Police				
Police - Administration	788,622	821,027	752,103	68,924
Records-Property	81,493	84,550	69,814	14,736
Jail	67,795	71,070	39,996	31,074
Police Communications	115,953	118,453	106,516	11,937
Community Services	28,528	50,204	39,181	11,023
Patrol	442,113	468,256	325,313	142,943
Investigations	110,232	124,008	97,650	26,358
Animal Control	663,794	1,089,298	1,019,014	70,284
Police Traffic	46,022	46,022	24,983	21,039
Police - vehicles	1,860,770	1,860,770	1,648,000	212,770

(Continued)

CITY OF ROSEVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON GAAP LEGAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts Budgetary Basis	Positive (Negative)
Fire				
Fire - Administration	85,813	94,748	76,469	18,279
Fire Prevention	130,797	243,365	180,388	62,977
Fire Operations	2,084,183	2,305,808	1,977,191	328,617
Fire Training	133,090	143,058	90,693	52,365
Fire Services	166,168	182,786	91,198	91,588
Emergency Preparedness	98,326	110,100	88,336	21,764
Library				
Library - Admin/Tech Services	530,965	603,751	565,457	38,294
Maidu Museum-Historic Site	92,391	92,691	76,399	16,292
Parks And Recreation				
Parks & Rec - Administration	191,121	203,269	188,978	14,291
Park Development	23,443	36,492	21,888	14,604
Adult Sports	147,519	152,934	147,626	5,308
Adult & Senior Activities	31,020	31,020	28,741	2,279
Youth & Teen Services	55,788	58,069	56,280	1,789
Youth Classes	147,214	140,214	139,486	728
Maidu Community Center/Sports Courts	76,502	139,634	127,013	12,621
Roseville Sports Center	254,870	274,672	226,829	47,843
Aquatics	688,730	745,612	685,411	60,201
Park Operations - Admin	75,551	75,551	74,842	709
Open Space/Tree Maintenance	509,103	664,982	475,737	189,245
Parks - Maintenance	2,789,591	3,003,897	2,861,890	142,007
Community Special Events	99,065	157,947	138,545	19,402
Town Square	98,054	162,364	161,914	450
Cultural Arts & Entertainment	22,250	76,649	72,036	4,613
Payments under development agreements	567,619	567,619	567,619	
Annexation payments	2,350,000	2,953,500	2,932,924	20,576
Debt service:				
Principal retirement	41,550	41,700	42,965	(1,265)
Interest and fiscal charges	7,000	7,000	8,446	(1,446)
TOTAL EXPENDITURES	114,946,018	121,017,547	114,473,309	6,544,238
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,785,491)	(17,674,517)	(9,422,562)	8,251,955
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property			40,044	40,044
Transfers in	24,851,029	27,791,645	25,208,960	(2,582,685)
Transfers (out)	(4,814,791)	(18,926,271)	(12,483,393)	6,442,878
Total Other Financing Sources (Uses)	20,036,238	8,865,374	12,765,611	3,900,237
NET CHANGE IN FUND BALANCE BEFORE SPECIAL ITEM	1,250,747	(8,809,143)	3,343,049	12,152,192
SPECIAL ITEM				
Cancellation of loans receivable from the Successor Agency			(5,847,668)	(5,847,668)
NET CHANGE IN FUND BALANCE	$1,250,747	($8,809,143)	(2,504,619)	$6,304,524
Adjustment to budgetary basis:				
Capital outlay			2,763,055	
Fund balance at beginning of year			58,841,682	
Fund balance at end of year			$53,574,008	

This Page Left Intentionally Blank

MODIFIED APPROACH TO REPORTING STREET PAVEMENT COSTS AND PARKS AND LANDSCAPING COSTS

GASB Statement 34 allows the City to use the Modified Approach with respect to infrastructure assets instead of depreciating these assets. The Modified Approach may be used if two requirements are met:

1) The City must have an asset management system (AMS) with certain features.

- ✓ It must maintain an up-to-date inventory of the infrastructure assets.
- ✓ It must estimate the annual costs to maintain and preserve those assets at the condition level the City has established and disclosed through administrative or executive policy or legislative action.
- ✓ The AMS must be used to assess the condition of the assets periodically, using a measurement scale.
- ✓ The condition assessments must be replicable as those that are based on sufficiently understandable and complete measurement methods such that different measurers using the same methods would reach substantially similar results.

2) The City must document that the roads, parks and landscaping are being preserved approximately at or above the condition level the City has established and disclosed. This documentation must include the results of the three most recent complete condition assessments and must provide reasonable assurance that the assets are being preserved approximately at or above the intended condition level.

Street Pavement

The City has elected to use the Modified Approach to report street pavement costs. The City uses a computerized Pavement Management System to track the condition levels of each of the street sections.

The condition of the pavement is based on a weighted average of seven distress factors found in pavement surfaces. The pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 10 for pavement with perfect condition. The condition index is used to classify pavement in good or better condition (7.0-10.0), fair condition (5.5–6.9), and substandard condition (less than 5.5).

The City's maintenance costs are budgeted to be $6,295,490 in fiscal 2015. The Pavement Quality Index (PQI) for the City's street pavement for the last ten years is as follows:

Year	PQI		Maintenance Budget	Actual Maintenance
	Arterial/ Collector	Residential		
04/05	7.5	7.9	$6,499,729	$4,284,993
05/06	7.5	7.9	7,794,196	7,213,261
06/07	7.7	8.0	5,521,428	10,289,440
07/08	7.9	8.0	5,929,683	5,641,810
08/09	7.8	7.9	4,728,208	4,749,229
09/10	8.2	7.9	4,736,644	6,044,401
10/11	8.3	7.8	4,241,928	6,426,462
11/12	8.3	7.8	5,489,639	5,149,814
12/13	7.8	7.4	5,185,511	4,980,690
13/14	8.1	7.0	4,570,018	6,918,584
14/15	7.8	7.8	6,295,490	N/A

The City's policy based on current funding is to maintain arterial and collector roadways at an average Pavement Quality Index (PQI) of 7.8 and residential roadways at an average PQI of 7.4. This rating allows for minor cracking and revealing of the pavement along with minor roughness that could be noticeable to drivers traveling at posted speed. The City expended $6,918,584 for street preservation in fiscal 2014.

Parks and Landscaping

The City has also elected to use the Modified Approach to report parks and landscaping costs. The City uses a computerized Grounds Management System to track the condition levels of each of the parks and landscaping.

The condition of the parks and landscaping is based on a weighted average of six levels of condition. The ground management system uses a measurement scale that is based on various levels ranging from six for an undeveloped natural area to one for parks and landscaping with high-quality, diverse landscaping with state-of-the art maintenance. The condition index is used to classify parks and landscaping in the following levels: state-of-the-art to high-level maintenance (1-2), moderate to moderately low level maintenance (3-4), minimum-level maintenance (5), and natural area that is not developed (6).

The City's maintenance costs are budgeted to be $5,538,641 in fiscal 2015. The Ground Management Index (GMI) for the City's parks and landscaping maintenance for the last ten years is as follows:

Fiscal Year	GMI (Level) Parks and Landscaping	Maintenance Budget	Actual Maintenance
04/05	2	$4,349,147	$3,879,242
05/06	2	4,633,558	4,309,606
06/07	2	5,111,124	5,028,402
07/08	2	5,309,367	5,314,121
08/09	3	5,019,740	4,445,082
09/10	3	4,483,608	4,154,376
10/11	3	4,651,367	4,435,937
11/12	3	4,764,762	4,766,512
12/13	3	4,853,428	4,868,908
13/14	3	5,012,552	4,879,463
14/15	3	5,538,641	N/A

The City's policy based on current funding is to maintain parks and landscape at an average Ground Management Index (GMI) of Level 3. This rating allows for moderate maintenance and is the recommended level for most organizations. The City expended $4,879,463 for maintenance in fiscal 2014.

SPECIAL REVENUE FUNDS

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

Lighting and Landscape and Service Districts Fund. To account for the collection of assessment revenue from property owners for the maintenance of surrounding park and landscaping improvements within the boundaries of each district.

State Gasoline Tax Fund. To account for revenue apportioned to the City from the State-collected gas tax revenues and spent for construction and maintenance of City streets.

Home Improvement Fund. To account for loan activities for the production of affordable housing under the City's former program that was discontinued.

California Library Services Fund. To account for revenues and grants from the State to be expended for library related materials

Traffic Safety Fund. To account for the City's share of fines generated from violations of the State Motor Vehicle Code.

Trench Cut Recovery Fund. To account for the collection of fees charged by the City for cutting trenches in paved roadway and spent for maintaining the street if useful life is decreased.

Law Enforcement Block Grants Fund. To account for the collection of grants from the Federal Department of Justice Assistance and expended for front line law enforcement.

Fire Facilities Fund. To account for fees applied to new construction and expended for construction or repair of fire facilities and equipment for which it creates a need.

Utility Exploration Center Fund. To account for the operations of the state-of-the-art Utilities Exploration Center, funded by the utility funds.

Tree Propagation Fund. To account for fees assessed on oak tree removal and expended on the continuation and preservation of tree planting within the City.

Air Quality Mitigation Fund. To account for mitigation fees to fund future emission reduction projects for air quality.

Community Development Block Grant/HOME Fund. To account for monies received from the Department of Housing & Urban Development and expended for programs and activities to benefit low-income residents, and to account for funds received from the Federal government used to produce affordable housing and rehabilitate existing residential units.

Housing Authority Section 8 Fund. To account for monies received from the U.S. Department of Housing and Urban Development and expended for rental assistance to low income households within the Roseville and Rocklin areas.

Affordable Housing Fund. To account for monies received from property whose land use was changed from residential to commercial and from affordable housing agreements. These monies are then used to fund other affordable housing projects.

Miscellaneous Fire Fund. To account for various Fire funds including child car seat safety and fire museum donations.

Miscellaneous General Government Fund. To account for Cable TV PEG funds.

Miscellaneous Library Fund. To account for an adult literacy program for the Library.

Miscellaneous Police Fund. To account for confiscated property and evidence funds for the Police department.

Miscellaneous Park Fund. To account for donations and revenues for Park and Recreation facilities and youth sports, and the Olympus Pointe Sculpture Park maintenance.

Storm Water Management Fund. To accumulate expenditures for future storm water mandates.

Traffic Signal Coordination Fund. To fund the maintenance of optimized traffic flow through signalized intersections.

Bike Trail/Open Space Maintenance Fund. To account for the accumulation of funding for the maintenance of the City's bike trails and open spaces.

Roseville Community Development Corporation Fund. To account for revenues and expenditures of the Corporation for economic development, affordable housing and other community programs.

Low/Mod Income Housing Asset Fund. To account for the activities related to the assets assumed by the City as Housing Successor to the housing activities of the former Redevelopment Agency of the City of Roseville.

Technology Replacement Fund. To account for the activities related to the City's permit system funded by a 3% technology fee on permits.

Roadway Fund. To account for non-Gas Tax grants and other restricted revenues to construct and or maintain City streets.

DEBT SERVICE FUND

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Roseville Finance Authority Fund. To account for the accumulation of resources from lease payments and the payment of long-term debt incurred by the Finance Authority.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Building Fund. To account for approved capital projects within the City funded by various fees and other sources.

South Placer Animal Control Shelter Fund. To account for the collection of fees for the construction of an animal shelter.

Public Facilities Fund. To account for fees applied to new construction and expended for the development of public facilities for which it creates a need.

Park Development Fund. To account for collection fees applied to new construction and expended for neighborhood and community park and recreation facilities.

Pleasant Grove Drain Basin Fund. To account for collection of fees applied to new construction and expended for mitigation of developmental impacts on the Pleasant Grove watershed.

Traffic Mitigation Fund. To account for revenues and expenditures related to major roadways and related structures such as bridges or interchanges.

General Capital Improvement Projects Rehabilitation Fund. To account for the approved rehabilitation of existing City property funded by the General Fund.

PERMANENT FUNDS

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the government or its citizenry.

Roseville Aquatics Complex Maintenance Fund. A permanent fund established to account for contribution from the High School District. Only the interest earnings can be spent on helping maintain the Aquatics Complex.

Citizens' Benefit Fund. A permanent fund established to account for the proceeds from the sale of any municipally owned Hospital and interest earnings expended for improving the quality of life for the citizens of the City of Roseville.

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	SPECIAL REVENUE FUNDS				
	Lighting and Landscape and Service Districts	State Gasoline Tax	Home Improvement	California Library Services	Traffic Safety
ASSETS					
Cash and investments in City Treasury	$9,891,003	$6,025,287	$80,567	$125,020	
Restricted cash and investments with fiscal agents					
Receivables:					
Accounts	185,497				4,811
Accrued interest	12,984	153,957	169	458	
Due from other government agencies					$56,360
Due from other funds					
Advances to other funds					
Developer permit fees receivable					
Notes receivable		3,900,000	29,888		
Land held for resale					
Total Assets	$10,089,484	$10,079,244	$110,624	$125,478	$61,171
LIABILITIES					
Accounts payable	$270,840	$268,373		$4,016	$1,805
Accrued liabilities					
Due to other funds					59,365
Due to other government agencies					
Advances from other funds					
Deposits	41,185				
Unearned revenue	253,794				
Total Liabilities	565,819	268,373		4,016	61,170
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue		141,960			
FUND BALANCES					
Nonspendable					
Restricted	9,523,665	9,668,911	$110,624	121,462	1
Committed					
Assigned					
Unassigned					
TOTAL FUND BALANCES	9,523,665	9,668,911	110,624	121,462	1
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$10,089,484	$10,079,244	$110,624	$125,478	$61,171

SPECIAL REVENUE FUNDS

Trench Cut Recovery Fund	Law Enforcement Block Grants	Fire Facilities	Utility Exploration Center	Tree Propagation	Air Quality Mitigation	Community Development Block Grant/HOME
$133,482	$229,218	$4,094,949	$89,585	$2,063,274	$270,340	$120,051
242	497	8,467	109	4,989	528	
	105,967					96,479
		195,692			7,721	
						13,558,968
$133,724	$335,682	$4,299,108	$89,694	$2,068,263	$278,589	$13,775,498
		$21,449	$8,138	$3,356		$73,038
			14,711			4,971
		235,408				
						13,558,968
		256,609				
	$233,406					
	233,406	513,466	22,849	3,356		13,636,977
$133,724	102,276	3,785,642		2,064,907	$278,589	138,521
			66,845			
133,724	102,276	3,785,642	66,845	2,064,907	278,589	138,521
$133,724	$335,682	$4,299,108	$89,694	$2,068,263	$278,589	$13,775,498

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	SPECIAL REVENUE FUNDS				
	Housing Authority Section 8	Affordable Housing	Miscellaneous Fire	Miscellaneous General Government	Miscellaneous Library
ASSETS					
Cash and investments in City Treasury	$363,138	$3,627,813	$30,385	$570,629	$263,672
Restricted cash and investments with fiscal agents					
Receivables:					
Accounts				56,328	
Accrued interest		232,328	65	1,118	561
Due from other government agencies					
Due from other funds					
Advances to other funds		500,000			
Developer permit fees receivable					
Notes receivable		3,839,366			
Land held for resale					
Total Assets	$363,138	$8,199,507	$30,450	$628,075	$264,233
LIABILITIES					
Accounts payable	$45,873			$2,964	
Accrued liabilities	39,741				
Due to other funds					
Due to other government agencies		$380,311			
Advances from other funds					
Deposits					
Unearned revenue					
	85,614	380,311		2,964	
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue		4,154,636			
FUND BALANCES					
Nonspendable					
Restricted	277,524	3,664,560	$30,450	625,111	$264,233
Committed					
Assigned					
Unassigned					
TOTAL FUND BALANCES	277,524	3,664,560	30,450	625,111	264,233
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$363,138	$8,199,507	$30,450	$628,075	$264,233

SPECIAL REVENUE FUNDS

Miscellaneous Police	Miscellaneous Park	Storm Water Management	Traffic Signal Coordination	Bike Trail/ Open Space Maintenance	Roseville Community Development Corporation	Low/Mod Income Housing Asset
$298,611	$388,404	$324,978	$2,202,866	$956,370		$68,708
					$1,164,230	
10,000	199					
637	847	203	4,620	2,095		$472,763
31,525						
			8,600			
						5,562,663
						861,245
$340,773	$389,450	$325,181	$2,216,086	$958,465	$1,164,230	$6,965,379
$257		$4,832		$21,589	$14,783	
		14,867			45,673	
					2,030,951	
					17,158	
					4,200	
257		19,699		21,589	2,112,765	
						$5,545,182
$340,516		305,482	$2,216,086	936,876		1,420,197
	$389,450					
					(948,535)	
340,516	389,450	305,482	2,216,086	936,876	(948,535)	1,420,197
$340,773	$389,450	$325,181	$2,216,086	$958,465	$1,164,230	$6,965,379

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		
	Technology Replacement	Roadway	Roseville Finance Authority	Building	South Placer Animal Control Shelter	Public Facilities
ASSETS						
Cash and investments in City Treasury	$158,015	$1,213,890	$71,208	$1,932,763	$665,107	$9,264,508
Restricted cash and investments with fiscal agents			65,415			
Receivables:						
Accounts	97					
Accrued interest	235	4,755		3,529	1,250	22,364
Due from other government agencies						
Due from other funds						100,000
Advances to other funds						395,054
Developer permit fees receivable	88				35,820	503,432
Notes receivable						
Land held for resale						
Total Assets	$158,435	$1,218,645	$136,623	$1,936,292	$702,177	$10,285,358
LIABILITIES						
Accounts payable	$5,475			$111,591		$40,451
Accrued liabilities			$11,988			
Due to other funds	100,000					
Due to other government agencies						
Advances from other funds	395,054					
Deposits						
Unearned revenue						
Total Liabilities	500,529		11,988	111,591		40,451
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue						
FUND EQUITY						
Nonspendable						
Restricted		$1,218,645	124,635		$702,177	10,244,907
Committed				1,824,701		
Assigned						
Unassigned	(342,094)					
TOTAL FUND BALANCES	(342,094)	1,218,645	124,635	1,824,701	702,177	10,244,907
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$158,435	$1,218,645	$136,623	$1,936,292	$702,177	$10,285,358

CAPITAL PROJECTS FUNDS				PERMANENT FUNDS		
Park Development	Pleasant Grove Drain Basin	Traffic Mitigation	General Capital Improvement Projects Rehabilitation	Roseville Aquatics Complex Maintenance	Citizens' Benefit	Total Nonmajor Governmental Funds
$25,393,335	$5,716,691	$17,397,931	$11,419,820	$623,835	$17,441,701	$123,517,154
						1,229,645
1,400		188,107				446,439
48,721	11,552	35,003	25,128	461	46,600	1,097,235
		1,670,568				1,960,899
						100,000
	3,000,000					3,895,054
736,673		508,976				1,997,002
						26,890,885
						861,245
$26,180,129	$8,728,243	$19,800,585	$11,444,948	$624,296	$17,488,301	$161,995,558
$14,863		$1,532,696	$140,815			$2,587,204
						131,951
						394,773
						13,939,279
						2,682,614
				$600,000	105	658,448
						491,400
14,863		1,532,696	140,815	600,000	105	20,885,669
		25,399				9,867,177
					16,940,290	16,940,290
26,165,266	$8,728,243	18,242,490		24,296	547,906	102,007,922
						2,280,996
			11,304,133			11,304,133
						(1,290,629)
26,165,266	8,728,243	18,242,490	11,304,133	24,296	17,488,196	131,242,712
$26,180,129	$8,728,243	$19,800,585	$11,444,948	$624,296	$17,488,301	$161,995,558

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS				
	Lighting and Landscape and Service Districts	State Gasoline Tax	Home Improvement	California Library Services	Traffic Safety
REVENUES					
Taxes	$6,968,857				
Charges for services		$26,450		$432	
Subventions and grants		4,122,508			
Use of money and property	48,891	48,606	$704	$1,729	
Fines, forfeitures and penalties					$355,001
Contributions from developers and others					
Miscellaneous revenues	22,024			44,397	
Total Revenues	7,039,772	4,197,564	704	46,558	355,001
EXPENDITURES					
Current:					
General government					
Development & operations					
Public works					
Public safety:					
Fire					
Police					
Library				31,340	
Parks and recreation	4,561,738				
Housing assistance payments					
Capital outlay		5,006,964		6,240	
Debt service:					
Principal retirement					
Interest and fiscal charges	93,640				
Total Expenditures	4,655,378	5,006,964		37,580	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,384,394	(809,400)	704	8,978	355,001
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of property					
Transfers in		900,000			
Transfers (out)	(2,380,185)	(1,742,070)	(136)	(87,468)	(355,000)
Total Other Financing Sources (Uses)	(2,380,185)	(842,070)	(136)	(87,468)	(355,000)
Net change in fund balances before special item	4,209	(1,651,470)	568	(78,490)	1
SPECIAL ITEM					
Change in classification of assets					
Net change in fund balances	4,209	(1,651,470)	568	(78,490)	1
Fund balances (deficits) at the beginning of the year, as restated	9,519,456	11,320,381	110,056	199,952	
Fund balances (deficits) at the end of year	$9,523,665	$9,668,911	$110,624	$121,462	$1

SPECIAL REVENUE FUNDS

Trench Cut Recovery	Law Enforcement Block Grants	Fire Facilities	Utility Exploration Center	Tree Propagation	Air Quality Mitigation	Community Development Block Grant/HOME
		$815,251				
$27,391			$17,067	$152,211	$31,970	
	$164,568					$767,251
$891	1,753	34,482	221	20,628	1,983	16,262
			15,458	4,926		579,678
28,282	166,321	849,733	32,746	177,765	33,953	1,363,191
						1,210,058
			400,099	573,819		
		97,988	6,126	37,450		
		10,896				
		108,884	406,225	611,269		1,210,058
28,282	166,321	740,849	(373,479)	(433,504)	33,953	153,133
		3,948				
			428,540			
(48)	(100,096)	(475,523)	(54,995)	(109,507)	(138)	
(48)	(100,096)	(471,575)	373,545	(109,507)	(138)	
28,234	66,225	269,274	66	(543,011)	33,815	153,133
28,234	66,225	269,274	66	(543,011)	33,815	153,133
105,490	36,051	3,516,368	66,779	2,607,918	244,774	(14,612)
$133,724	$102,276	$3,785,642	$66,845	$2,064,907	$278,589	$138,521

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS				
	Housing Authority Section 8	Affordable Housing	Miscellaneous Fire	Miscellaneous General Government	Miscellaneous Library
REVENUES					
Taxes					
Charges for services		$1,921			
Subventions and grants	$4,325,019				
Use of money and property		$48,727	$259	$4,022	$2,217
Fines, forfeitures and penalties			7,500		
Contributions from developers and others		124,473			
Miscellaneous revenues	52,007	245,109		181,984	250
Total Revenues	4,377,026	420,230	7,759	186,006	2,467
EXPENDITURES					
Current:					
General government				70,686	
Development & operations	672,146	52,966			
Public works					
Public safety:					
Fire					
Police			8,488		
Library					10,000
Parks and recreation					
Housing assistance payments	3,858,070				
Capital outlay					
Debt service:					
Principal retirement					
Interest and fiscal charges					
Total Expenditures	4,530,216	52,966	8,488	70,686	10,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(153,190)	367,264	(729)	115,320	(7,533)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of property					
Transfers in					
Transfers (out)	(64,090)	(188,110)			
Total Other Financing Sources (Uses)	(64,090)	(188,110)			
Net change in fund balances	(217,280)	179,154	(729)	115,320	(7,533)
SPECIAL ITEM					
Change in classification of assets					
Net change in fund balances	(217,280)	179,154	(729)	115,320	(7,533)
Fund balances (deficits) at the beginning of the year, as restated	494,804	3,485,406	31,179	509,791	271,766
Fund balances (deficits) at the end of year	$277,524	$3,664,560	$30,450	$625,111	$264,233

SPECIAL REVENUE FUNDS

Miscellaneous Police	Miscellaneous Park	Storm Water Management	Traffic Signal Coordination	Bike Trail/ Open Space Maintenance	Roseville Community Development Corporation	Low/Mod Income Housing Asset
	$42,020		$2,312			
$18,782		$257,228			$207,500	
2,404	3,309	250	17,993	$7,919	72,743	$3,640
		650				
			34,437			
90,126	3,684	1,480		53,477	134,798	46,133
111,312	49,013	259,608	54,742	61,396	415,041	49,773
					379,395	59,292
		541,616	42,281			
42,223						
				600,744		
					1,412,690	
					12,208	
					70,583	
42,223		541,616	42,281	600,744	1,874,876	59,292
69,089	49,013	(282,008)	12,461	(539,348)	(1,459,835)	(9,519)
		630,435		529,570		36,500
(15,000)	(66,814)	(42,945)	(1,289,293)	(31,735)		
(15,000)	(66,814)	587,490	(1,289,293)	497,835		36,500
54,089	(17,801)	305,482	(1,276,832)	(41,513)	(1,459,835)	26,981
					(2,141,561)	
54,089	(17,801)	305,482	(1,276,832)	(41,513)	(3,601,396)	26,981
286,427	407,251		3,492,918	978,389	2,652,861	1,393,216
$340,516	$389,450	$305,482	$2,216,086	$936,876	($948,535)	$1,420,197

(Continued)

CITY OF ROSEVILLE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		
	Technology Replacement	Roadway	Roseville Finance Authority	Building	South Placer Animal Control Shelter	Public Facilities
REVENUES						
Taxes						
Charges for services	$204,135				$124,679	$2,065,213
Subventions and grants						
Use of money and property	1,213	$17,559	$37,709	$14,133	4,628	94,844
Fines, forfeitures and penalties						
Contributions from developers and others						
Miscellaneous revenues	97			14,840		167,554
Total Revenues	205,445	17,559	37,709	28,973	129,307	2,327,611
EXPENDITURES						
Current:						
General government	396					
Development & operations						
Public works						
Public safety:						
Fire						
Police						
Library						
Parks and recreation						
Housing assistance payments						
Capital outlay	175,606			3,347,643		1,402,807
Debt service:						
Principal retirement			878,783	1,191,322		
Interest and fiscal charges	1,426		201,421	55,224		
Total Expenditures	177,428		1,080,204	4,594,189		1,402,807
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	28,017	17,559	(1,042,495)	(4,565,216)	129,307	924,804
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of property						
Transfers in	59,000	2,917,379	1,022,152	4,579,349		139,346
Transfers (out)		(1,716,293)		(6,340)		(2,808,113)
Total Other Financing Sources (Uses)	59,000	1,201,086	1,022,152	4,573,009		(2,668,767)
Net change in fund balances	87,017	1,218,645	(20,343)	7,793	129,307	(1,743,963)
SPECIAL ITEM						
Change in classification of assets						
Net change in fund balances	87,017	1,218,645	(20,343)	7,793	129,307	(1,743,963)
Fund balances (deficits) at the beginning of the year, as restated	(429,111)		144,978	1,816,908	572,870	11,988,870
Fund balances (deficits) at the end of year	($342,094)	$1,218,645	$124,635	$1,824,701	$702,177	$10,244,907

CAPITAL PROJECTS FUNDS				PERMANENT FUNDS		
Park Development	Pleasant Grove Drain Basin	Traffic Mitigation	General Capital Improvement Projects Rehabilitation	Roseville Aquatics Complex Maintenance	Citizens' Benefit	Total Nonmajor Governmental Funds
						$7,784,108
$3,766,375	$220,738	$2,778,189				9,461,103
		2,427,141	$17,200			12,307,197
186,642	121,351	132,340	102,200	($617)	$280,516	1,332,151
						363,151
						158,910
8,381		315,872			7,257	1,989,532
3,961,398	342,089	5,653,542	119,400	(617)	287,773	33,396,152
			5,460		391,869	468,411
						2,373,857
		10,964	40,696			635,557
						42,223
						8,488
						41,340
2,500						6,138,900
						3,858,070
3,718,083	34,835	5,353,838	2,064,413			22,664,683
						2,082,313
						433,190
3,720,583	34,835	5,364,802	2,110,569		391,869	38,747,032
240,815	307,254	288,740	(1,991,169)	(617)	(104,096)	(5,350,880)
						3,948
2,880,398		1,058,683	1,152,657			16,334,009
(9,835)	(4,603)	(109,801)	(482,771)			(12,140,909)
2,870,563	(4,603)	948,882	669,886			4,197,048
3,111,378	302,651	1,237,622	(1,321,283)	(617)	(104,096)	(1,153,832)
						(2,141,561)
3,111,378	302,651	1,237,622	(1,321,283)	(617)	(104,096)	(3,295,393)
23,053,888	8,425,592	17,004,868	12,625,416	24,913	17,592,292	134,538,105
$26,165,266	$8,728,243	$18,242,490	$11,304,133	$24,296	$17,488,196	$131,242,712

CITY OF ROSEVILLE
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	LIGHTING AND LANDSCAPE SERVICE DISTRICTS			STATE GASOLINE TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	$7,274,299	$6,968,857	($305,442)			
Charges for services					$26,450	$26,450
Subventions and grants				$3,933,995	4,122,508	188,513
Use of money and property	25,838	48,891	23,053	30,435	48,606	18,171
Fines, forfeitures and penalties						
Miscellaneous revenues		22,024	22,024			
Total Revenues	7,300,137	7,039,772	(260,365)	3,964,430	4,197,564	233,134
EXPENDITURES						
Current:						
Operating services and supplies						
Planning						
Home Improvement						
Main Library - Library Fund						
Parks And Recreation						
Olympus Pointe Lld Zone A	160,926	160,802	124			
Olympus Pointe Lld Zone D	59,875	41,792	18,083			
Nwrlld Zone A	424,234	414,027	10,207			
Nwrlld Zone B	18,256	18,139	117			
Johnson Ranch Lld Zone A	2,968	2,917	51			
Johnson Ranch Lld Zone B	1,830	1,829	1			
Johnson Ranch Lld Zone C	1,406	1,404	2			
Johnson Ranch Lld Zone D	98	8	90			
Johnson Ranch Lld Zone E	1,898	1,890	8			
Ncrlld Zone A	387,362	366,317	21,045			
Ncrlld Zone B	131,596	108,502	23,094			
Ncrlld Zone F	20,126	17,445	2,681			
Ncrlld Zone G	12,283	10,210	2,073			
Infill Lld Zone A	13,524	7,117	6,407			
Infill Lld Zone B	13,766	8,405	5,361			
Infill Lld Zone C	15,405	9,513	5,892			
Nrcfd 2 Sd Zone A	43,514	37,100	6,414			
Nrcfd 2 Sd Zone B	60,349	54,859	5,490			
Nrcfd 2 Sd Zone C	149,164	139,907	9,257			
Historic District Lld	34,789	25,028	9,761			
Riverside District Lld	20,874	18,530	2,344			
Stone Point Cfd #4 (Sd)	12,574	6,702	5,872			
Infill Cfd4-Wdcrk Oaks Preser	10,335	10,325	10			
Stoneridge Cfd #1 Srv Dist	411,485	387,282	24,203			
Stoneridge Parcel 1 Cfd #2 Sd	22,065	20,108	1,957			
Woodcrk West - Services District	315,237	292,323	22,914			
Crocker Ranch Services District	221,865	209,548	12,317			
Highland Res North Srv Dist	451,104	426,438	24,666			
Vernon St Lighting/Landscape	30,403	23,624	6,779			
Woodcreek East Services Dist	125,065	120,327	4,738			
Stone Point Cfd #2 Srv Dist	36,616	33,655	2,961			
Westpark Cfd #2 Services Dist	538,125	511,811	26,314			
Fiddyment Ranch Cfd #2 Sd	634,410	619,509	14,901			
Municipal Services Cfd #3	22,100	21,098	1,002			
Longmeadow Cfd #2 Sd	79,831	45,002	34,829			
Infill Services Cfd	29,533	24,020	5,513			
NWRSP-Landscaping and Lighting District	663,969	355,583	308,386			
NRCFD 2 Services District Zone E	13,589	8,642	4,947			
Debt service:						
Interest and fiscal charges	101,142	93,640	7,502			
Total Expenditures	5,293,691	4,655,378	638,313			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,006,446	2,384,394	377,948	3,964,430	4,197,564	233,134
OTHER FINANCING SOURCES (USES)						
Transfers in				958,446	900,000	(58,446)
Transfers (out)	(2,436,380)	(2,380,185)	56,195	(565,422)	(1,742,070)	(1,176,648)
Total Other Financing Sources (Uses)	(2,436,380)	(2,380,185)	56,195	393,024	(842,070)	(1,235,094)
NET CHANGE IN FUND BALANCES	($429,934)	4,209	$434,143	$4,357,454	3,355,494	($1,001,960)
Adjustment to budgetary basis						
Capital outlay					(5,006,964)	
Fund balances (deficits) at beginning of year		9,519,456			11,320,381	
Fund balances (deficits) at end of year		$9,523,665			$9,668,911	

HOME IMPROVEMENT			CALIFORNIA LIBRARY SERVICES			TRAFFIC SAFETY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
				$432	$432			
$718	$704	($14)	1,014	1,729	715			
						$347,000	$355,001	$8,001
			31,441	44,397	12,956			
718	704	(14)	32,455	46,558	14,103	347,000	355,001	8,001
110,000		110,000						
			31,551	31,340	211			
110,000		110,000	31,551	31,340	211			
(109,282)	704	109,986	904	15,218	14,314	347,000	355,001	8,001
(136)	(136)		(87,468)	(87,468)		(347,000)	(355,000)	(8,000)
(136)	(136)		(87,468)	(87,468)		(347,000)	(355,000)	(8,000)
($109,418)	568	$109,986	($86,564)	(72,250)	$14,314		1	$1
				(6,240)				
	110,056			199,952				
	$110,624			$121,462			$1	

(Continued)

CITY OF ROSEVILLE
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	TRENCH CUT RECOVERY			LAW ENFORCEMENT BLOCK GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Charges for services		$27,391	$27,391			
Subventions and grants				$100,000	$164,568	$64,568
Use of money and property	$456	891	435	906	1,753	847
Miscellaneous revenues						
Total Revenues	456	28,282	27,826	100,906	166,321	65,415
EXPENDITURES						
Current:						
Salaries and benefits						
Parks And Recreation						
Utility Exploration Center						
Operating services and supplies						
Parks And Recreation						
Utility Exploration Center						
RUEC School Tour Annual						
Native Tree Projects						
Non-Native Tree Projects						
Debt service:						
Interest and fiscal charges						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	456	28,282	27,826	100,906	166,321	65,415
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of property						
Transfers in						
Transfers (out)	(48)	(48)		(100,096)	(100,096)	
Total Other Financing Sources (Uses)	(48)	(48)		(100,096)	(100,096)	
NET CHANGE IN FUND BALANCES	$408	28,234	$27,826	$810	66,225	$65,415
Adjustment to budgetary basis						
Capital outlay						
Fund balances (deficits) at beginning of year		105,490			36,051	
Fund balances (deficits) at end of year		$133,724			$102,276	

FIRE FACILITIES			UTILITY EXPLORATION CENTER			TREE PROPAGATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$560,000	$815,251	$255,251						
3,540		(3,540)	$15,500	$17,067	$1,567		$152,211	$152,211
20,000	34,482	14,482	120	221	101	$14,636	20,628	5,992
			20,000	15,458	(4,542)		4,926	4,926
583,540	849,733	266,193	35,620	32,746	(2,874)	14,636	177,765	163,129
			349,954	340,983	8,971			
			75,395	44,148	31,247			
				14,968	(14,968)			
						565,245	520,328	44,917
						133,590	53,491	80,099
10,896	10,896							
10,896	10,896		425,349	400,099	25,250	698,835	573,819	125,016
572,644	838,837	266,193	(389,729)	(367,353)	22,376	(684,199)	(396,054)	288,145
	3,948	3,948						
			941,983	428,540	(513,443)			
(1,859,242)	(475,523)	1,383,719	(52,367)	(54,995)	(2,628)	(109,507)	(109,507)	
(1,859,242)	(471,575)	1,387,667	889,616	373,545	(516,071)	(109,507)	(109,507)	
($1,286,598)	367,262	$1,653,860	$499,887	6,192	($493,695)	($793,706)	(505,561)	$288,145
	(97,988)			(6,126)			(37,450)	
	3,516,368			66,779			2,607,918	
	$3,785,642			$66,845			$2,064,907	

(Continued)

CITY OF ROSEVILLE
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	AIR QUALITY MITIGATION			COMMUNITY DEVELOPMENT BLOCK GRANT / HOME		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Charges for services	$41,000	$31,970	($9,030)			
Subventions and grants				$1,403,000	$767,251	($635,749)
Use of money and property	928	1,983	1,055		16,262	16,262
Fines, forfeitures and penalties						
Contributions from developers						
Miscellaneous revenues				437,100	579,678	142,578
Total Revenues	41,928	33,953	(7,975)	1,840,100	1,363,191	(476,909)
EXPENDITURES						
Current:						
Salaries and benefits						
Planning						
CDBG				117,481	113,674	3,807
Housing Authority						
Operating services and supplies						
Planning						
Rehabilitation Account				400,000	219,128	180,872
CDBG				521,126	389,187	131,939
Home Program				688,253	488,069	200,184
Cal/Home				37,100		37,100
Housing Trust Fund						
Affordable Housing						
Housing Authority						
Public Safety:						
Fire						
Buckle Up Baby Fund						
Housing assistance payments						
Total Expenditures				1,763,960	1,210,058	553,902
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	41,928	33,953	(7,975)	76,140	153,133	76,993
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(138)	(138)				
Total Other Financing Sources (Uses)	(138)	(138)				
NET CHANGE IN FUND BALANCES	$41,790	33,815	($7,975)	$76,140	153,133	$76,993
Adjustment to budgetary basis						
Capital outlay						
Fund balances (deficits) at beginning of year		244,774			(14,612)	
Fund balances (deficits) at end of year		$278,589			$138,521	

HOUSING AUTHORITY SECTION 8			AFFORDABLE HOUSING			MISCELLANEOUS FIRE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
				$1,921	$1,921			
$4,663,085	$4,325,019	($338,066)						
40		(40)	$17,656	48,727	31,071	$154	$259	$105
						15,000	7,500	(7,500)
			44,000	124,473	80,473	3,000		(3,000)
54,600	52,007	(2,593)	110,000	245,109	135,109			
4,717,725	4,377,026	(340,699)	171,656	420,230	248,574	18,154	7,759	(10,395)
495,683	456,414	39,269						
			150,000		150,000			
			820,813	52,966	767,847			
50,516	215,732	(165,216)						
						18,000	8,488	9,512
4,036,089	3,858,070	178,019						
4,582,288	4,530,216	52,072	970,813	52,966	917,847	18,000	8,488	9,512
135,437	(153,190)	(288,627)	(799,157)	367,264	1,166,421	154	(729)	(883)
(64,090)	(64,090)		(188,110)	(188,110)				
(64,090)	(64,090)		(188,110)	(188,110)				
$71,347	(217,280)	($288,627)	($987,267)	179,154	$1,166,421	$154	(729)	($883)
	494,804			3,485,406			31,179	
	$277,524			$3,664,560			$30,450	

(Continued)

CITY OF ROSEVILLE
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	MISCELLANEOUS GENERAL GOVERNMENT			MISCELLANEOUS LIBRARY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Charges for services						
Subventions and grants						
Use of money and property	$1,656	$4,022	$2,366	$1,284	$2,217	$933
Miscellaneous revenues	168,320	181,984	13,664		250	250
Total Revenues	169,976	186,006	16,030	1,284	2,467	1,183
EXPENDITURES						
Current:						
Salaries and benefits						
Public Works						
Storm Water Management Program						
Operating services and supplies						
General Government						
Cable TV Peg Funds	242,853	70,686	172,167			
Public Works						
Storm Water Management Program						
Public Safety:						
Police						
Forfeited Property						
Police Evidence Funds						
Library						
Harrigan Trust-Adult Literacy				20,000	10,000	10,000
Grants	25,000		25,000			
Total Expenditures	267,853	70,686	197,167	20,000	10,000	10,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(97,877)	115,320	213,197	(18,716)	(7,533)	11,183
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	($97,877)	115,320	$213,197	($18,716)	(7,533)	$11,183
Adjustment to budgetary basis						
Capital outlay						
Fund balances (deficits) at beginning of year		509,791			271,766	
Fund balances (deficits) at end of year		$625,111			$264,233	

MISCELLANEOUS POLICE			MISCELLANEOUS PARK			STORM WATER MANAGEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			$42,000	$42,020	$20			
$17,369	$18,782	$1,413				$314,717	257,228	(57,489)
1,174	2,404	1,230	1,724	3,309	1,585		250	250
47,183	90,126	42,943		3,684	3,684		2,130	2,130
65,726	111,312	45,586	43,724	49,013	5,289	314,717	259,608	(55,109)
						409,929	379,227	30,702
						262,074	162,389	99,685
68,252	42,223	26,029						
1		1						
68,253	42,223	26,030				672,003	541,616	130,387
(2,527)	69,089	71,616	43,724	49,013	5,289	(357,286)	(282,008)	75,278
						694,356	630,435	(63,921)
	(15,000)	(15,000)	(71,000)	(66,814)	4,186	(42,945)	(42,945)	
	(15,000)	(15,000)	(71,000)	(66,814)	4,186	651,411	587,490	(63,921)
($2,527)	54,089	$56,616	($27,276)	(17,801)	$9,475	$294,125	305,482	$11,357
	286,427			407,251				
	$340,516			$389,450			$305,482	

(Continued)

CITY OF ROSEVILLE
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	TRAFFIC SIGNAL COORDINATION			BIKE TRAIL/OPEN SPACE MAINTENANCE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Charges for services		$2,312	$2,312			
Subventions and grants						
Use of money and property	$9,991	17,993	8,002	$3,963	$7,919	$3,956
Contributions from developers	28,000	34,437	6,437			
Miscellaneous revenues					53,477	53,477
Total Revenues	37,991	54,742	16,751	3,963	61,396	57,433
EXPENDITURES						
Current:						
Salaries and benefits						
Planning						
Roseville Community Development Corporation						
Operating services and supplies						
General Government						
Technology Fee Replacement Fund						
General Projects-Technology Replacement						
Development & operations						
Low & Moderate Income Housing Successor Agency						
Planning						
Roseville Community Development Corporation						
Parks and Recreation						
Facilities Rehab Project	50,000	42,281	7,719			
Bike Trail Maintenance				82,205	62,266	19,939
Open Space Maintenance				568,891	538,478	30,413
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	50,000	42,281	7,719	651,096	600,744	50,352
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,009)	12,461	24,470	(647,133)	(539,348)	107,785
OTHER FINANCING SOURCES (USES)						
Issuance of debt						
Transfers in				544,861	529,570	(15,291)
Transfers (out)	(1,419)	(1,289,293)	(1,287,874)	(35,693)	(31,735)	3,958
Total Other Financing Sources (Uses)	(1,419)	(1,289,293)	(1,287,874)	509,168	497,835	(11,333)
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEM	($13,428)	(1,276,832)	(1,263,404)	(137,965)	(41,513)	96,452
SPECIAL ITEM						
Change in classification of assets						
NET CHANGE IN FUND BALANCES	($13,428)	(1,276,832)	($1,263,404)	($137,965)	(41,513)	$96,452
Adjustment to budgetary basis						
Capital outlay						
Fund balances (deficits) at beginning of year, as restated		3,492,918			978,389	
Fund balances (deficits) at end of year		$2,216,086			$936,876	

ROSEVILLE COMMUNITY DEVELOPMENT CORPORATION			LOW/MOD INCOME HOUSING ASSET			TECHNOLOGY REPLACEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						$104,423	$204,135	$99,712
$205,000	$207,500	$2,500						
208,520	72,743	(135,777)	$30	$3,640	$3,610	1,541	1,213	(328)
51,202	134,798	83,596		46,133	46,133		97	97
464,722	415,041	(49,681)	30	49,773	49,743	105,964	205,445	99,481
	38,512	(38,512)						
							97	(97)
							299	(299)
			75,726	59,292	16,434			
1,150,315	340,883	809,432						
	12,208	(12,208)						
113,086	70,583	42,503				1,426	1,426	
1,263,401	462,186	801,215	75,726	59,292	16,434	1,426	1,822	(396)
(798,679)	(47,145)	751,534	(75,696)	(9,519)	66,177	104,538	203,623	99,085
500,000		(500,000)						
			109,326	36,500	(72,826)	59,000	59,000	
						(100,000)		100,000
500,000		(500,000)	109,326	36,500	(72,826)	(41,000)	59,000	100,000
(298,679)	(47,145)	251,534	33,630	26,981	(6,649)	63,538	262,623	199,085
	(2,141,561)	(2,141,561)						
($298,679)	(2,188,706)	($1,890,027)	$33,630	26,981	($6,649)	$63,538	262,623	$199,085
	(1,412,690)						(175,606)	
	2,652,861			1,393,216			(429,111)	
	($948,535)			$1,420,197			($342,094)	

(Continued)

CITY OF ROSEVILLE
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	ROADWAY			ROSEVILLE FINANCE AUTHORITY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Use of money and property	$9,001	$17,559	$8,558		$37,709	$37,709
Miscellaneous revenues						
Total Revenues	9,001	17,559	8,558		37,709	37,709
EXPENDITURES						
Current:						
Operating services and supplies						
General government						
Citizens Benefit						
Debt service:						
Principal retirement				878,784	878,783	1
Interest and fiscal charges				145,629	201,421	(55,792)
Total Expenditures				1,024,413	1,080,204	(55,791)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,001	17,559	8,558	(1,024,413)	(1,042,495)	(18,082)
OTHER FINANCING SOURCES (USES)						
Transfers in	1,700,000	2,917,379	1,217,379	1,302,823	1,022,152	(280,671)
Transfers (out)	(1,733,114)	(1,716,293)	16,821			
Total Other Financing Sources (Uses)	(33,114)	1,201,086	1,234,200	1,302,823	1,022,152	(280,671)
NET CHANGE IN FUND BALANCES	($24,113)	1,218,645	$1,242,758	$278,410	(20,343)	($298,753)
Fund balances (deficits) at beginning of year					144,978	
Fund balances (deficits) at end of year		$1,218,645			$124,635	

CITIZENS' BENEFIT		
Budget	Actual	Variance Positive (Negative)
$205,964	$280,516	$74,552
	7,257	7,257
205,964	287,773	81,809
400,958	391,869	9,089
400,958	391,869	9,089
(194,994)	(104,096)	90,898
($194,994)	(104,096)	$90,898
	17,592,292	
	$17,488,196	

This Page Left Intentionally Blank

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

Financial reporting standards require that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

Automotive Services Fund. To account for the maintenance of vehicles used by City departments. Funds are received by means of a rental fee charged to the various departments.

Automotive Replacement Fund. To accumulate resources and account for the purchase of vehicles used by City departments. The source of revenue for this fund is replacement fees charged to City vehicles.

Workers' Compensation Fund. To account for the City's self-insurance program for Workers' Compensation benefits and for the administration of various preventative programs.

General Liability Fund. To account for the cost of claims and administrative costs of the City's self-insured general liability program.

Unemployment Reserve Fund. To account for State and Federal mandated unemployment insurance benefits for employees.

Vision Fund. To account for the City's insurance program for Vision benefits.

Dental Fund. To account for the City's insurance program for Dental benefits.

Section 125 Fund. To account for the assets and liabilities of the employer's flexible benefits plan established under Internal Revenue Code Section 125.

Post Retirement Fund. To account for the contributions and benefits paid in relation to accrued employee retirement compensation.

Central Stores Fund. To account for stores inventory that gets allocated out at year-end to the General Fund and Enterprise Funds.

CITY OF ROSEVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

	Automotive Services	Automotive Replacement	Self Insurance Funds: Workers' Compensation	Self Insurance Funds: General Liability
ASSETS				
Current Assets				
Cash and investments in City Treasury	$1,154	$37,855,243	$7,386,788	$2,558,358
Receivables:				
Accounts			2,247	1,000
Accrued interest	2,305	2,241,888	17,486	7,093
Due from other government agencies	9,598			
Due from other funds		1,364,894	100,000	
Prepaids				
Notes receivable		829,201		
Inventories	806,281			
Total Current Assets	819,338	42,291,226	7,506,521	2,566,451
Non Current Assets				
Advances to other funds		3,591,609	90,353	
Capital assets:				
Construction in progress	297,475	178,566		
Capital assets being depreciated, net	585	11,182,433	253	
Total Assets	1,117,398	57,243,834	7,597,127	2,566,451
LIABILITIES				
Current Liabilities				
Accounts payable	176,998	432,444	25,478	26,182
Accrued liabilities	68,445		3,433	3,382
Due to other funds	942,486			
Self-insurance claims payable			1,070,857	529,403
Total Current Liabilities	1,187,929	432,444	1,099,768	558,967
Long-term Liabilities				
Advances from other funds				
Compensated absences	299,096		49,968	13,806
Net OPEB obligations				
Self-insurance claims payable			7,852,950	1,296,126
Total Liabilities	1,487,025	432,444	9,002,686	1,868,899
NET POSITION				
Net investment in capital assets	298,060	11,360,999	253	
Unrestricted	(667,687)	45,450,391	(1,405,812)	697,552
Total Net Position	($369,627)	$56,811,390	($1,405,559)	$697,552

Self Insurance Funds						
Unemployment Reserve	Vision	Dental	Section 125	Post Retirement	Central Stores	Total
$302,908	$299,840	$670,804	$69,473	$2,644,707	$142,953	$51,932,228
				28		3,275
426	603	1,519	111	3,992		2,275,423
				160,035		169,633
						1,464,894
		169,800				169,800
						829,201
						806,281
303,334	300,443	842,123	69,584	2,808,762	142,953	57,650,735
						3,681,962
						476,041
						11,183,271
303,334	300,443	842,123	69,584	2,808,762	142,953	72,992,009
		113,035			114,920	889,057
						75,260
100,000						1,042,486
						1,600,260
100,000		113,035			114,920	3,607,063
90,353						90,353
						362,870
				39,363,312		39,363,312
						9,149,076
190,353		113,035		39,363,312	114,920	52,572,674
						11,659,312
112,981	300,443	729,088	69,584	(36,554,550)	28,033	8,760,023
$112,981	$300,443	$729,088	$69,584	($36,554,550)	$28,033	$20,419,335

CITY OF ROSEVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

			Self Insurance Funds	
	Automotive Services	Automotive Replacement	Workers' Compensation	General Liability
OPERATING REVENUES				
Charges for services	$7,068,708	$5,353,317	$154	
Other	90,485		2,085,342	$1,212,768
Total Operating Revenues	7,159,193	5,353,317	2,085,496	1,212,768
OPERATING EXPENSES				
Operations	6,190,097	94,976	3,061,043	1,939,687
Depreciation and amortization	6,959	3,056,725	3,040	
Claims expense			1,220,103	211,012
Total Operating Expenses	6,197,056	3,151,701	4,284,186	2,150,699
Operating Income (Loss)	962,137	2,201,616	(2,198,690)	(937,931)
NONOPERATING (EXPENSES)				
Interest and rents revenue	36,641	356,581	69,668	29,109
Net Nonoperating Revenues (Expenses)	36,641	356,581	69,668	29,109
Income (Loss) Before Contributions and Transfers	998,778	2,558,197	(2,129,022)	(908,822)
Contibutions	297,475	178,566		
Transfers in		731,300		
Transfers (out)	(977,044)	(43,663)	(70,593)	(73,178)
Change in Net Position Before Special Item	319,209	3,424,400	(2,199,615)	(982,000)
Special Item				
Restructuring of interest on loans receivable from the Successor Agency		(814,422)		
Change in Net Position	319,209	2,609,978	(2,199,615)	(982,000)
Net position (deficit) - beginning	(688,836)	54,201,412	794,056	1,679,552
Net position (deficit) - ending	($369,627)	$56,811,390	($1,405,559)	$697,552

Self Insurance Funds						
Unemployment Reserve	Vision	Dental	Section 125	Post Retirement	Central Stores	Total
						$12,422,179
$485,530	$157,036	$1,462,280	$390,824	$2,581,341		8,465,606
485,530	157,036	1,462,280	390,824	2,581,341		20,887,785
	156,996	101,362		15,535,320		27,079,481
						3,066,724
148,241		1,351,318	385,429			3,316,103
148,241	156,996	1,452,680	385,429	15,535,320		33,462,308
337,289	40	9,600	5,395	(12,953,979)		(12,574,523)
1,418	2,364	5,812	413	15,450		517,456
1,418	2,364	5,812	413	15,450		517,456
338,707	2,404	15,412	5,808	(12,938,529)		(12,057,067)
						476,041
				7,185,722		7,917,022
(309)	(1,817)	(3)	(444)	(27,156)		(1,194,207)
338,398	587	15,409	5,364	(5,779,963)		(4,858,211)
						(814,422)
338,398	587	15,409	5,364	(5,779,963)		(5,672,633)
(225,417)	299,856	713,679	64,220	(30,774,587)	$28,033	26,091,968
$112,981	$300,443	$729,088	$69,584	($36,554,550)	$28,033	$20,419,335

CITY OF ROSEVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	Automotive Services	Automotive Replacement	Self Insurance Funds Workers' Compensation	Self Insurance Funds General Liability
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$7,076,068	$5,353,473	$154	
Payments to suppliers	(4,354,691)	(87,731)	(2,948,627)	($1,832,984)
Payments to employees	(1,868,393)		(88,948)	(87,812)
Payments to OPEB trust				
Claims paid				(278,088)
Other receipts (payments)	90,485		2,083,095	1,211,768
Net Cash Provided (Used) by Operating Activities	943,469	5,265,742	(954,326)	(987,116)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Increase (decrease) in due to other funds	393	566,484	100,000	
(Increase) decrease in advances to other funds		217,408	100,000	
Transfers in		731,300		
Transfers (out)	(977,044)	(43,663)	(70,593)	(73,178)
Cash Flows from (Used for) Noncapital Financing Activities	(976,651)	1,471,529	129,407	(73,178)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets, net		(2,140,741)		
Cash Flows (Used for) Capital and Related Financing Activities		(2,140,741)		
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and rents received	34,336	367,441	79,110	32,763
Cash Flows from Investing Activities	34,336	367,441	79,110	32,763
Net increase (decrease) in cash and cash equivalents	1,154	4,963,971	(745,809)	(1,027,531)
Cash and investments at beginning of period		32,891,272	8,132,597	3,585,889
Cash and investments at end of period	$1,154	$37,855,243	$7,386,788	$2,558,358
NONCASH TRANSACTIONS:				
Transfer of capital assets from governmental activities	$297,475	$178,566		
Retirement of capital assets		($7,245)		
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$962,137	$2,201,616	($2,198,690)	($937,931)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	6,959	3,056,725	3,040	
Retirement of capital assets		7,245		
Change in assets and liabilities:				
Receivables, net	(27,406)	156	(2,247)	(1,000)
Prepaids				
Net OPEB obligations				
Accounts and other payables	1,779		1,243,571	(48,185)
Net cash provided by operating activities	$943,469	$5,265,742	($954,326)	($987,116)

Self Insurance Funds						
Unemployment Reserve	Vision	Dental	Section 125	Post Retirement	Central Stores	Total
				($160,063)		$12,269,632
	($156,996)	($186,177)			($84,456)	(9,651,662)
				($3,997,701)		(6,042,854)
				(5,421,876)		(5,421,876)
(148,241)		(1,351,318)	($385,429)			(2,163,076)
485,530	157,036	1,462,280	390,824	2,581,341		8,462,359
337,289	40	(75,215)	5,395	(6,998,299)	(84,456)	(2,547,477)
(100,000)						566,877
(100,000)						217,408
				7,185,722		7,917,022
(309)	(1,817)	(3)	(444)	(27,156)		(1,194,207)
(200,309)	(1,817)	(3)	(444)	7,158,566		7,507,100
						(2,140,741)
						(2,140,741)
1,267	2,722	6,334	443	15,646		540,062
1,267	2,722	6,334	443	15,646		540,062
138,247	945	(68,884)	5,394	175,913	(84,456)	3,358,944
164,661	298,895	739,688	64,079	2,468,794	227,409	48,573,284
$302,908	$299,840	$670,804	$69,473	$2,644,707	$142,953	$51,932,228
						$476,041
						($7,245)
$337,289	$40	$9,600	$5,395	($12,953,979)		($12,574,523)
						3,066,724
						7,245
				(160,063)		(190,560)
		(169,800)				(169,800)
				6,116,526		6,116,526
		84,985		(783)	($84,456)	1,196,911
$337,289	$40	($75,215)	$5,395	($6,998,299)	($84,456)	($2,547,477)

This Page Left Intentionally Blank

PRIVATE-PURPOSE TRUST FUNDS

Private-Purpose Trust funds are used to account for trust arrangements under which principal and income benefit private organizations or other governments.

The Endowment Private-Purpose Trust Fund accounts for trust arrangements under which principal and income benefit private organizations.

The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund was established to account for the activities of the Successor Agency to the former Redevelopment Agency of the City of Roseville.

CITY OF ROSEVILLE
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

	Endowment Private-Purpose Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Total
ASSETS			
Cash and investments in Treasury	$2,448,978	$7,625,747	$10,074,725
Restricted cash and investments with fiscal agents		5,959,376	5,959,376
Accrued interest receivable	4,219	192,332	196,551
Notes receivable		5,097,430	5,097,430
Capital Assets:			
Land		74,369	74,369
Total Assets	2,453,197	18,949,254	21,402,451
LIABILITIES			
Accounts payable		1,594	1,594
Accrued liabilities		565,806	565,806
Unearned revenue		36,294	36,294
Long-term liabilities:			
Due in one year		825,703	825,703
Due in over one year		55,675,474	55,675,474
Total Liabilities		57,104,871	57,104,871
NET POSITION (DEFICIT)			
Held in trust for private purposes or for other governments	$2,453,197	($38,155,617)	($35,702,420)

CITY OF ROSEVILLE
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Endowment Private-Purpose Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Total
ADDITIONS			
Property taxes		$1,900,108	$1,900,108
Investment income	16,630	147,444	164,074
Fines, forfeitures and other penalties		1,707	1,707
Total additions	16,630	2,049,259	2,065,889
DEDUCTIONS			
General government	27,831		27,831
Community services		427,464	427,464
Debt service:			
Interest and fiscal charges		1,773,381	1,773,381
Total deductions	27,831	2,200,845	2,228,676
Change in net position before special items	(11,201)	(151,586)	(162,787)
SPECIAL ITEMS:			
Transfer of land held and capital assets to the City		(7,107,581)	(7,107,581)
Cancellation of loans and interest payable to the City		3,030,067	3,030,067
Restructuring of interest on loans payable to the City		5,902,331	5,902,331
Change in net position	(11,201)	1,673,231	1,662,030
Net position (deficit) - beginning of period	2,464,398	(39,828,848)	(37,364,450)
Net position (deficit) - end of period	$2,453,197	($38,155,617)	($35,702,420)

This Page Left Intentionally Blank

AGENCY FUNDS

Agency Funds account for assets held by the City as an agent for individuals, governmental entities, and non-public organizations. These funds include the following:

Special Assessments/Community Facility Districts (CFDs)
These funds account for the monies collected and disbursed for land-based debt, where the City is not obligated for the debt.

Payroll Revolving Fund
This fund accounts for the payroll deductions and contributions that are held in transit.

Highway 65 JPA (Bizz Johnson JPA)
This JPA, which consists of the City, City of Rocklin and Placer County, was formed to fund interchanges off of Highway 65. The City acts as lead agency and treasurer. The fees are collected via building permits.

Dry Creek Drainage Basin
Fees are collected via building permits for the Dry Creek area and submitted quarterly to Placer County for drainage mitigation.

County Capital Facilities Fee
This fee was established by the County to fund future county capital facilities from development. It is collected via building permits and submitted quarterly to the County.

South Placer Wastewater Authority (SPWA)
SPWA is a Joint Powers Authority comprised of the City, Placer County and South Placer Public Utilities District. The City is acting as the treasurer and construction manager. This JPA was formed to issue debt to facilitate the construction of the regional wastewater infrastructure. The agencies collect regional wastewater connection fees and submit them to SPWA which is used for debt service payments and for the future expansion of facilities.

Special Sewer Benefit Area #3
This Sewer Special Benefit Area was established to reimburse from properties benefiting from certain sewer infrastructure and oversized pipelines in the northeast portion of the City. The reimbursements are made to various project participants.

Special Sewer Benefit Area #4
This Sewer Special Benefit Area was established to reimburse from properties benefiting from certain sewer infrastructure and oversized pipelines in the southeast portion of the City. The reimbursements are made to Southfork Partnership.

South Placer County Tourism Business Improvement District (SPCTBID)
All hotels in the region are assessed fees for the purpose of promoting tourism in the area. These fees are forwarded to the City quarterly and then submitted quarterly to the SPCTBID.

South Placer County Safe Kids Coalition
The fess are collected for and submitted to an organization in Placer County for child safety programs.

South Placer Regional Traffic Fee
This fee is collected via building permits and submitted quarterly to Placer County Transportation Authority to fund regional traffic mitigation.

City/County Traffic Mitigation Fund (TMF)
The fee is collected via building permits and submitted quarterly to Placer County to fund regional traffic mitigation due to new development.

Placer County Air Pollution Control Fund
The fee is collected to contribute towards construction of a future animal shelter in South Placer County.

Sierra College Boulevard Fund
To account for contributions to provide maintenance of bike trails and open space.

Other
To account for fees collected for Placer County's administration of the City's Special Assessments.

CITY OF ROSEVILLE
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
Foothills Boulevard Special Assessment District				
Taxes receivable	$1,243	$21,706	$1,243	$21,706
Total Assets	$1,243	$21,706	$1,243	$21,706
Due to bondholders	$1,243	$21,706	$1,243	$21,706
North Roseville/Rocklin Sewer Special Assessment District				
Cash and investments in City Treasury	$19	$3,421	$64	$3,376
Taxes receivable	362	783	362	783
Total Assets	$381	$4,204	$426	$4,159
Due to bondholders	$381	$4,204	$426	$4,159
Total Liabilities	$381	$4,204	$426	$4,159
Champion Oaks Special Assessment District				
Cash and investments in City Treasury	$19,287			$19,287
Due to bondholders	$19,287			$19,287
Foothills Boulevard Extension Special Assessment District				
Cash and investments in City Treasury		$452	$452	
Taxes receivable	$6,407	38,424	6,407	$38,424
Total Assets	$6,407	$38,876	$6,859	$38,424
Due to bondholders	$6,407	$38,876	$6,859	$38,424
Total Liabilities	$6,407	$38,876	$6,859	$38,424
Northeast Roseville Community Facilities District #1				
Cash and investments in City Treasury		$20,415		$20,415
Taxes receivable	$106	228	$106	$228
Total Assets	$106	$20,643	$106	$20,643
Due to bondholders	$106	$20,643	$106	$20,643
Total Liabilities	$106	$20,643	$106	$20,643

(Continued)

CITY OF ROSEVILLE
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
Northwest Roseville Community Facilities District #1				
Cash and investments in City Treasury	$2,048,650	$669,507	$487,536	$2,230,621
Restricted cash and investments with fiscal agents	1,592,538		16,305	1,576,233
Taxes receivable	36,264	265,485	36,264	265,485
Accrued interest receivable	2,775	2,152	2,775	2,152
Total Assets	$3,680,227	$937,144	$542,880	$4,074,491
Accounts payable				
Due to bondholders	$3,680,227	$937,144	$542,880	$4,074,491
Total Liabilities	$3,680,227	$937,144	$542,880	$4,074,491
Stoneridge East Community Facilities District #1				
Cash and investments in City Treasury	$948,840	$738,265	$722,943	$964,162
Restricted cash and investments with fiscal agents	1,176,677	791		1,177,468
Taxes receivable	7,646	20,925	7,646	20,925
Accrued interest receivable	1,645	1,023	1,645	1,023
Total Assets	$2,134,808	$761,004	$732,234	$2,163,578
Accounts payable	$1,950	$250	$1,950	$250
Due to bondholders	2,132,858	760,754	730,284	2,163,328
Total Liabilities	$2,134,808	$761,004	$732,234	$2,163,578
Northeast Roseville Community Facilities District #2				
Cash and investments in City Treasury	$808,071	$232,747	$187,141	$853,677
Restricted cash and investments with fiscal agents	654,870		7,378	647,492
Taxes receivable	1,511	7,095	1,511	7,095
Accrued Interest receivable	923	893	923	893
Total Assets	$1,465,375	$240,735	$196,953	$1,509,157
Accounts payable	$2,235	$35	$2,235	$35
Due to bondholders	1,463,140	240,700	194,718	1,509,122
Total Liabilities	$1,465,375	$240,735	$196,953	$1,509,157
North Central Roseville Community Facilities District #1				
Cash and investments in City Treasury	$4,122,770	$1,068,132	$1,059,775	$4,131,127
Restricted cash and investments with fiscal agents	2,535,181		226,375	2,308,806
Taxes receivable	24,947	75,735	24,947	75,735
Accrued interest receivable	9,471	5,241	9,471	5,241
Total Assets	$6,692,369	$1,149,108	$1,320,568	$6,520,909
Accounts payable	$142	$142	$142	$142
Due to bondholders	$6,692,227	1,148,966	1,320,426	6,520,767
Total Liabilities	$6,692,369	$1,149,108	$1,320,568	$6,520,909

(Continued)

CITY OF ROSEVILLE
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
North Roseville Community Facilities District #1				
Cash and investments in City Treasury	$1,763,210	$597,277	$689,849	$1,670,638
Restricted cash and investments with fiscal agents	1,742,984		1,364	1,741,620
Accounts receivable				
Taxes receivable	7,938	26,308	7,938	26,308
Accrued interest receivable	3,400	1,979	3,400	1,979
Total Assets	$3,517,532	$625,564	$702,551	$3,440,545
Accounts payable		$35		$35
Due to bondholders	$3,517,532	625,529	$702,551	3,440,510
Total Liabilities	$3,517,532	$625,564	$702,551	$3,440,545
Woodcreek West Community Facilities District #1				
Cash and investments in City Treasury	$1,178,855	$787,175	$799,777	$1,166,253
Restricted cash and investments with fiscal agents	1,402,654		415	1,402,239
Taxes receivable	7,449	22,286	7,449	22,286
Accrued interest receivable	2,112	1,239	2,112	1,239
Total Assets	$2,591,070	$810,700	$809,753	$2,592,017
Accounts payable	$71	$35	$71	$35
Accrued Liabilities	4,871			4,871
Due to bondholders	2,586,128	810,665	809,682	2,587,111
Total Liabilities	$2,591,070	$810,700	$809,753	$2,592,017
Highland Reserve North Community Facilities District #1				
Cash and investments in City Treasury	$2,212,359	$1,294,037	$1,237,586	$2,268,810
Restricted cash and investments with fiscal agents	2,543,184	1,711		2,544,895
Taxes receivable	11,580	36,432	11,580	36,432
Accrued interest receivable	4,011	2,310	4,011	2,310
Total Assets	$4,771,134	$1,334,490	$1,253,177	$4,852,447
Accounts payable	$1,950		$1,950	
Due to bondholders	4,769,184	1,334,490	1,251,227	4,852,447
Total Liabilities	$4,771,134	$1,334,490	$1,253,177	$4,852,447
Stoneridge Parcel 1 Community Facilities District #1				
Cash and investments in City Treasury	$143,964	$78,471	$92,536	$129,899
Restricted cash and investments with fiscal agents	137,968	93		138,061
Taxes receivable	191	1,283	191	1,283
Accrued interest receivable	310	165	310	165
Total Assets	$282,433	$80,012	$93,037	$269,408
Accounts payable	$1,950		$1,950	
Due to bondholders	280,483	$80,012	91,087	$269,408
Total Liabilities	$282,433	$80,012	$93,037	$269,408

(Continued)

CITY OF ROSEVILLE
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
Woodcreek East Community Facilities District #1				
Cash and investments in City Treasury	$495,044	$225,339	$268,032	$452,351
Restricted cash and investments with fiscal agents	486,051	327		486,378
Taxes receivable	3,469	13,276	3,469	13,276
Accrued interest receivable	1,073	581	1,073	581
Total Assets	$985,637	$239,523	$272,574	$952,586
Accounts payable	$1,950		$1,950	
Due to bondholders	983,687	$239,523	270,624	$952,586
Total Liabilities	$985,637	$239,523	$272,574	$952,586
Stoneridge West Community Facilities District #1				
Cash and investments in City Treasury	$1,143,671	$549,049	$485,484	$1,207,236
Restricted cash and investments with fiscal agents	920,320	1,119		921,439
Taxes receivable	162,071	271,718	162,071	271,718
Accrued interest receivable	2,444	1,707	2,444	1,707
Total Assets	$2,228,506	$823,593	$649,999	$2,402,100
Accounts payable	$1,950	$250	$1,950	$250
Due to bondholders	$2,226,556	823,343	648,049	2,401,850
Total Liabilities	$2,228,506	$823,593	$649,999	$2,402,100
Crocker Ranch Community Facilities District #1				
Cash and investments in City Treasury	$1,119,461	$964,233	$970,453	$1,113,241
Restricted cash and investments with fiscal agents	1,390,684	936		1,391,620
Taxes receivable	6,802	33,303	6,802	33,303
Accrued interest receivable	1,929	1,211	1,929	1,211
Total Assets	$2,518,876	$999,683	$979,184	$2,539,375
Accounts payable	$1,985	$35	$1,985	$35
Due to bondholders	$2,516,891	999,648	977,199	2,539,340
Total Liabilities	$2,518,876	$999,683	$979,184	$2,539,375
Stone Point Community Facilities District #1				
Cash and investments in City Treasury	$846,671	$483,844	$591,931	$738,584
Restricted cash and investments with fiscal agents	907,029	1,588	3,948	904,669
Taxes receivable				
Accrued interest receivable	1,857	908	1,857	908
Total Assets	$1,755,557	$486,340	$597,736	$1,644,161
Accounts payable		$500		$500
Due to bondholders	$1,755,557	485,840	$597,736	1,643,661
Total Liabilities	$1,755,557	$486,340	$597,736	$1,644,161

(Continued)

CITY OF ROSEVILLE
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
Stone Point Community Facilities District #5				
Cash and investments in City Treasury	$266,471	$340,826	$297,910	$309,387
Restricted cash and investments with fiscal agents	496,513		1,692	494,821
Taxes receivable				
Accrued interest receivable	396	336	396	336
Total Assets	$763,380	$341,162	$299,998	$804,544
Accounts payable				
Due to bondholders	$763,380	$341,162	$299,998	$804,544
Total Liabilities	$763,380	$341,162	$299,998	$804,544
Westpark Community Facilities District #1				
Cash and investments in City Treasury	$3,579,553	$4,584,070	$4,002,722	$4,160,901
Restricted cash and investments with fiscal agents	5,564,921	9,744	44,763	5,529,902
Taxes receivable	7,003	78,148	7,003	78,148
Accrued interest receivable	4,968	4,493	4,968	4,493
Total Assets	$9,156,445	$4,676,455	$4,059,456	$9,773,444
Accounts payable	$79	$536	$79	$536
Due to bondholders	9,156,366	4,675,919	$4,059,377	9,772,908
Total Liabilities	$9,156,445	$4,676,455	$4,059,456	$9,773,444
Fiddyment Ranch Community Facilities District #1				
Cash and investments in City Treasury	$3,176,944	$3,855,033	$4,070,584	$2,961,393
Restricted cash and investments with fiscal agents	6,489,775		359,167	6,130,608
Taxes receivable	1,498	16,811	1,498	16,811
Accrued interest receivable	243,138	718,429	243,138	718,429
Total Assets	$9,911,355	$4,590,273	$4,674,387	$9,827,241
Accounts payable	$35	$486	$35	$486
Due to bondholders	9,911,320	4,589,787	4,674,352	9,826,755
Total Liabilities	$9,911,355	$4,590,273	$4,674,387	$9,827,241
Longmeadow Community Facilities District #1				
Cash and investments in City Treasury	$300,916	$568,255	$377,681	$491,490
Restricted cash and investments with fiscal agents	574,279		579	573,700
Taxes receivable	2,703	6,359	2,703	6,359
Accrued interest receivable	379	430	379	430
Total Assets	$878,277	$575,044	$381,342	$1,071,979
Accounts payable	$35		$35	
Due to bondholders	878,242	$575,044	381,307	$1,071,979
Total Liabilities	$878,277	$575,044	$381,342	$1,071,979

(Continued)

CITY OF ROSEVILLE
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
Diamond Creek Community Facilities District #1				
Cash and investments in City Treasury	$271,527	$361,866	$365,698	$267,695
Restricted cash and investments with fiscal agents	651,880	11,324	12,002	651,202
Taxes receivable		815		815
Accrued interest receivable	694	300	694	300
Total Assets	$924,101	$374,305	$378,394	$920,012
Due to bondholders	$924,101	$374,305	$378,394	$920,012
Total Liabilities	$924,101	$374,305	$378,394	$920,012
Fountains Community Facilities District #1				
Cash and investments in City Treasury	$433,931	$785,196	$770,792	$448,335
Restricted cash and investments with fiscal agents	1,120,721		315	1,120,406
Taxes receivable				
Accrued interest receivable	639	396	639	396
Total Assets	$1,555,291	$785,592	$771,746	$1,569,137
Accounts payable		$250		$250
Due to bondholders	$1,555,291	785,342	$771,746	1,568,887
Total Liabilities	$1,555,291	$785,592	$771,746	$1,569,137
Automall Community Facilities District #1				
Cash and investments in City Treasury	$513,652	$126,245	$159,174	$480,723
Accrued interest receivable	1,421	469	1,421	469
Total Assets	$515,073	$126,714	$160,595	$481,192
Due to bondholders	$515,073	$126,714	$160,595	$481,192
Total Liabilities	$515,073	$126,714	$160,595	$481,192
Payroll Revolving				
Cash and investments in City Treasury	$978,848	$1,070,033	$978,848	$1,070,033
Total Assets	$978,848	$1,070,033	$978,848	$1,070,033
Accounts payable	$5,592	$1,070,033	$5,592	$1,070,033
Due to others	973,256		973,256	
Total Liabilities	$978,848	$1,070,033	$978,848	$1,070,033

(Continued)

CITY OF ROSEVILLE
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
Highway 65 JPA				
Cash and investments in City Treasury	$1,334,631	$1,032,488	$377,059	$1,990,060
Accrued interest receivable	3,258	3,590	3,258	3,590
Permit fees receivable				
Due from other government agencies	94,266	216,285	94,266	216,285
Total Assets	$1,432,155	$1,252,363	$474,583	$2,209,935
Accounts payable	$842	$1,269	$842	$1,269
Due to member agencies	1,431,313	1,251,094	473,741	2,208,666
Total Liabilities	$1,432,155	$1,252,363	$474,583	$2,209,935
Dry Creek Drainage Basin				
Cash and investments in City Treasury	$2,074	$42,709		$44,783
Accrued interest receivable	10	50	$10	50
Total Assets	$2,084	$42,759	$10	$44,833
Accounts Payable	$1,655	$44,376	$1,655	$44,376
Due to others	429	(1,617)	(1,645)	457
Total Liabilities	$2,084	$42,759	$10	$44,833
County Capital Facilities Fee				
Cash and investments in City Treasury	$430,567	$521,357	$351,517	$600,407
Accrued interest receivable	1,160	738	1,160	738
Total Assets	$431,727	$522,095	$352,677	$601,145
Accounts payable	$351,794	$520,935	$351,794	$520,935
Due to others	79,933	1,160	883	80,210
Total Liabilities	$431,727	$522,095	$352,677	$601,145
South Placer Wastewater Authority				
Cash and investments in City Treasury	$95,555,231	$11,521,077	$10,022,474	$97,053,834
Restricted cash and investments with fiscal agents	8,931,577	193,777		9,125,354
Accounts receivable	1,654	3,702	1,654	3,702
Accrued interest receivable	278,603	226,975	278,603	226,975
Permit fees receivable	974,209	272,929		1,247,138
Due from other government agencies	1,430,980	1,228,011	1,430,980	1,228,011
Total Assets	$107,172,254	$13,446,471	$11,733,711	$108,885,014
Accounts payable	$44,042	$96,576	$44,042	$96,576
Accrued liabilities	570,534	511,656	570,534	511,656
Due to member agencies	106,557,678	12,838,239	11,119,135	108,276,782
Total Liabilities	$107,172,254	$13,446,471	$11,733,711	$108,885,014

(Continued)

CITY OF ROSEVILLE
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
Special Sewer Benefit Area #3				
Cash and investments in City Treasury	$6,956	$91,590	$8,593	$89,953
Accrued interest receivable	19	88	19	88
Permit fees receivable	5,249	3,499	5,249	3,499
Total Assets	$12,224	$95,177	$13,861	$93,540
Accounts payable		$89,909		$89,909
Due to others	$12,224	5,268	$13,861	3,631
Total Liabilities	$12,224	$95,177	$13,861	$93,540
Special Sewer Benefit Area #4				
Cash and investments in City Treasury	$152,917	$1,439		$154,356
Accrued interest receivable	506	321	$506	321
Total Assets	$153,423	$1,760	$506	$154,677
Due to others	$153,423	$1,760	$506	$154,677
Total Liabilities	$153,423	$1,760	$506	$154,677
South Placer County Tourism Business Improvement District (SPCTBID)				
Cash and investments in City Treasury	$13,768	$216,502	$211,092	$19,178
Accounts receivable	214,782	215,894	214,782	215,894
Accrued interest receivable	248	171	248	171
Total Assets	$228,798	$432,567	$426,122	$235,243
Accounts payable	$214,782	$1,472		$216,254
Due to others	14,016	431,095	$426,122	18,989
Total Liabilities	$228,798	$432,567	$426,122	$235,243
South Placer County Safe Kids Coalition				
Cash and investments in City Treasury	$6,564	$5,139	$5,040	$6,663
Accrued interest receivable	30	14	30	14
Total Assets	$6,594	$5,153	$5,070	$6,677
Accounts payable	$92	$48	$92	$48
Due to others	6,502	5,105	4,978	6,629
Total Liabilities	$6,594	$5,153	$5,070	$6,677

(Continued)

CITY OF ROSEVILLE
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
South Placer Regional Traffic Fee				
Cash and investments in City Treasury	$278,186	$319,698	$278,979	$318,905
Accrued interest receivable	622	376	622	376
Total Assets	$278,808	$320,074	$279,601	$319,281
Accounts payable	$278,979	$319,084	$278,979	$319,084
Due to others	(171)	990	622	197
Total Liabilities	$278,808	$320,074	$279,601	$319,281
City/County TMF				
Cash and investments in City Treasury	$76,226	$141,691	$84,379	$133,538
Accrued interest receivable	152	137	152	137
Total Assets	$76,378	$141,828	$84,531	$133,675
Accounts payable	$76,477	$141,539	$76,477	$141,539
Due to others	(99)	289	8,054	(7,864)
Total Liabilities	$76,378	$141,828	$84,531	$133,675
Placer County Air Pollution Control				
Cash and investments in City Treasury	$36,743	$6,571	$13,276	$30,038
Permit fees receivable		134		134
Total Assets	$36,743	$6,705	$13,276	$30,172
Due to others	$36,743	$6,705	$13,276	$30,172
Total Liabilities	$36,743	$6,705	$13,276	$30,172
Sierra College Boulevard				
Cash and investments in City Treasury	$11,547	$11,853		$23,400
Accounts receivable		375		375
Total Assets	$11,547	$12,228		$23,775
Due to others	$11,547	$12,228		$23,775
Total Liabilities	$11,547	$12,228		$23,775
Westbrook Community Facilities District #1				
Cash and investments in City Treasury		$1,703		$1,703
Accrued interest receivable		9		9
Total Assets		$1,712		$1,712
Due to bondholders		$1,712		$1,712
Total Liabilities		$1,712		$1,712

(Continued)

CITY OF ROSEVILLE
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
Other				
Cash and investments in City Treasury	$13,122			$13,122
Total Assets	$13,122			$13,122
Due to other government agencies	$13,122			$13,122
Total Liabilities	$13,122			$13,122
Total Agency Funds				
Cash and investments in City Treasury	$124,291,246	$33,317,705	$29,969,377	$127,639,574
Restricted cash and investments with fiscal agents	39,319,806	221,410	674,303	38,866,913
Accounts receivable	216,436	219,971	216,436	219,971
Taxes receivable	289,190	937,120	289,190	937,120
Accrued interest receivable	568,193	976,731	568,193	976,731
Permit fees receivable	979,458	276,562	5,249	1,250,771
Due from other government agencies	1,525,246	1,444,296	1,525,246	1,444,296
Total Assets	$167,189,575	$37,393,795	$33,247,994	$171,335,376
Accounts payable	$988,587	$2,287,795	$773,805	$2,502,577
Accrued liabilities	575,405	511,656	570,534	516,527
Due to other government agencies	13,122			13,122
Due to member agencies	107,988,991	14,089,333	11,592,876	110,485,448
Due to bondholders	56,335,667	20,042,028	18,870,866	57,506,829
Due to others	1,287,803	462,983	1,439,913	310,873
Total Liabilities	$167,189,575	$37,393,795	$33,247,994	$171,335,376

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and wellbeing have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity
These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and electric revenue:

1. Sales Tax Revenue
2. Assessed Value and Estimated Value of Taxable Property
3. Property Tax Rates, All Direct and Overlapping Governments
4. Principal Property Tax Payers
5. Property Tax Levies and Collections
6. Electric Customers and Revenues
7. Residential Energy Prices
8. Business Energy Prices

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Revenue Bond Coverage – 2013 Refunding Variable Rate Wastewater Revenue Bonds
3. Revenue Bond Coverage – 2011 Refunding Fixed Rate Wastewater Revenue Bonds – Series C
4. Revenue Bond Coverage – 2011 Refunding SIFMA Index Wastewater Revenue Bonds – Series D
5. Bonded Debt Pledged Revenue Coverage – 2002 Redevelopment Tax Allocation Bonds
6. Bonded Debt Pledged Revenue Coverage –2006A Redevelopment Tax Allocation Bonds
7. Bonded Debt Pledged Revenue Coverage –2006AT Redevelopment Tax Allocation Bonds
8. Bonded Debt Pledged Revenue Coverage –2006HT Redevelopment Tax Allocation Bonds
9. Computation of Direct and Overlapping Debt
10. Computation of Legal Bonded Debt Margin

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

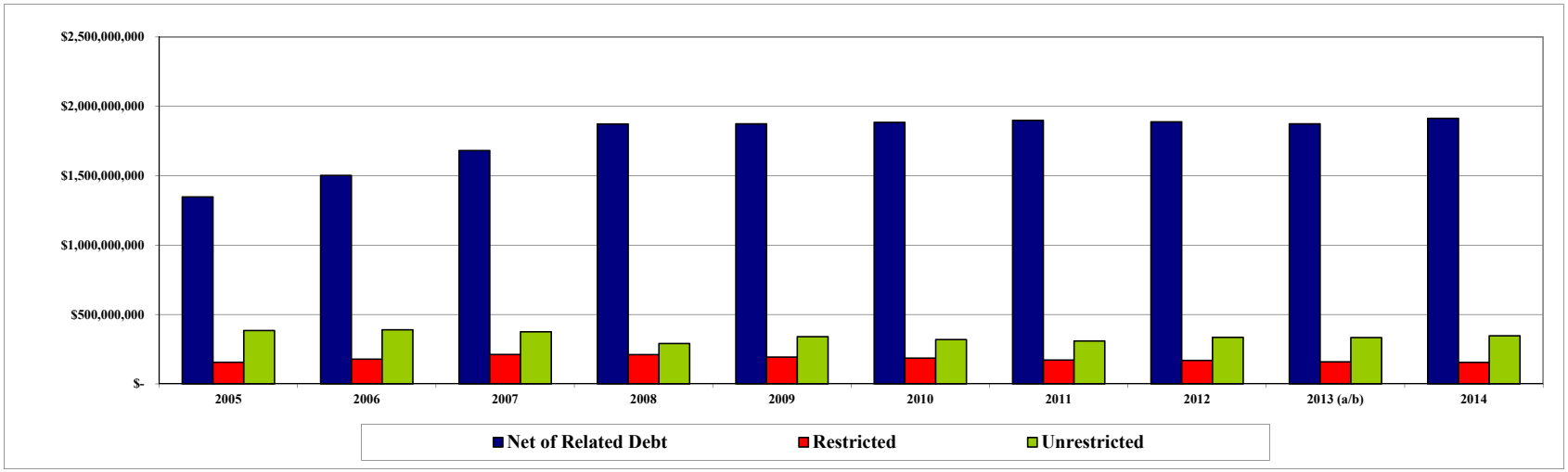
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

CITY OF ROSEVILLE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)



	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013 (a/b)	2014
Governmental activities										
Net investment in capital assets	$579,757,919	$664,131,414	$742,822,158	$775,922,473	$809,874,186	$821,029,885	$827,793,866	$834,840,748	$837,323,692	$828,800,273
Restricted	124,527,445	149,738,041	177,189,997	165,833,165	149,364,179	141,943,254	144,584,184	140,299,702	131,372,528	123,592,373
Unrestricted	89,038,317	109,395,679	107,064,085	131,434,721	114,855,293	100,170,093	84,860,426	94,429,280	90,617,991	75,908,251
Total governmental activities net position	$793,323,681	$923,265,134	$1,027,076,240	$1,073,190,359	$1,074,093,658	$1,063,143,232	$1,057,238,476	$1,069,569,730	$1,059,314,211	$1,028,300,897
Business-type activities										
Net investment in capital assets	$767,628,987	$838,373,690	$938,933,934	$1,096,922,321	$1,063,872,692	$1,063,903,341	$1,070,888,251	$1,053,701,396	$1,036,619,532	$1,084,782,351
Restricted	31,082,339	28,178,946	34,553,611	44,622,022	43,873,415	43,565,544	26,825,766	28,837,472	27,217,358	31,557,118
Unrestricted	295,600,560	280,399,506	268,413,147	159,481,947	225,358,784	219,151,174	224,337,296	241,020,358	243,176,781	270,348,547
Total business-type activities net position	$1,094,311,886	$1,146,952,142	$1,241,900,692	$1,301,026,290	$1,333,104,891	$1,326,620,059	$1,322,051,313	$1,323,559,226	$1,307,013,671	$1,386,688,016
Primary government										
Net investment in capital assets	$1,347,386,906	$1,502,505,104	$1,681,756,092	$1,872,844,794	$1,873,746,878	$1,884,933,226	$1,898,682,117	$1,888,542,144	$1,873,943,224	$1,913,582,624
Restricted	155,609,784	177,916,987	211,743,608	210,455,187	193,237,594	185,508,798	171,409,950	169,137,174	158,589,886	155,149,491
Unrestricted	384,638,877	389,795,185	375,477,232	290,916,668	340,214,077	319,321,267	309,197,722	335,449,638	333,794,772	346,256,798
Total primary government net position	$1,887,635,567	$2,070,217,276	$2,268,976,932	$2,374,216,649	$2,407,198,549	$2,389,763,291	$2,379,289,789	$2,393,128,956	$2,366,327,882	$2,414,988,913

(a) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position."
(b) The City restated certain balances in 2014; the statistics prior to 2013 have not been restated.

Source: The City's Comprehensive Annual Financial Report

CITY OF ROSEVILLE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013 (a)	2014
Expenses										
Governmental Activities:										
General Government	$22,350,454	$25,437,535	$30,929,747	$34,826,790	$35,306,470	$31,596,121	$30,387,717	$35,564,864	$36,146,055	$42,359,074
Development and Operations	10,131,568	11,893,312	13,171,347	16,004,720	16,399,001	20,004,902	13,441,264	11,625,120	6,070,940	14,194,087
Public Works	39,391,505	33,498,385	42,070,119	33,682,426	35,299,262	33,143,591	30,932,981	32,524,417	42,655,128	26,482,643
Police	22,761,768	24,500,396	27,440,631	33,717,164	36,257,952	34,190,552	31,720,789	31,262,454	33,163,354	34,443,258
Fire	15,226,498	16,435,774	20,572,207	26,372,987	27,405,634	27,543,494	25,191,924	25,282,596	26,611,217	28,183,501
Library	2,996,195	3,156,087	3,552,614	5,506,954	5,184,868	4,692,455	3,933,549	4,631,691	4,537,528	4,634,502
Parks and recreation	14,001,045	16,052,655	17,634,887	20,021,127	20,607,763	18,358,870	17,664,088	20,209,935	22,032,310	13,939,153
Community facilities districts										
Payments under developer agreements	3,093,615									
Housing assistance payments	3,050,762	2,974,236	3,328,656	3,399,145	3,530,527	3,628,510	3,643,394	4,232,695	4,049,279	3,858,070
Interest on long-term debt	1,760,833	1,933,654	4,920,776	6,858,207	5,847,054	7,131,216	3,181,266	999,436	1,274,294	740,975
Total Governmental Activities Expenses	$134,764,243	$135,882,034	$163,620,984	$180,389,520	$185,838,531	$180,289,711	$160,096,972	$166,333,208	$176,540,105	$168,835,263
Business-Type Activities:										
Electric	$93,061,537	$97,101,941	$131,224,885	$155,579,953	$163,739,748	$172,512,453	$148,271,687	$144,985,608	$144,141,500	$144,616,552
Water	16,719,257	18,510,040	15,855,579	25,826,409	21,842,893	23,025,281	22,335,757	24,311,517	24,569,405	25,300,949
Wastewater	23,885,474	27,207,717	28,948,611	37,098,813	28,512,359	29,169,860	29,516,033	34,587,583	33,820,510	36,129,357
Solid Waste	12,749,998	14,220,731	15,182,395	15,743,209	14,914,734	15,172,092	14,979,891	15,855,280	16,173,643	16,113,470
Natural Gas			5,152,447	15,123,490	27,665,056	27,398,886	27,106,564	26,792,658	26,383,130	25,984,715
Golf Course	2,473,835	2,479,378	2,351,603	2,883,713	3,003,690	2,814,274	2,828,099	2,487,080	2,617,733	2,501,897
Local Transportation	4,106,631	4,415,411	5,410,630	5,872,368	6,221,260	7,084,490	6,609,048	6,727,985	7,909,058	7,482,689
School-age Child Care	4,211,285	4,430,801	4,825,366	5,575,761	4,649,458	4,258,304	4,277,245	4,461,275	4,691,235	4,496,871
Total Business-Type Activities Expenses	157,208,017	168,366,019	208,951,516	263,703,716	270,549,198	281,435,640	255,924,324	260,208,986	260,306,214	262,626,500
Total Primary Government Expenses	$291,972,260	$304,248,053	$372,572,500	$444,093,236	$456,387,729	$461,725,351	$416,021,296	$426,542,194	$436,846,319	$431,461,763
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	$1,570,571	$3,364,921	$3,980,445	$2,658,458	$3,780,716	$2,655,834	$2,914,657	$2,778,080	$2,650,873	$2,519,443
Development and Operations	3,652,829	4,312,464	3,543,270	3,386,649	1,903,124	2,704,794	2,564,206	1,983,989	1,691,318	7,131,093
Public Works	6,814,277	7,959,770	9,246,666	5,843,426	3,327,869	2,841,931	2,913,603	2,919,180	3,124,557	224,389
Police	2,009,281	1,900,144	2,346,493	1,845,245	2,346,230	2,088,346	1,525,433	1,319,271	1,504,357	1,541,641
Fire	1,082,211	1,253,881	1,505,547	1,402,158	1,362,379	1,185,742	1,203,109	1,009,954	821,543	1,326,015
Library	162,479	188,738	235,231	272,057	230,290	216,064	228,343	339,589	297,467	332,387
Parks and recreation	6,224,464	7,315,217	4,167,719	9,986,005	9,728,400	9,843,940	10,057,346	10,242,291	12,574,853	11,391,414
Community facilities districts										
Operating Grants and Contributions	9,449,752	7,717,503	7,246,321	9,514,427	12,465,557	12,354,931	10,943,019	2,984,979	9,609,400	10,996,049
Capital Grants and Contributions	41,143,945	113,531,406	101,768,467	59,279,903	22,813,349	27,053,063	11,716,689	19,862,713	21,787,386	22,489,470
Total Government Activities Program Revenues	72,109,809	147,544,044	134,040,159	94,188,328	57,957,914	60,944,645	44,066,405	43,440,046	54,061,754	57,951,901
Business-Type Activities:										
Charges for Services:										
Electric	98,949,341	102,772,594	130,264,098	143,898,715	155,843,041	163,315,149	163,234,969	160,141,372	159,002,035	162,182,048
Water	13,163,434	13,450,264	14,938,665	16,925,351	17,765,674	17,473,099	17,967,074	19,954,068	22,899,867	23,212,495
Wastewater	16,355,694	19,025,742	22,455,645	24,014,362	27,087,117	24,961,516	30,472,704	28,088,503	27,693,272	30,398,896
Solid Waste	15,244,048	17,558,492	18,575,194	19,562,798	19,951,063	20,082,492	20,682,638	20,903,993	21,437,536	21,806,830
Natural Gas				4,059,943	16,528,513	16,557,517	16,528,513	16,563,722	16,530,605	16,529,666
Golf Course	2,564,469	2,747,851	3,162,637	3,182,357	2,953,223	2,801,963	2,415,583	2,702,741	2,460,509	2,392,702
Local Transportation	530,516	601,087	739,826	863,606	1,184,861	861,730	949,192	974,344	1,075,864	1,141,354
School-age Child Care	4,193,923	4,833,884	4,845,460	5,193,488	4,779,262	4,358,762	4,296,761	4,047,021	4,475,225	4,780,848
Operating Grants and Contributions	7,104,895	2,299,189	14,328,217	13,630,808	10,139,913	6,327,458	6,174,016	13,729,467	7,175,122	13,286,509
Capital Grants and Contributions	49,828,229	68,914,968	108,453,838	88,497,473	55,050,971	26,604,588	16,234,957	12,323,429	17,501,234	43,539,243
Total Business-Type Activities Program Revenue	207,934,549	232,204,071	317,763,580	319,828,901	311,283,638	283,344,274	278,956,407	279,428,660	280,251,269	319,270,591
Total Primary Government Program Revenues	$280,044,358	$379,748,115	$451,803,739	$414,017,229	$369,241,552	$344,288,919	$323,022,812	$322,868,706	$334,313,023	$377,222,492
Net (Expense)/Revenue										
Governmental Activities	($62,654,434)	$11,662,010	($29,580,825)	($86,001,192)	($127,880,617)	($119,345,066)	($116,030,567)	($122,893,162)	($122,478,351)	($110,883,362)
Business-Type Activities	50,726,532	63,838,052	108,812,064	56,125,185	40,734,440	1,908,634	23,032,083	19,219,674	19,945,055	56,644,091
Total Primary Government Net Expense	($11,927,902)	$75,500,062	$79,231,239	($29,876,007)	($87,146,177)	($117,436,432)	($92,998,484)	($103,673,488)	($102,533,296)	($54,239,271)

Source: The City's Comprehensive Annual Financial Report.

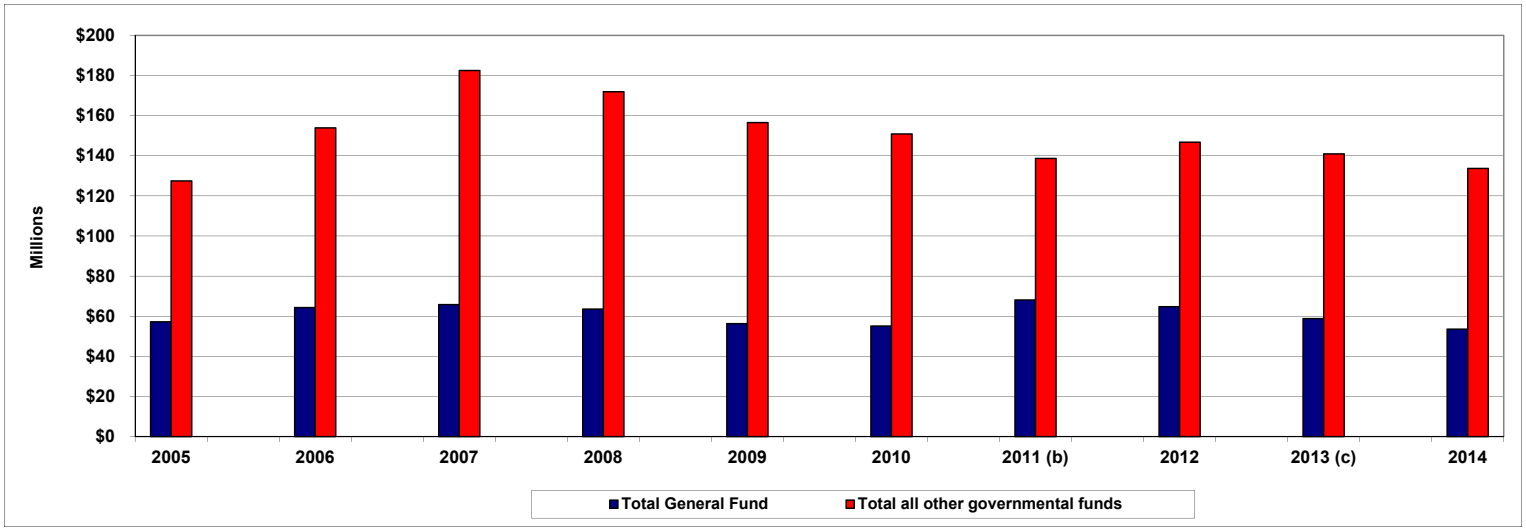
CITY OF ROSEVILLE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013 (a)**	**2014**
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property taxes	$26,548,498	$30,867,256	$38,737,491	$41,066,666	$39,688,660	$38,102,029	$34,721,253	$31,758,352	$31,075,967	$31,930,656
Less Education Revenue Augmentation Fund Payment	(260,676)									
Sales taxes	40,973,365	42,642,034	44,772,743	40,982,384	36,024,500	32,139,544	37,332,222	38,129,931	43,002,643	46,591,961
Franchise taxes	1,060,903	1,267,707	1,429,155	1,607,214	930,003	1,615,166	1,735,495	1,822,869	1,874,700	2,037,189
Motor fuel taxes	1,897,211	3,116,638	1,999,542	1,985,315	1,855,462	2,909,176				
Motor vehicle in lieu (Intergovernmental- unrestricted)	2,123,202	710,510	565,719	471,834	373,495	332,224	523,609	122,230		
Other Taxes	3,671,924	3,630,534	3,529,485	3,306,271	2,974,201	2,779,885	2,936,778	6,626,071	6,465,560	7,465,472
Licenses and permits										
Use of money and property	5,631,061	8,077,599	14,208,032	16,918,766	14,048,619	4,737,938	3,645,241	3,243,932	533,505	2,414,976
Miscellaneous revenues	664,191	1,680,851	2,926,467	887,173	4,568,055	1,934,366	1,089,608	1,511,125	2,113,638	420,959
Transfers	17,318,498	23,582,576	25,223,297	24,622,443	28,320,921	23,844,312	26,144,153	30,374,582	25,212,344	(11,480,648)
Extraordinary item:										
Gain/(Loss) from sales of capital assets		2,703,738								43,992
Assets transferred to/liabilities assumed by Successor Agency								34,223,315		7,107,581
Cancellation of loans receivable from Successor Agency										(5,847,668)
Restructuring of interest on loans receivable from Successor Agency										(814,422)
Total Government Activities	99,628,177	118,279,443	133,391,931	131,848,066	128,783,916	108,394,640	108,128,359	147,812,407	110,278,357	79,870,048
Business-Type Activities:										
Use of money and property	4,487,348	10,559,581	11,359,783	27,622,856	19,665,082	15,450,846	12,812,162	12,662,821	11,245,022	11,499,354
Miscellaneous revenues		1,825,199							150,119	
Provision for disputed SCS charges	418,521									
Transfers	(17,318,498)	(23,582,576)	(25,223,297)	(24,622,443)	(28,320,921)	(23,844,312)	(26,144,153)	(30,374,582)	(25,212,344)	11,480,648
Gain/(Loss) from sales of capital assets										50,252
Special Item									(22,715,022)	
Total Business-Type Activities	(12,412,629)	(11,197,796)	(13,863,514)	3,000,413	(8,655,839)	(8,393,466)	(13,331,991)	(17,711,761)	(36,532,225)	23,030,254
Total Primary Government	$87,215,548	$107,081,647	$119,528,417	$134,848,479	$120,128,077	$100,001,174	$94,796,368	$130,100,646	$73,746,132	$102,900,302
Change in Net Position										
Governmental Activities	$36,973,743	$129,941,453	$103,811,106	$45,846,874	$903,299	($10,950,426)	($7,902,208)	$24,919,245	($12,199,994)	($31,013,314)
Business-Type Activities	38,313,903	52,640,256	94,948,550	59,125,598	32,078,601	(6,484,832)	9,700,092	1,507,913	(16,587,170)	79,674,345
Total Primary Government	$75,287,646	$182,581,709	$198,759,656	$104,972,472	$32,981,900	($17,435,258)	$1,797,884	$26,427,158	($28,787,164)	$48,661,031

(a) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position."

Source: The City's Comprehensive Annual Financial Report.

CITY OF ROSEVILLE
FUND BALANCES OF GOVERNMENT FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)



	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011 (b)	2012	2013 (c)	2014
General Fund										
Reserved	$18,449,612	$16,669,748	$13,421,646	$10,786,244	$13,472,640	$13,730,063				
Unreserved	38,788,181	47,642,690	52,376,837	52,774,303	42,850,836	41,375,295				
Nonspendable							$23,734,548	$17,036,815	$24,350,331	$12,700,881
Assigned							5,328,824	2,944,900	3,002,686	2,685,359
Unassigned							39,068,183	44,796,255	31,488,665	38,187,768
Total General Fund	$57,237,793	$64,312,438	$65,798,483	$63,560,547	$56,323,476	$55,105,358	$68,131,555	$64,777,970	$58,841,682	$53,574,008 (a)
All Other Governmental Funds										
Reserved	$27,132,041	$53,194,568	$71,775,257	$56,547,018	$56,058,554	$51,548,654				
Unreserved, reported in:										
Special Revenue Funds	66,266,786	64,447,245	73,726,293	79,723,403	65,941,856	64,422,284				
Capital Projects	17,733,928	19,807,821	20,128,123	18,146,007	16,456,146	16,542,186				
Permanent Funds	16,318,672	16,425,999	16,833,979	17,495,650	18,066,202	18,353,285				
Nonspendable							$17,411,864	$17,503,760	$17,691,169	$16,940,290
Restricted							108,226,582	113,465,925	109,656,487	104,437,932
Committed							2,195,164	2,248,644	2,290,938	2,280,996
Assigned							14,890,220	14,472,182	12,625,416	11,304,133
Unassigned							(4,081,313)	(925,077)	(1,333,659)	(1,290,629)
Total all other governmental funds	$127,451,427	$153,875,633	$182,463,652	$171,912,078	$156,522,758	$150,866,409	$138,642,517	$146,765,434	$140,930,351	$133,672,722 (a)

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.
(b) The City implemented the provisions of GASB Statement 54 in fiscal year 2011, and years priors to 2011 have not been restated to conform with the new presentation.
(c) The City restated certain balances in 2014; the statistics prior to 2013 have not been restated.

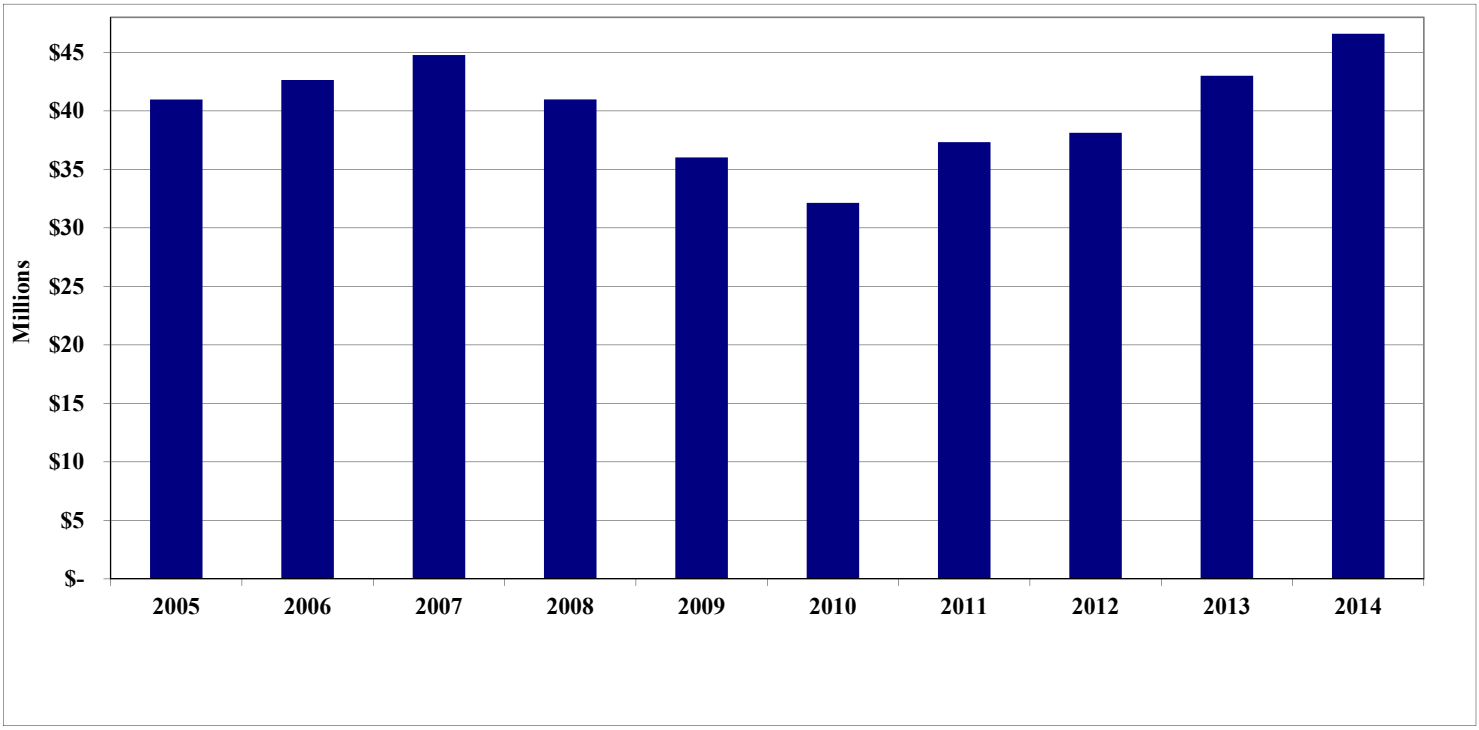
Source: The City's Comprehensive Annual Financial Report

CITY OF ROSEVILLE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal year ended June 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	$75,900,403	$82,770,691	$93,500,227	$93,457,602	$85,601,833	$79,623,097	$82,023,333	$80,584,812	$85,621,989	$90,692,294
Less Educational Revenue Augmentation	(260,676)	(323,743)								
Licenses, permits and fees	2,591,354	2,020,467	2,762,883	2,537,988	1,832,029	1,624,422	1,651,822	1,756,255	1,805,452	2,066,744
Charges for services	26,814,640	31,295,267	40,301,825	31,892,013	18,899,792	18,080,957	17,111,034	17,222,182	20,613,195	23,145,058
Subventions and grants	12,630,086	10,351,281	12,744,920	12,819,741	16,909,738	22,554,411	13,612,705	11,835,085	17,307,222	14,081,767
Use of money and property	4,922,685	7,784,975	16,943,196	19,198,906	16,183,845	9,528,347	3,107,947	3,271,208	1,892,467	2,237,778
Fine, forfeitures and penalties	1,803,562	1,953,405	2,358,742	2,147,695	2,283,349	2,115,882	1,829,785	1,502,408	1,447,757	1,265,026
Contributions from property owners	7,841,639	92,645,369	71,488,795	9,100,000						
Contributions from developers	4,373,481	3,337,645	1,591,059	2,070,716	957,680	706,385	1,483,872	2,900,578	3,673,089	1,721,409
Miscellaneous revenues	4,213,970	7,899,568	9,286,123	12,455,601	7,264,395	5,991,250	3,032,677	2,458,788	3,409,782	4,247,829
Total Revenues	140,831,144	239,734,925	250,977,770	185,680,262	149,932,661	140,224,751	123,853,175	121,531,316	135,770,953	139,457,905
Expenditures										
Current:										
General government	19,962,845	24,103,076	27,910,341	28,222,016	26,639,267	21,737,861	21,840,332	23,676,727	25,215,600	23,438,473
Development and operations	9,751,722	10,888,062	11,961,479	16,710,067	13,481,274	17,310,689	10,229,425	7,303,223	6,095,964	11,300,917
Public works	10,817,148	15,396,696	16,947,884	16,228,157	16,022,025	10,700,041	11,013,467	10,597,421	10,746,489	6,698,390
Public safety:										
Police	21,547,825	25,567,869	28,988,754	30,498,603	30,408,122	28,564,889	27,411,509	28,650,241	29,638,540	30,695,155
Fire	13,753,902	16,915,393	20,719,718	24,352,812	24,527,743	23,349,639	23,264,497	23,573,792	25,041,187	25,530,503
Library	2,762,274	3,133,367	3,520,834	4,542,287	3,449,204	3,224,523	2,855,794	3,560,396	3,726,160	3,689,914
Parks and recreation	13,507,359	16,007,377	17,955,082	19,092,606	17,979,576	16,199,096	15,610,257	18,320,063	19,671,070	19,276,779
Housing assistance payments	3,050,762	2,974,236	3,328,656	3,399,145	3,530,527	3,628,510	3,643,394	4,232,695	4,049,279	3,858,070
Capital outlay	58,729,356	108,314,784	125,426,074	63,142,168	49,795,093	36,534,025	20,416,652	19,529,120	34,879,208	30,170,149
Payments under development agreements	5,389,110	2,592,039	2,396,314	2,157,821	1,601,494	1,445,960	1,146,915	880,852	567,619	567,619
Annexation payments	285,335	835,780	1,810,538	2,138,963	1,959,852	2,131,802	2,045,843	2,228,371	2,302,077	2,932,924
Debt service:										
Principal repayment	1,264,702	941,946	1,206,803	1,590,991	1,392,486	1,397,222	1,402,625	2,694,645	802,821	2,125,278
Interest and fiscal charges	1,789,098	1,941,002	4,523,725	6,873,248	7,090,871	7,396,273	2,932,461	1,612,858	1,217,231	607,872
Total Expenditures	162,611,438	229,611,627	266,696,202	218,948,884	197,877,534	173,620,530	143,813,171	146,860,404	163,953,245	160,892,043
Excess (deficiency) of revenues over (under) expenditures	(21,780,294)	10,123,298	(15,718,432)	(33,268,622)	(47,944,873)	(33,395,779)	(19,959,996)	(25,329,088)	(28,182,292)	(21,434,138)
Other Financing Sources (Uses)										
Proceeds from capital lease	147,266	2,239,765			385,538					43,992
Proceeds from issuance of bonds			23,215,524							
Proceeds from sale of property		3,503,467		129,284	12,040	10,000			159,482	
Transfers in	26,116,934	38,439,158	54,227,228	42,487,182	53,047,351	42,615,799	44,206,780	43,818,402	38,821,810	41,542,969
Transfers (out)	(8,974,505)	(20,806,837)	(31,650,256)	(22,404,599)	(28,126,447)	(18,935,737)	(23,444,479)	(18,447,291)	(19,147,016)	(24,688,897)
Issuance of debt									11,549,031	
Payment to bond escrow agent									(12,756,326)	
Contributions from developers						2,831,250				
Total other financing sources (uses)	17,289,695	23,375,553	45,792,496	20,211,867	25,318,482	26,521,312	20,762,301	25,371,111	18,626,981	16,898,064
Net Change in fund balances before special and extraordinary items	(4,490,599)	33,498,851	30,074,064	(13,056,755)	(22,626,391)	(6,874,467)	802,305	42,023	(9,555,311)	(4,536,074)
Special and Extraordinary items										
Assets transferred to/liabilities assumed by Successor Agency/Housing Successor								4,727,309		
Increase in loan to the Successor Agency									(7,304,420)	
Change in classification of assets										(2,141,561)
Cancellation of loans receivable from Successor Agency										(5,847,668)
Net Change in fund balances	($4,490,599)	$33,498,851	$30,074,064	($13,056,755)	($22,626,391)	($6,874,467)	$802,305	$4,769,332	($16,859,731)	($12,525,303)
Debt service as a percentage of noncapital expenditures	3.0%	2.5%	4.3%	5.8%	5.3%	5.7%	3.5%	3.4%	1.5%	2.0%

Source: The City's Comprehensive Annual Financial Report

CITY OF ROSEVILLE
SALES TAX REVENUE
Last Ten Fiscal Years



Fiscal Year	Amount
2005	$ 40,973,365
2006	42,642,035
2007	44,772,743
2008	40,982,384
2009	36,024,500
2010	32,139,544
2011	37,332,222
2012	38,129,931
2013	43,002,643
2014	46,591,961

Source: The City's Comprehensive Annual Financial Report

CITY OF ROSEVILLE
ASSESSMENT ROLL VALUES
Last Ten Fiscal Years

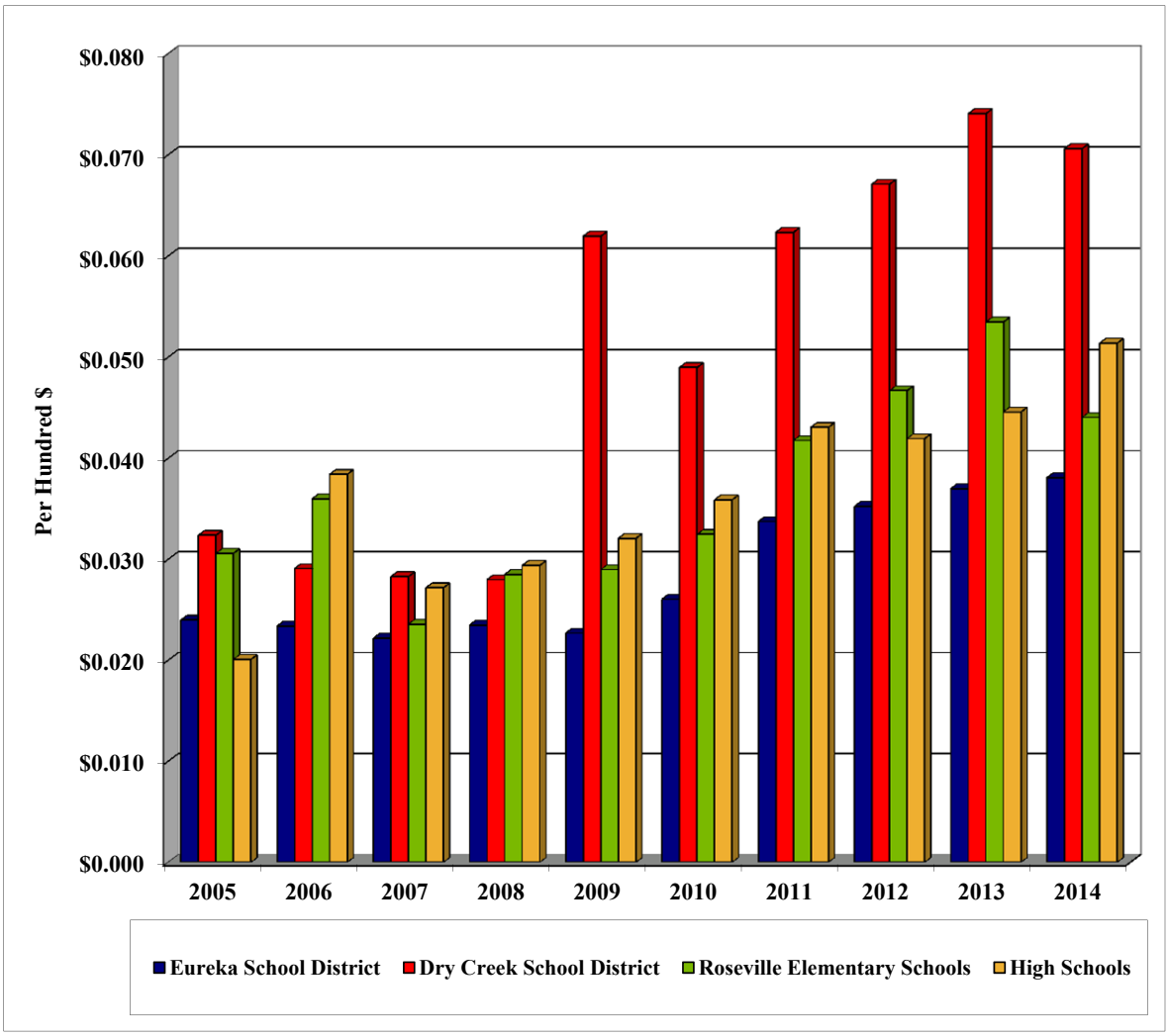
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Secured										
Land	$ 3,418,314,468	$ 3,913,353,838	$ 4,975,004,883	$ 5,277,609,490	$ 5,022,518,855	$ 4,702,676,886	$ 4,258,240,370	$ 4,138,902,907	$ 4,139,152,114	$ 4,416,998,220
Structure	8,499,941,082	9,524,344,265	10,721,828,793	11,554,289,752	11,950,909,732	12,095,007,943	11,439,696,023	10,859,970,035	10,942,930,883	11,732,698,206
Growing Imp.			3							
Fixtures	114,463,857	100,605,428	156,459,551	96,186,460	172,326,456	121,330,197	122,138,875	86,539,606	86,949,612	85,175,780
Personal Property	397,085,676	377,171,200	356,221,219	424,035,810	439,345,074	397,416,205	398,032,391	195,128,458	185,441,743	197,939,682
Gross	12,429,805,083	13,915,474,731	16,209,514,449	17,352,121,512	17,585,100,117	17,316,431,231	16,218,107,659	15,280,541,006	15,354,474,352	16,432,811,888
Exemptions	(716,288,525)	(741,780,248)	(795,302,289)	(876,567,514)	(1,037,586,092)	(1,185,170,787)	(1,271,501,002)	(1,183,664,559)	(1,216,280,788)	(1,189,126,642)
Net Value	**11,713,516,558**	**13,173,694,483**	**15,414,212,160**	**16,475,553,998**	**16,547,514,025**	**16,131,260,444**	**14,946,606,657**	**14,096,876,447**	**14,138,193,564**	**15,243,685,246**
Unsecured										
Land	14,182,736	13,788,052	13,914,030	9,561,508	9,752,733	9,938,066	9,918,107	10,652,978	15,107,515	14,275,896
Structure	18,355,347	18,174,770	18,345,848	18,712,755	19,086,998	19,483,398	19,054,920	19,198,391	40,452,068	39,978,372
Fixtures	131,950,837	137,587,407	143,205,188	151,270,219	170,668,416	195,965,488	204,471,411	278,372,656	204,335,331	201,618,605
Personal Property	303,697,290	311,390,275	379,757,859	386,574,785	420,787,592	404,628,665	427,041,927	456,724,821	440,681,012	497,756,921
Gross	468,186,210	480,940,504	555,222,925	566,119,267	620,295,739	630,015,617	660,486,365	764,948,846	700,575,926	753,629,794
Exemptions	(9,564,930)	(17,829,447)	(25,233,403)	(28,052,319)	(40,368,799)	(69,496,206)	(98,512,303)	(88,790,688)	(92,879,612)	(86,500,375)
Net Value	**458,621,280**	**463,111,057**	**529,989,522**	**538,066,948**	**579,926,940**	**560,519,411**	**561,974,062**	**676,158,158**	**607,696,314**	**667,129,419**
Total Net Assessed Value (a)	**$ 12,172,137,838**	**$ 13,636,805,540**	**$ 15,944,201,682**	**$ 17,013,620,946**	**$ 17,127,440,965**	**$ 16,691,779,855**	**$ 15,508,580,719**	**$ 14,773,034,605**	**$ 14,745,889,878**	**$ 15,910,814,665**
Direct Tax Rate (b)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

(a) Article XIIIA, added to the California Constitution by Proposition 13 in 1978 fixed the base for valuation of property subject to taxes at the full cash value which appeared on the Assessor's 1975/76 assessment roll. Thereafter, full cash value can be increased to reflect:
- annual inflation up to 2%; or
- market value at the time of ownership change; or
- market value for new construction.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

Source: Placer County Assessor's Office

CITY OF ROSEVILLE
PROPERTY TAX RATES
DIRECT & OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years



	Direct Rate	Overlapping Rates				
Fiscal Year	Basic County Wide Levy	Eureka School District	Dry Creek School District	Roseville Elementary Schools	High Schools	Total (a)
2005	1.0000	0.0240	0.0324	0.0306	0.0201	1.0491
2006	1.0000	0.0234	0.0291	0.0360	0.0384	1.0679
2007	1.0000	0.0222	0.0283	0.0236	0.0272	1.0519
2008	1.0000	0.0235	0.0280	0.0285	0.0294	1.0561
2009	1.0000	0.0227	0.0620	0.0290	0.0321	1.0700
2010	1.0000	0.0261	0.0490	0.0325	0.0359	1.0718
2011	1.0000	0.0338	0.0624	0.0418	0.0431	1.0890
2012	1.0000	0.0353	0.0671	0.0467	0.0420	1.0917
2013	1.0000	0.0370	0.0741	0.0535	0.0446	1.0995
2014	1.0000	0.0381	0.0706	0.0441	0.0514	1.1023

(a) Total Overlapping Rates uses an average of Eureka School District, Dry Creek School District and Roseville Elementary School

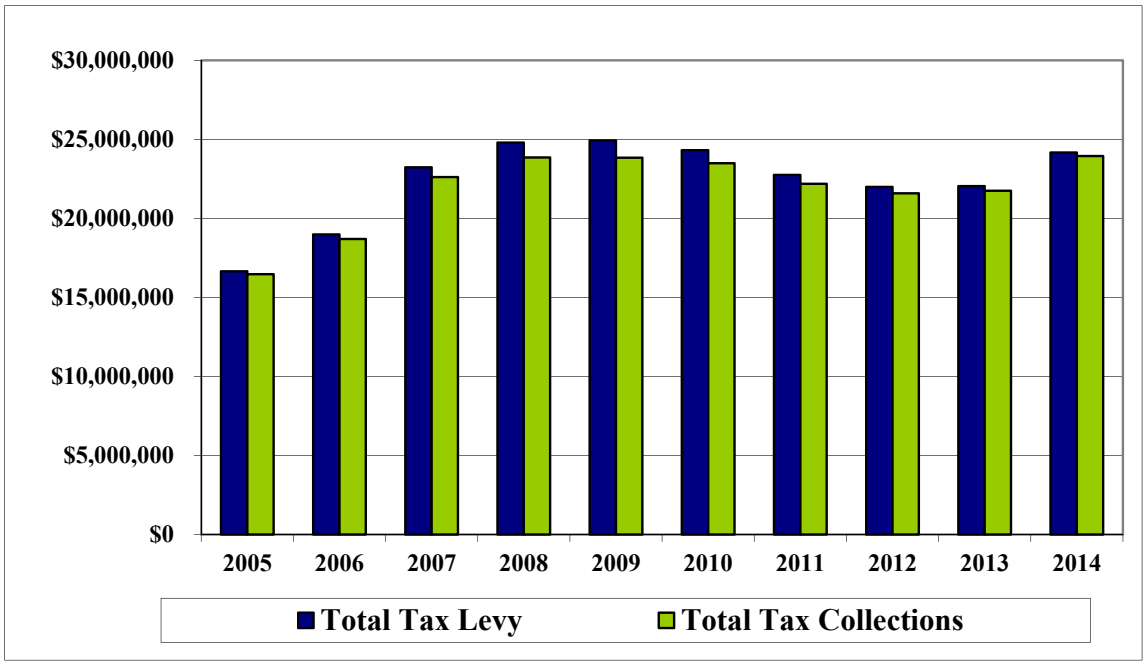
Source: Placer County Tax Rates and Information
http://www.placer.ca.gov/Auditor/Property_tax.aspx

CITY OF ROSEVILLE
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago

		2014			2005		
Property Owner	Primary Land Use	Rank	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Rank	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Roseville Shoppingtown LLC	Shopping Center	1	$408,743,797	2.65%	3	$218,446,753	1.84%
Hewlett Packard Co.	Industrial	2	138,605,644	0.90%	2	359,106,677	3.02%
W2005 Fargo Hotels Pool C Realty LP	Hotel	3	88,946,067	0.58%			
Walmart Stores Inc.	Commercial	4	83,768,418	0.54%	9	43,925,835	0.37%
Slate Creek Roseville LLC	Apartments	5	79,749,000	0.52%			
BEP Roseville Investors LLC	Office Building	6	77,125,000	0.50%			
Roseville Fountains LP	Shopping Center	7	64,464,078	0.42%			
CPT Creekside Town Center LLC	Shopping Center	8	61,231,640	0.40%			
UCM Caiprosemeade LLC	Apartments	9	58,345,117	0.38%			
Timberpine Holdings LLC	Industrial	10	47,500,000	0.31%			
Safeway Inc.	Commercial	11	47,342,569	0.31%	15	32,084,843	0.27%
John L. Sullivan Family LP	Auto Dealership	12	44,919,377	0.29%			
Pinnacle OPID LLC & Pinnacle PCC LLC	Apartments	13	39,967,390	0.26%			
HD Development of Maryland Inc.	Commercial	14	38,888,699	0.25%			
Westcore Delta LLC	Shopping Center	15	37,069,016	0.24%			
Realty Associates Fund IX LP	Apartments	16	36,413,999	0.24%			
Macy's West Inc.	Commercial	17	33,950,035	0.22%			
Conam Highland Park LLC	Apartments	18	33,706,460	0.22%			
NNN Parkway Corporate Plaza LLC	Office Building	19	32,670,000	0.21%	4	63,650,000	0.54%
Eureka Development Company LLC	Shopping Center	20	31,417,971	0.20%			
NEC Electronics USA Inc.	Heavy Industrial				1	378,552,214	3.19%
SI VII LLC	Apartments				5	61,255,770	0.52%
Creekside Center LLC	Commercial				6	60,931,031	0.51%
Rosemead LLC	Apartments				7	48,109,975	0.41%
Demmon Haverhill Partners LP	Apartments				8	44,908,108	0.38%
John Mourier Construction Inc.	Residential Development				10	42,268,587	0.36%
Olympic Preserve Partners LP	Apartments				11	37,321,943	0.31%
Nordstrom Inc.	Commercial				12	35,773,262	0.30%
Homarose LP	Light Industrial				13	34,000,000	0.29%
Property Reserve Inc.	Office Building				14	32,916,894	0.28%
GIC Olympus Corporate Center LLC	Office Building				16	31,645,788	0.27%
Laguna Antelope Properties	Office Building				17	31,484,187	0.27%
SMII Highland Reserve LLC	Apartments				18	30,918,388	0.26%
Roseville Plaza LLC	Shopping Center				19	30,750,000	0.26%
JB Management LP	Shopping Center				20	30,515,028	0.26%
	Total		**$1,484,824,277**	**9.63%**		**$1,648,565,283**	**13.88%**
	Local Secured Assessed Valuation:		**$ 15,417,937,646**			**$ 11,874,044,091**	

Source: California Municipal Statistics, Inc.

CITY OF ROSEVILLE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS



Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2005	$ 16,653,884	$ 16,469,026	98.89%
2006	18,987,819	18,695,407	98.46%
2007	23,231,927	22,616,281	97.35%
2008	24,795,852	23,856,089	96.21%
2009	24,932,869	23,840,809	95.62%
2010	24,317,144	23,490,361	96.60%
2011	22,749,169	22,191,814	97.55%
2012	21,991,913	21,585,063	98.15%
2013	22,044,604	21,749,207	98.66%
2014	24,170,809	23,943,603	99.06%

Notes:
Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California.
Placer County uses an estimate for the delinquency rate and compiles delinquency as a lump sum. Subsequent collections are not broken out by fiscal year from the County. This information is not available.

Source: Placer County Department of Finance

CITY OF ROSEVILLE
ELECTRIC CUSTOMERS & REVENUES

Ten Largest Electric Customers as of 6/30/2014

Rank	Business Type (a)	kWh	Percent Total kWh	Revenue	Percent to Total Revenue
1	Manufacturing	101,330,000	8.57%	$10,036,048	6.32%
2	Admin/Office/R&D	42,085,000	3.57%	4,263,551	2.69%
3	Medical Care	28,144,547	2.36%	3,007,060	1.89%
4	Government and Utilities	26,161,000	2.22%	2,710,212	1.71%
5	Medical Care	22,611,659	1.86%	2,592,709	1.63%
6	Retail and Property Management	18,250,004	1.48%	2,316,951	1.46%
7	Telecommunications	12,013,326	0.88%	1,350,914	0.85%
8	Retail	10,209,220	0.88%	1,137,603	0.72%
9	Grocery	10,203,300	0.84%	1,314,029	0.83%
10	Grocery	9,580,400	0.81%	1,071,115	0.67%

Electric Sales Revenue as of 06/30/2014

Residential	$ 66,359,213
Commercial	92,386,088
Total	$ 158,745,301

(a) Customer's name not shown to follow the City's Administrative Regulation regarding confidentiality of customers.

Source: City of Rosevile Electric Department

City of Roseville
Residential Energy Prices
Effective July 1, 2013

Residential	
Basic Service Charge (per meter, per month)	$14.00
Energy Charge ($/kWh)	
Tier 1- up to 500 kWh/month	$0.1043
Tier 2- 501 to 1,000 kWh/month	$0.1503
Tier 3- greater than 1,000 kWh/month	$0.1700
Hydroelectric Adjustment ($/kWh) (1)	$0.0013
Renewable Energy Surcharge ($/kWh)	$0.0067
Greenhouse Gas Surcharge ($/kWh)	$0.0002
State Energy Surcharge ($/kWh)	$0.0029

Special Residential Rates

Electric Rate Assistance Program (2)	
Basic Service Charge (per meter, per month)	$11.90
Energy Charges w/ discounts ($/kWh):	
Tier 1- up to 500 kWh/month	$0.0874
Tier 2- 501 to 1,000 kWh/month	$0.1265
Tier 3- greater than 1,000 kWh/month	$0.1433
Hydroelectric Adjustment ($/kWh) (1)	$0.0013
Renewable Energy Surcharge ($/kWh)	$0.0067
Greenhouse Gas Surcharge ($/kWh)	$0.0002
State Energy Surcharge ($/kWh)	$0.0029
Medical Support Rate Reduction (3)	
Basic Service Charge (per meter, per month)	$14.00
Energy Charges w/ discounts ($/kWh):	
Tier 1- up to 500 kWh/month	$0.0480
Tier 2- 501 to 1,000 kWh/month	$0.1265
Tier 3- greater than 1,000 kWh/month	$0.1433
Hydroelectric Adjustment ($/kWh) (1)	$0.0013
Renewable Energy Surcharge ($/kWh)	$0.0067
Greenhouse Gas Surcharge ($/kWh)	$0.0002
State Energy Surcharge ($/kWh)	$0.0029
Senior Citizen Rate Reduction (4)	
Basic Service Charge (per meter, per month)	$12.32
Energy Charges w/ discounts ($/kWh):	
Tier 1- up to 500 kWh/month	$0.0908
Tier 2- 501 to 1,000 kWh/month	$0.1313
Tier 3- greater than 1,000 kWh/month	$0.1486
Hydroelectric Adjustment ($/kWh) (1)	$0.0013
Renewable Energy Surcharge ($/kWh)	$0.0067
Greenhouse Gas Surcharge ($/kWh)	$0.0002
State Energy Surcharge ($/kWh)	$0.0029

NOTES

1) There is a hydroelectric adjustment in effect from July 2013 through July 2014.

2) An application must be submitted along with a copy of the most recent energy bill and proof of income. For complete program guidelines or to receive an application, call the City of Roseville's Housing and Redevelopment Office at 774-5270. **This rate is 15% credit on all electric service charges.**

3) An application must be completed for the Medical Support Rate reduction. A doctor's certification is also required. For more information or an application, please call the City of Roseville Finance Department at 774-5300. **This rate is a 50% credit on the first 500 kWh per month and 15% credit for usage > 500 kWh.**

4) Rate closed July 1, 1998. **Recipients receive a 12% credit on all electric charges.**

Source: City of Roseville Electric Department

City of Roseville
Business Energy Prices
Effective July 1, 2013

Small General Service (GS-1)		
(Demand < 20 kW)		
Basic Service Charge (per meter, per month)	$22.00	
Energy Charge Winter ($/kWh)	$0.1067	
Energy Charge Summer ($/kWh)	$0.1233	
Hydroelectric Adjustment ($/kWh)	$0.0013	
State Renewable Energy Surcharge ($/kWh)	$0.0067	
State Greenhouse Gas Surcharge ($/kWh)	$0.0002	
State Energy Surcharge ($/kWh)	$0.000290	
Medium General Service (GS-2)		
(20 kW < Demand ≤ 500 kW)		
Basic Service Charge (per meter, per month)	$59.00	
Demand Charge($/kW-month)	$4.55	
Energy Charge Winter ($/kWh)	$0.1039	
Energy Charge Summer ($/kWh)	$0.1249	
Hydroelectric Adjustment ($/kWh)	$0.0013	
State Renewable Energy Surcharge ($/kWh)	$0.0067	
State Greenhouse Gas Surcharge ($/kWh)	$0.0002	
State Energy Surcharge ($/kWh)	$0.00029	
Large General Service (GS-3)	Winter	Summer
(500 kW < Demand ≤ 1000 kW)		
Basic Service Charge (per meter, per month)	$441.00	$441.00
Demand Charge ($/kW-month)	$3.33	$11.49
Energy Charge		
Off Peak ($/kWh)	$0.0686	$0.0896
On Peak ($/kWh)	$0.0896	$0.1106
Super Peak ($/kWh)	$0.0896	$0.1418
Hydroelectric Adjustment ($/kWh)	$0.0013	$0.0013
State Renewable Energy Surcharge ($/kWh)	$0.0067	$0.0067
State Greenhouse Gas Surcharge ($/kWh)	$0.0002	$0.0002
State Energy Surcharge ($/kWh)	$0.00029	$0.00029
Very Large General Service (GS-4)	Winter	Summer
(Demand > 1000 kW)		
Basic Service Charge (per meter, per month)	$532.00	$532.00
Demand Charge ($/kW-month)	$3.23	$11.12
Energy Charge		
Off Peak ($/kWh)	$0.0672	$0.0882
On Peak ($/kWh)	$0.0865	$0.1075
Super Peak ($/kWh)	$0.0865	$0.1375
Hydroelectric Adjustment ($/kWh)	$0.0013	$0.0013
State Renewable Energy Surcharge ($/kWh)	$0.0067	$0.0067
State Greenhouse Gas Surcharge ($/kWh)	$0.0002	$0.0002
State Energy Surcharge ($/kWh)	$0.00029	$0.00029

Note: General Service Customers include all commercial, industrial, governmental and other non-residential customers.

Time of Use (TOU) seasons, days, hours, holidays:

Winter - bills with meter read dates October through May

Summer - bills with meter read date June through September

Off Peak: 10:00pm to 7:00am Monday through Friday (Except Holidays)
All Day Saturday, Sunday, and Holidays

On Peak: 7:00am to 3:00pm AND 7:00pm to 10:00pm
Monday through Friday (Except Holidays)

Super Peak: 3:00pm to 7:00pm Monday through Friday (Except Holidays)

Holidays are defined as: New Years Day, Martin Luther King Day, Presidents' Day, Memorial Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day, and Christmas Day.

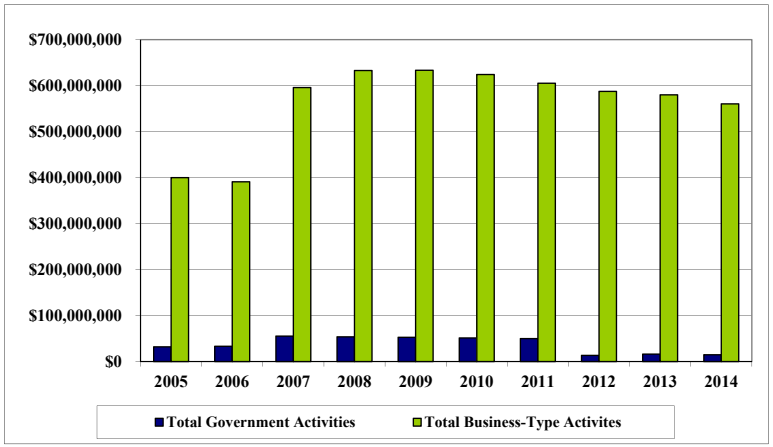
There is no hydroelectric adjustment in effect through June 2013.

The California State Energy Surcharge may change from time to time as specified in State law.

A 2% discount is available for primary service customers.

Source: City of Roseville Electric Department

CITY OF ROSEVILLE
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years



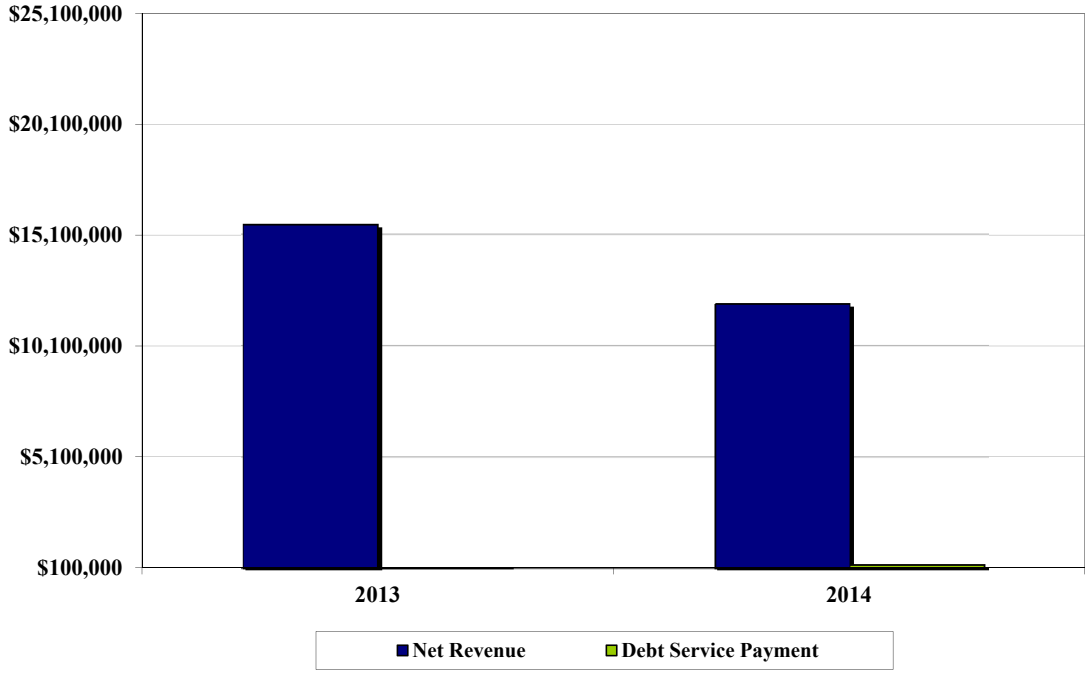
	Governmental Activities						
Fiscal Year	Tax Allocation Bonds	Certificates of Participation	Installment Purchase Obligations	Other Long Term Obligations	2013 Pub Fac Lease	Loan Payable [e]	Total
2005	$13,960,000	$17,710,000	$306,140	$6,250			$31,982,390
2006	13,735,000	17,105,000	2,436,986	3,223			33,280,209
2007	36,405,000	16,490,000	2,390,707				55,285,707
2008	35,745,000	15,860,000	2,089,716				53,694,716
2009	35,305,000	15,220,000	2,145,277				52,670,277
2010	34,845,000	14,560,000	1,868,055				51,273,055
2011	34,365,000	13,885,000	1,620,430				49,870,430
2012	[c]	13,190,000	125,785				13,315,785
2013	[c]	[d]	1,234,286		$ 11,549,031	$ 3,469,049	16,252,366
2014	[c]	[d]			10,670,247	4,059,175	14,729,422

	Business-Type Activities									
Fiscal Year	Electric System Revenue	Golf Course Refunding Bonds	Water Utility Revenue	Wastewater Revenue Bonds	Gas Revenue Bond	Other Long Term Obligations	Total	Total Primary Government	Percentage of Placer County Personal Income [a]	Debt Per Capita [a]
2005	$ 273,325,043	$ 7,945,000	$ 26,075,000	$ 92,390,603		$ 182,351	$ 399,917,997	$ 431,900,387	33.04%	$4,226
2006	267,326,882	7,630,000	24,740,000	90,977,962		172,056	390,846,900	424,127,109	29.77%	4,053
2007	266,098,723	7,310,000	23,345,000	89,494,883	$209,350,000	161,246	595,759,852	651,045,559	43.11%	6,127
2008	271,323,395	6,985,000	55,611,761	89,572,262	209,350,000		632,842,418	686,537,134	42.24%	6,290
2009	267,662,000	6,650,000	53,860,879	89,193,072	215,951,385		633,317,336	685,987,613	43.15%	6,106
2010	268,431,581	6,310,000	52,039,997	88,800,339	208,565,475		624,147,392	675,420,447	41.02%	5,834
2011	260,127,436	5,960,000	50,149,114	87,906,198	200,914,565		605,057,313	654,927,743	37.83%	5,431
2012	254,404,084	5,600,000	48,178,231	86,271,586	192,913,655		587,367,556	600,683,341	[b]	4,921
2013	248,495,732	4,775,578	46,631,417	95,510,269	184,502,745		579,915,741	596,168,107	[b]	4,798
2014	242,520,953	4,344,960	44,428,461	93,319,762	175,736,834		560,350,970	575,080,392	[b]	4,530

Note: Debt amounts exclude any premiums, discounts, or other amortization amounts.
[a] These ratios are calculated using personal income and population as shown on the Demographics Statistics page.
[b] Total personal income information not available.
[c] Tax Allocation Bonds are zero; The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by the Successor Agency.
[d] The Certifcates of Participation were refunded by the 2013 Lease.
[e] Long term debt was restated in fiscal 2014; statistics prior to 2013 have not been restated.

Sources: *The City's Comprehensive Annual Financial Reports*
State of California, Department of Finance (population)
U.S. Department of commerce, Bureau of the Census (income)

CITY OF ROSEVILLE
REVENUE BOND COVERAGE
2013 REFUNDING VARIABLE RATE WASTEWATER REVENUE BONDS
Last Two Fiscal Years (1)

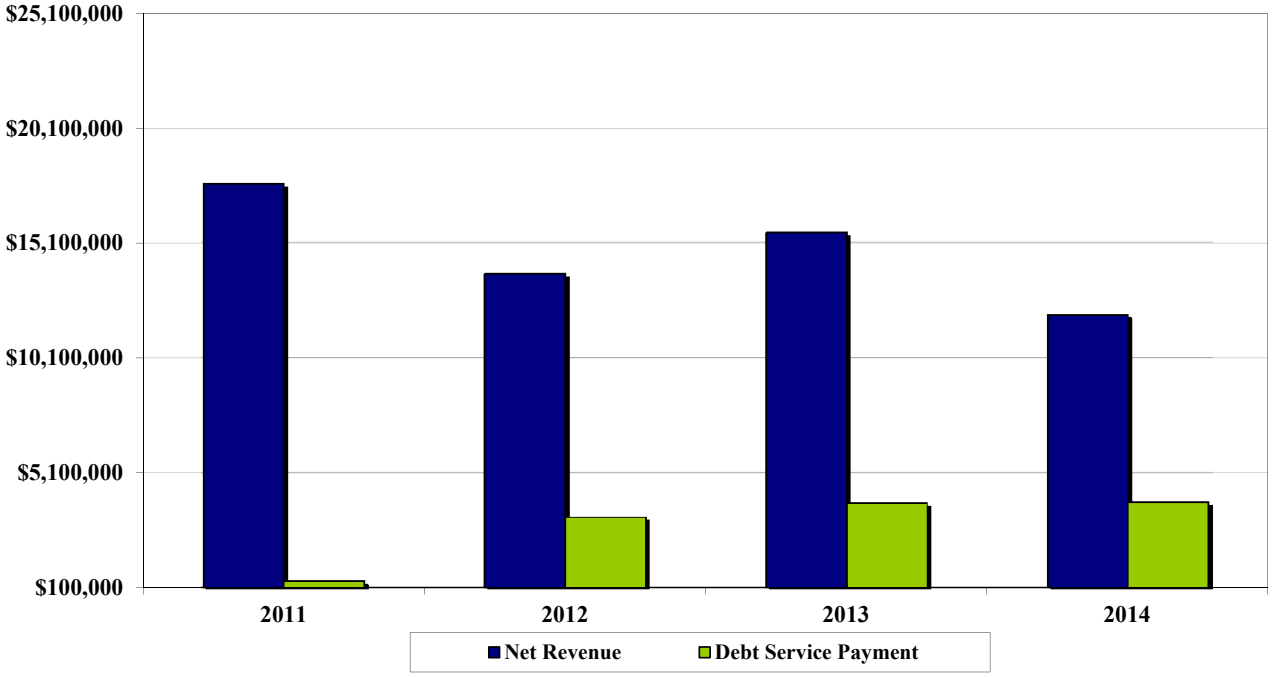


Fiscal Year	Gross Revenue (2)	Operating Expenses (3)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2013	$33,605,925	$18,039,506	$15,566,419	$0	$112,244	$112,244	138.68
2014	30,398,896	18,411,939	11,986,957	0	265,789	265,789	45.10

Notes: (1) Series 2013 refunded the 2011 A/B Series on April 3, 2013
(2) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenues
(3) Includes all Wastewater Operating Expenses less Depreciation and Interest

Source: City of Roseville's Annual Financial Statements

CITY OF ROSEVILLE
REVENUE BOND COVERAGE
2011 REFUNDING FIXED RATE WASTEWATER REVENUE BONDS SERIES C
Last Four Fiscal Years (1)

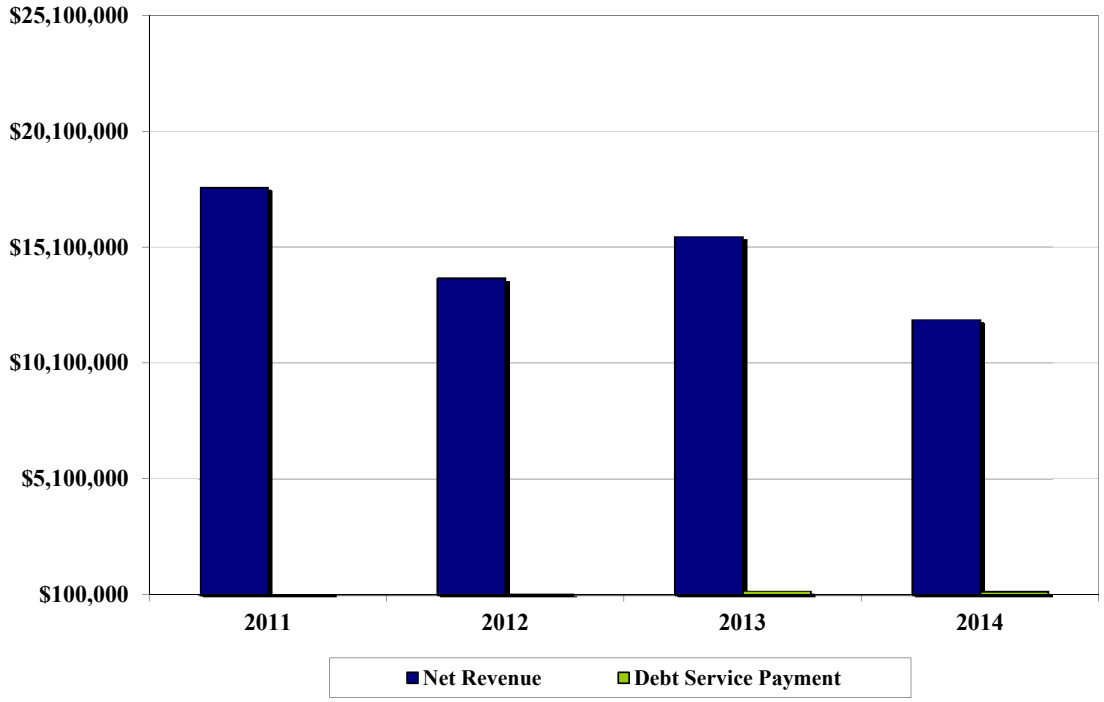


Fiscal Year	Gross Revenue (2)	Operating Expenses (3)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2011	$34,177,527	$16,494,109	$17,683,418	$0	$400,337	$400,337	44.17
2012	32,738,613	18,957,898	13,780,715	1,457,173	1,721,010	3,178,183	4.34
2013	33,605,925	18,039,506	15,566,419	1,874,464	1,922,096	3,796,560	4.10
2014	30,398,896	18,411,939	11,986,957	1,988,535	1,840,952	3,829,487	3.13

Notes: (1) Ten years of data are not available due to the bonds being issued on April 7, 2011
(2) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenues
(3) Includes all Wastewater Operating Expenses less Depreciation and Interest

Source: City of Roseville's Annual Financial Statements

CITY OF ROSEVILLE
REVENUE BOND COVERAGE
2011 REFUNDING SIFMA INDEX WASTEWATER REVENUE BONDS SERIES D
Last Four Fiscal Years (1)

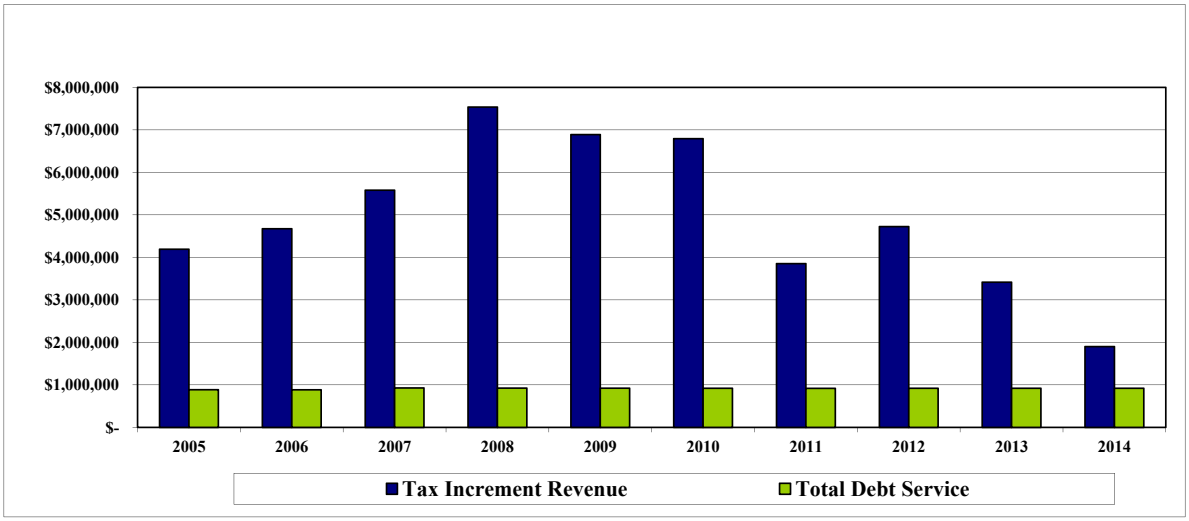


Fiscal Year	Gross Revenue (2)	Operating Expenses (3)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2011	$34,177,527	$16,494,109	$17,683,418	$0	$38,820	$38,820	455.53
2012	32,738,613	18,957,898	13,780,715	0	160,193	160,193	86.03
2013	33,605,925	18,039,506	15,566,419	0	291,218	291,218	53.45
2014	30,398,896	18,411,939	11,986,957	0	270,473	270,473	44.32

Notes: (1) Ten years of data are not available due to the bonds being issued in April 7, 2011
(2) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenues
(3) Includes all Wastewater Operating Expenses less Depreciation and Interest

Source: City of Roseville's Annual Financial Statements

CITY OF ROSEVILLE
2002 REDEVELOPMENT TAX ALLOCATION BONDS
Last Ten Fiscal Years



Fiscal Year	Tax Increment Revenue	Debt Service Requirements: Principal Payment	Interest Due	Total Debt Service	Principal Outstanding	Coverage
2005	$ 4,190,987	$ 220,000	$ 666,450	$ 886,450	$ 13,960,000	0.05
2006	4,673,904	225,000	659,775	884,775	13,735,000	0.05
2007	5,581,407 (a)	275,000	651,875	926,875	13,460,000	0.06
2008	7,535,590 (a)	280,000	642,750	922,750	13,180,000	0.08
2009	6,888,510 (a)	290,000	632,125	922,125	12,890,000	0.07
2010	6,792,567 (a)	300,000	619,875	919,875	12,590,000	0.07
2011	3,853,172 (a)	310,000	607,225	917,225	12,280,000	0.04
2012	4,724,200 (a) (b)	325,000	594,050	919,050 (b)	11,955,000	0.05
2013	3,416,590 (c)	340,000	580,069	920,069 (c)	11,615,000	0.04
2014	1,900,108 (c)	355,000	565,013	920,013 (c)	11,260,000	0.02

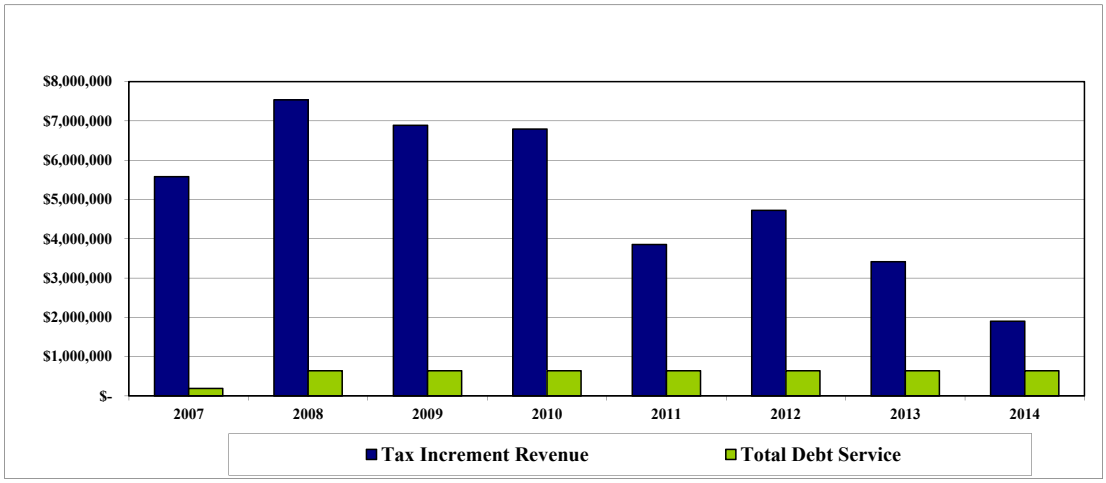
(a) Tax Incremental Revenue for RDA 2002, RDA 2006A, and RDA 2006AT are combined into one figure representing their combined revenue.

(b) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency. Amounts reported here include tax revenue and debt service of both the former Redevelopment Agency and the Successor Agency.

(c) Amounts reported here include tax revenue and debt service of the Successor Agency.

Source: City of Roseville Redevelopment Department

CITY OF ROSEVILLE
2006A REDEVELOPMENT TAX ALLOCATION BONDS
Last Eight Fiscal Years (c)

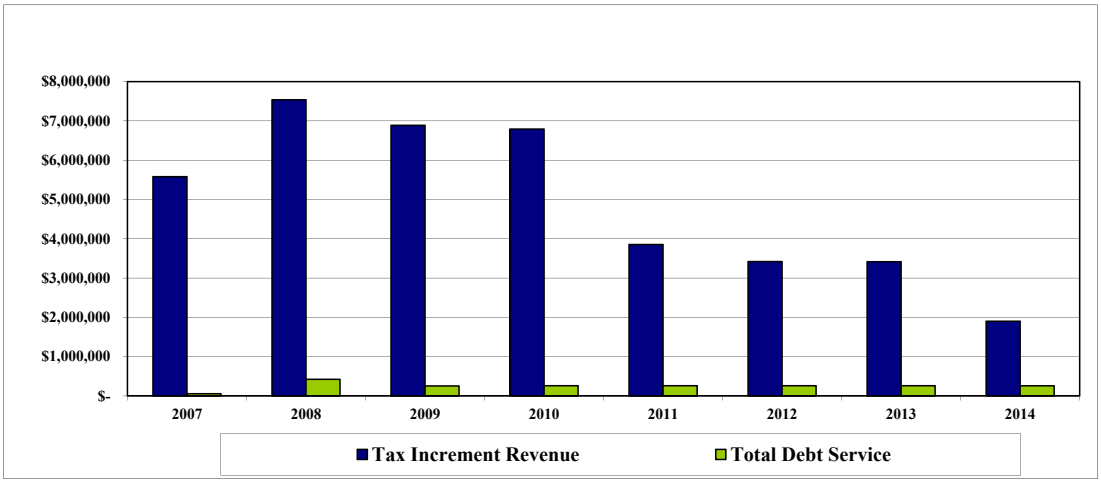


Fiscal Year	Tax Increment Revenue	Debt Service Requirements: Principal Payment	Interest Due	Total Debt Service	Principal Outstanding	Coverage
2007	$5,581,407 (a)	$0	$190,408	$190,408	$13,155,000	0.29
2008	7,535,590 (a)	0	640,625	640,625	13,155,000	0.12
2009	6,888,510 (a)	0	640,625	640,625	13,155,000	0.11
2010	6,792,567 (a)	0	640,625	640,625	13,155,000	0.11
2011	3,853,172 (a)	0	640,625	640,625	13,155,000	0.06
2012	4,724,200 (a)(b)	0	640,625	640,625 (b)	13,155,000	0.07
2013	3,416,590 (d)	0	640,625	640,625 (d)	13,155,000	0.05
2014	1,900,108 (d)	0	640,625	640,625 (d)	13,155,000	0.03

(a) Tax Incremental Revenue for RDA 2002, RDA 2006A, and RDA 2006AT are combined into one figure representing their combined revenue.
(b) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency.
Amounts reported here include tax revenue and debt service of both the former Redevelopment Agency and the Successor Agency.
(c) Bond issued November 14, 2006
(d) Amounts reported here include tax revenue and debt service of the Successor Agency.

Source: City of Roseville Redevelopment Department

CITY OF ROSEVILLE
2006AT REDEVELOPMENT TAX ALLOCATION BONDS
Last Eight Fiscal Years (c)

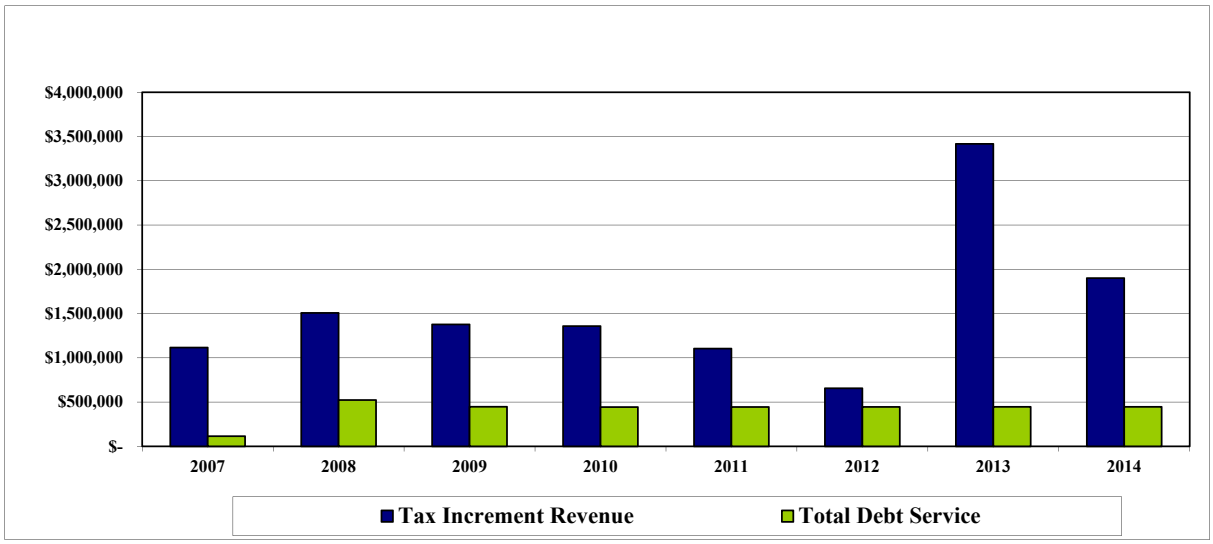


Fiscal Year	Tax Increment Revenue		Debt Service Requirements: Principal Payment	Interest Due	Total Debt Service		Principal Outstanding	Coverage
2007	$5,581,407	(a)	$0	$56,168	$56,168		$3,285,000	0.99
2008	7,535,590	(a)	240,000	182,605	422,605		3,045,000	0.18
2009	6,888,510	(a)	80,000	174,109	254,109		2,965,000	0.27
2010	6,792,567	(a)	90,000	169,596	259,596		2,875,000	0.26
2011	3,853,172	(a)	95,000	164,684	259,684		2,780,000	0.15
2012	3,419,138	(a)(b)	100,000	159,507	259,507	(b)	2,680,000	0.13
2013	3,416,590	(d)	105,000	154,064	259,064	(d)	2,575,000	0.13
2014	1,900,108	(d)	110,000	148,356	258,356	(d)	2,465,000	0.07

(a) Tax Incremental Revenue for RDA 2002, RDA 2006A, and RDA 2006AT are combined into one figure representing their combined revenue.
(b) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency.
Amounts reported here include tax revenue and debt service of both the former Redevelopment Agency and the Successor Agency.
(c) Bond issued November 14, 2006
(d) Amounts reported here include tax revenue and debt service of the Successor Agency.

Source: City of Roseville Redevelopment Department

CITY OF ROSEVILLE
2006HT REDEVELOPMENT TAX ALLOCATION BONDS
Last Eight Fiscal Years (b)



Fiscal Year	20% Set Aside	Debt Service Requirements: Principal Payment	Interest Due	Total Debt Service	Principal Outstanding	Coverage
2007	$1,116,281	$0	$114,895	$114,895	$6,505,000	0.10
2008	1,507,118	140,000	382,846	522,846	6,365,000	0.03
2009	1,377,575	70,000	377,270	447,270	6,295,000	0.03
2010	1,358,641	70,000	373,553	443,553	6,225,000	0.03
2011	1,103,919	75,000	369,703	444,703	6,150,000	0.02
2012	656,429	80,000	365,588	445,588 (a)	6,070,000	0.01
2013	3,416,590 (c)	85,000	361,207	446,207 (c)	5,985,000	0.08
2014	1,900,108 (c)	90,000	356,561	446,561 (c)	5,895,000	0.04

(a) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency. Amounts reported here include debt service of both the former Redevelopment Agency and the Successor Agency.
(b) Bond issued November 14, 2006
(c) Amounts reported here include tax revenue and debt service of the Successor Agency.
After January 31, 2012, the Successor Agency is no longer required to set-aside 20% of tax revenue for low and moderate income housing, but the tax revenue collected by the Successor Agency is pledged for the repayment of the 2006HT Bonds.

Source: City of Roseville Redevelopment Department

CITY OF ROSEVILLE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2014

2013-14 Assessed Valuation: $ 16,089,684,605

	Total Debt 6/30/2014	% Applicable	City's Share of Debt 6/30/2014	
OVERLAPPING TAX AND ASSESSMENT DEBT:				
Roseville Joint Union High School District	$ 85,225,865	74.616%	$ 63,592,131	
Roseville Joint Union High School District SFID No. 1	4,730,624	95.866%	4,535,060	
Center Joint Unified School District	37,496,861	1.872%	701,941	
Rocklin Unified School District	66,757,748	0.563%	375,846	
Dry Creek Joint School District	45,289,236	58.172%	26,345,654	
Eureka Union School District	3,987,195	35.126%	1,400,542	
Roseville City School District	25,409,632	97.134%	24,681,392	
City of Roseville Community Facilities Districts	326,724,000	100.000%	326,724,000	
California Statewide Communities Development Authority Assessment Districts	14,407,851	3.314-100%	8,629,213	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			**$ 456,985,779**	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:				
Placer County Certificates of Participation	$ 42,170,000	29.236%	$ 12,328,821	
Placer County Office of Education Certificates of Participation	1,815,000	29.236%	530,633	
Sierra Joint Community College District Certificates of Participation	9,635,000	21.841%	2,104,380	
Roseville Joint Union High School District Certificates of Participation	2,130,000	74.616%	1,589,321	
Center Joint Unified School District Certificates of Participation	1,361,803	1.872%	25,493	
Rocklin Unified School District Certificates of Participation	18,850,000	0.563%	106,126	
Eureka Union School District Certificates of Participation	4,215,000	35.126%	1,480,561	
Roseville City School District Certificates of Participation	10,605,000	97.134%	10,301,061	
Placer Mosquito and Vector Control District Certificates of Participation	4,110,000	29.236%	1,201,600	
City of Roseville Certificates of Participation	**15,015,209**	**100.000%**	**15,015,209**	(1)
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			**$ 44,683,205**	
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	$ 32,775,000	100.000%	$ 32,775,000	
TOTAL DIRECT DEBT			**$ 15,015,209**	
TOTAL OVERLAPPING DEBT			$ 519,428,775	
COMBINED TOTAL DEBT			**$ 534,443,984**	(2)

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

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

Ratios to 2013-2014 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.84%
Total Direct Debt ($15,015,209)	**0.09%**
Combined Total Debt	3.32%

Ratios to Redevelopment Successor Agency Incremental Valuations ($627,779,574):

Total Overlapping Tax and Assessment Debt	5.22%

Source: California Municipal Statistics, Inc.

CITY OF ROSEVILLE
COMPUTATION OF LEGAL BONDED DEBT MARGIN
June 30, 2014

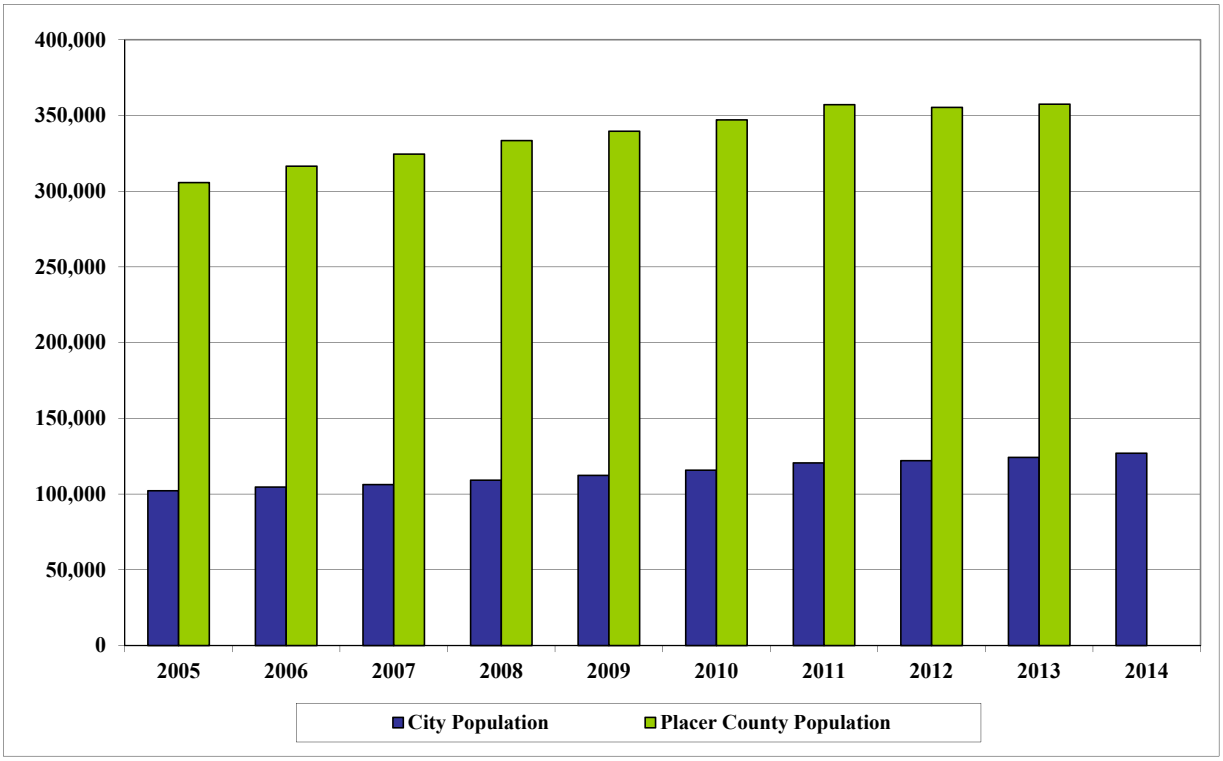
ASSESSED VALUATION:		
Secured property assessed value, net of exempt real property	$15,417,937,646	
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)		$578,172,662
AMOUNT OF DEBT SUBJECT TO LIMIT:		
Total Bonded Debt	$575,080,392	
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	(575,080,392)	
Amount of debt subject to limit		0
LEGAL BONDED DEBT MARGIN		$578,172,662

Fiscal Year*	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2005	$ 445,276,653	$0	$ 445,276,653	0.00%
2006	500,173,479	0	500,173,479	0.00%
2007	584,311,626	0	584,311,626	0.00%
2008	624,162,731	0	624,162,731	0.00%
2009	626,993,562	0	626,993,562	0.00%
2010	611,493,748	0	611,493,748	0.00%
2011	567,178,798	0	567,178,798	0.00%
2012	560,837,192	0	560,837,192	0.00%
2013	536,758,408	0	536,758,408	0.00%
2014	578,172,662	0	578,172,662	0.00%

(a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

Source: City of Roseville Finance Department

CITY OF ROSEVILLE
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years



Fiscal Year	City of Roseville Population	County Total Personal Income	County Per Capita Personal Income	City of Roseville Unemployment Rate (%)	Placer County Population	City Population % of County
2005	102,191	$ 13,070,082	$ 41,248	4.0%	305,675	33.43%
2006	104,655	14,247,775	43,937	4.2%	316,508	33.07%
2007	106,266	15,101,855	45,471	4.9%	324,495	32.75%
2008	109,154	16,252,937	47,657	6.6%	333,401	32.74%
2009	112,343	15,898,900	45,614	10.6%	339,577	33.08%
2010	115,781	16,464,986	47,012	11.3%	347,102	33.36%
2011	120,593	17,312,666	48,476	11.4%	357,138	33.77%
2012	122,060	19,004,105	52,544	10.0%	355,328	34.35%
2013	124,255	(a)	(a)	7.5%	357,463	34.76%
2014	126,956	(a)	(a)	6.5%	(a)	(a)

(a) Information not available

Source: *Bureau of Economic Analysis*
City of Roseville Economic Development Department
Placer County
U.S. Department of Labor
State of California Employment Development Department

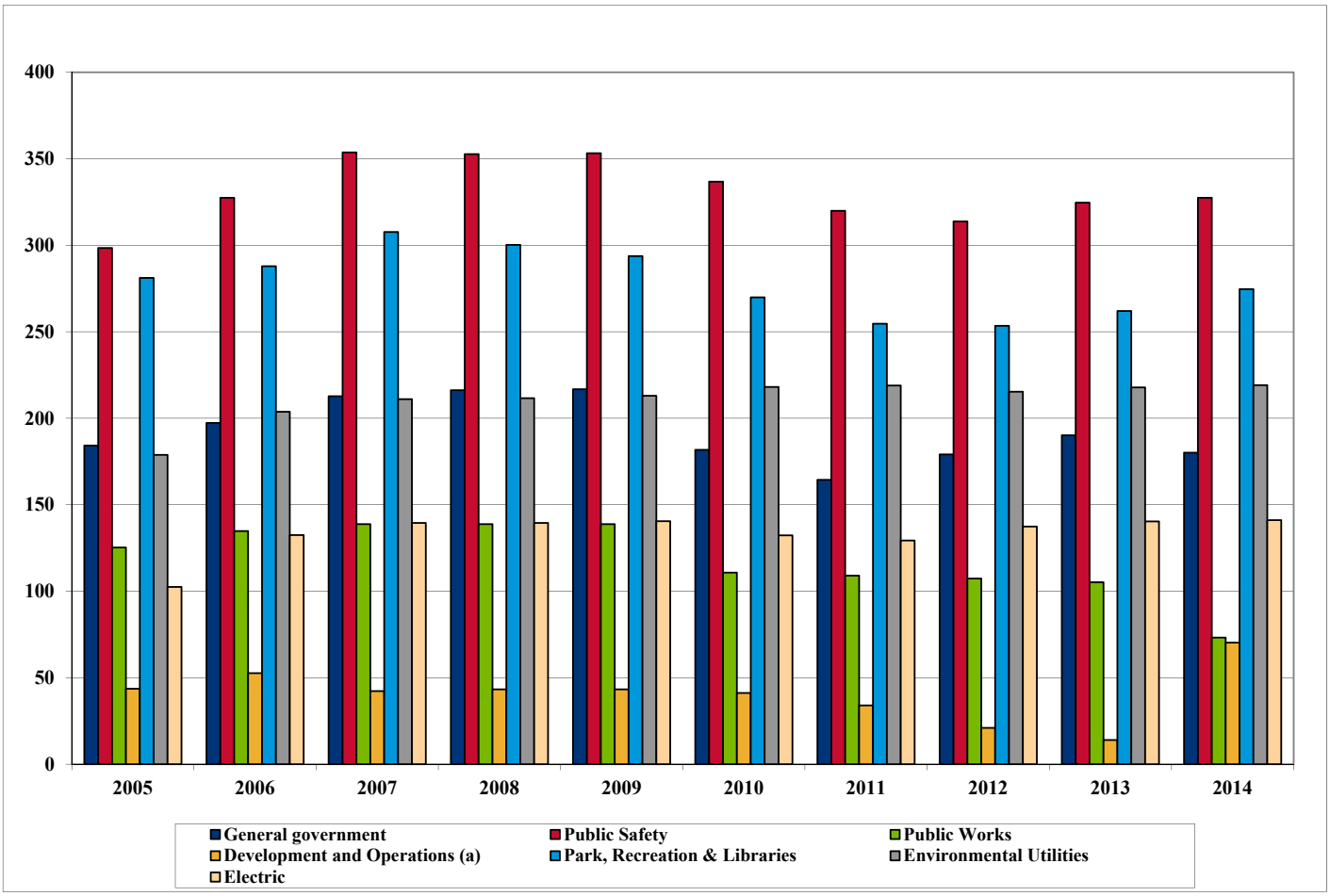
CITY OF ROSEVILLE
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

	2014			2005	
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employees**	**Number of Employees**	**Rank**
Kaiser Permanente	3,231	1	4.55%	3,000	2
Hewlett-Packard	2,132	2	3.00%	3,706	1
Sutter Roseville Medical Center	1,654	3	2.33%	1,682	3
Roseville Joint Union High School District	1,434	4	2.02%	946	6
City of Roseville	1,286	5	1.81%	1,034	5
Union Pacific Railroad Company	1,137	6	1.60%	1,294	4
Adventist Health System West	1,019	7	1.44%		
Roseville City School District	1,000	8	1.41%	805	7
Wal-Mart Superstore (PG)	460	9	0.65%	635	9
LB Construction, Inc.	404	10	0.57%		
NEC Electronics				715	8
Surewest Communications				575	10
Subtotal	13,757		19.38%	14,392	
Total Employment	70,969 (a)			(b)	

(a) Total Employment as used above represents the total employment of all employees located within the City limits.
(b) Information not available

Source: City of Roseville-Economic Development Dept.

CITY OF ROSEVILLE
FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
Last Ten Fiscal Years



	Adopted for Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function										
General government	184.23	197.23	212.71	216.21	216.79	181.75	164.38	179.09	190.14	180.10
Public Safety	298.43	327.46	353.69	352.69	353.18	336.75	319.90	313.78	324.59	327.42
Public Works	125.29	134.77	138.77	138.77	138.77	110.75	109.03	107.33	105.17	73.18
Development and Operations (a)	43.63	52.63	42.25	43.25	43.25	41.17	33.98	21.00	14.00	70.26
Park, Recreation & Libraries	281.12	287.86	307.65	300.19	293.70	269.89	254.65	253.43	262.00	274.61
Environmental Utilities	178.82	203.74	211.03	211.59	213.00	218.09	218.90	215.32	217.82	219.14
Electric	102.46	132.46	139.46	139.46	140.46	132.29	129.33	137.39	140.36	141.09
Total	1,213.98	1,336.15	1,405.56	1,402.16	1,399.15	1,290.69	1,230.17	1,227.34	1,254.08	1,285.80

(a) Community Development was renamed to Development and Operations in fiscal year 2014.

Source: City of Roseville Annual Budget

CITY OF ROSEVILLE
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function/Program										
Public safety:										
Fire:										
Number of Haz-Mat alarms answered	134	413	330	287	194	192	172	199	201	214
Number of medical emergencies answered	5,228	6,458	6,622	6,737	6,967	7,485	7,836	8,429	9,045	9,995
Total calls for service	8,023	9,784	10,065	9,492	8,694	9,129	9,609	10,006	10,936	12,163
Police:										
Law violations:										
Physical arrests (adult and juvenile)	5,578	7,602	7,360	5,464	5,245	4,520	5,845	4,264	4,647	4,321
Traffic citations	15,260	18,587	19,893	18,883	20,889	19,033	6,404	4,826	4,470	2,207
Public works:										
Total building permits issued	4,434	5,703	4,272	4,849	3,975	3,884	4,078	4,338	4,131	5,796
Total square feet of street maintenance performed	9,529,760	3,763,328	7,707,910	3,853,433	7,648,976	4,501,241	4,342,272	3,375,318	4,275,981	4,452,658
Park and recreation:										
Community Services:										
Number of participants in Cultural Art classes (Note 1)	3,029	3,447	1,926	1,520	2,688	n/a	n/a	n/a	n/a	
Total attendance Youth/Adult/Senior programs						299,134	301,906	265,736	86,951	160,936
Total attendance to aquatic facilities (Note 2)	271,377	234,542	243,429	235,548	250,182	266,931	278,860	306,455	291,407	324,918
Library:										
Number of materials checked out (Note 3)	554,174	627,317	685,097	818,428	946,224	1,001,179	994,990	1,058,434	1,194,909	1,273,880
Water:										
Average Daily Consumption (in gallons)	26.82M	27.26M	30.43M	28.15M	28.19M	25.6 M	25.9M	28.6M	30.2M	28.0M
Number of backflow devices tested	4,122	3,836	4,348	4,679	4,728	4,895	4,965	4,558	3,862	4,520
Number of meters sold	1,987	1,800	1,031	1,917	2,268	807	497	555	770	569
Wastewater:										
Number of miles of sewer mains flushed	448	427	218	280	258	209	284	277	271	335
Total preventative work orders completed (Note 4)	3,107	7,065	9,247	n/a	n/a	n/a	n/a	n/a	n/a	n/a
% of preventative work orders hours (Note 5)				43.1%	45.5%	48.0%	55%	n/a	40.2%	35.8%
Solid Waste:										
Tons of solid waste collected	98,910	102,370	100,148	96,265	89,512	87,446	89,125	87,336	87,946	92,101
Number of incoming phone calls	22,684	23,672	26,870	26,491	22,340	25,369	24,538	22,898	20,732	21,718
Electric:										
Number of customers participating in energy efficiency and solar programs	2,793	3,123	3,663	2,949	6,333	3,477	4,188	3,443	3,731	4,705
Number of trees planted (Shade Tree Program)	625	621	628	842	1,106	611	680	795	457	147

Notes:

1 - No longer tracked in FY09-10. Attendance are now tracked by Youth/Adult/Senior by programs.
2 - Roseville Aquatics Center closed for pool repairs Nov 2007-Jan 2008.
3 - The Library totals include Downtown Library, Maidu Library and Riley Library. The Bookmobile was retired during the winter 2008.
4 - Preventative work orders are no longer tracked by the number completed. It is now tracked by the percentage of number of hours worked (effective FY07-08).
5 - Data not available for FY11-12 due to change in software (Maximo) used by the City.

Source: City of Roseville Quarterly Performance Report

CITY OF ROSEVILLE
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function/Program										
Public safety:										
Fire stations	7	7	8	8	8	8	8	8	8	8
Police stations	1	1	1	1	1	1	1	1	1	1
Number of Police patrol cars	97	110	107	107	106	51	49	58	61	64
Public works:										
Miles of streets	432	455	475	432	428	429	432	438	440	440
Number of Traffic Signals	135	141	150	154	162	165	166	167	167	167
Park and recreation:										
Community services:										
Golf courses (18 holes)	2	2	2	2	2	2	2	2	2	2
City parks	48	53	56	58	61	61	63	66	68	71
Miles of creek	57	60	60	60	60	60	60	60	60	60
Swimming pools (Note 1)	4	4	4	4	4	3	3	3	3	3
Tennis courts	12	12	12	14	16	16	16	16	16	18
Library:										
City Libraries	3	3	3	3	3	3	3	3	3	3
Water										
Miles of water mains	494	506	540	556	562	567	569	569	570	570
Fire hydrants	3,881	3,978	4,278	4,413	4,473	4,514	4,533	4,542	4,545	4,545
Wastewater										
Miles of sanitary sewers	460	447	472	485	485	492	493	487	487	491
Miles of storm drain	352	435	474	376	373	382	348	349	351	344
Solid Waste:										
Number of new residential refuse customers	1,062	705	809	984	800	750	522	537	768	475
Electric:										
Number of residential customers	41,883	43,001	43,793	44,662	45,478	46,400	47,021	47,611	48,387	49,013
Number of commercial customers	5,410	5,523	5,788	6,038	6,349	6,411	6,437	6,505	6,561	6,666

Note 1 - Swimming pool at Oakmont High School no longer used by the City.

Source: City of Roseville Department Staff

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

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

"Additional Payments" means the payments required to be made pursuant to and as described in the Lease Agreement.

"Assignment Agreement" means the Assignment Agreement, dated as of July 1, 2015, between the Authority and the Trustee, together with any duly authorized and executed amendments thereto.

"Authority" means the Roseville Finance Authority, a joint exercise of powers authority organized and existing under the laws of the State.

"Authorized Denomination" means the amount of $5,000 or any integral multiple thereof.

"Authority Representative" means the Chairman, the Executive Director, the Assistant Executive Director, the Treasurer or any other person authorized by resolution of the Board of Directors of the Authority to act on behalf of the Authority under or with respect to the Trust Agreement, the Site Lease, the Lease Agreement, and the Assignment Agreement. "Business Day" means a day other than a Saturday, a Sunday or a day on which banks in the city in which the principal office of the Trustee is located are authorized or obligated by law or executive order to close.

"Certificates" means the $14,425,000 aggregate principal amount of Certificates of Participation, Series 2015 (316 Vernon Street Project) to be executed and delivered pursuant to the Trust Agreement.

"Closing Date" means the date upon which there is physical delivery of the Certificates in exchange for the amount representing the purchase price of the Certificates by the Original Purchaser.

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the City and dated the date of execution and delivery of the Certificates, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Authority or the City and related to the authorization, execution, sale and delivery of the Certificates, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, fees and disbursements of the Trustee, consultants and professionals, rating agency fees, title insurance premiums, fees and charges for preparation, execution and safekeeping of the Certificates and any other cost, charge or fee in connection with the original execution and delivery of the Certificates.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Event of Default" means an event of default under the Lease Agreement, as described herein.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

"Federal Securities" means direct general obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

"Fiscal Year" means the twelve-month period beginning on July 1 of each year and ending on the next succeeding June 30, both dates inclusive, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the City.

"Insurance and Condemnation Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Insurer" or "BAM" means Build America Mutual Assurance Company, a New York domiciled mutual insurance corporation, or any successor thereto, for so long as the Reserve Policy is in place.

"Interest Payment Date" means with respect to any Certificate, each August 1 and February 1, commencing February 1, 2016, to and including the date of maturity or prepayment of such Certificate.

"Lease" or "Lease Agreement" means the Lease Agreement, dated as of July 1, 2015, between the Authority, as sublessor, and the City, as sublessee, together with any duly authorized and executed amendments thereto.

"Lease Payment Date" means the fifteenth (15th) calendar day of the month preceding each Interest Payment Date.

"Lease Payment Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Lease Payments" means all payments required to be paid by the City pursuant to the Lease, including any prepayment thereof pursuant to of the Lease.

"Leased Premises" means the land and facilities all as more particularly described in Exhibit A attached to the Lease, together with all buildings and facilities at any time situated thereon. From and after the date of any substitution pursuant to the Lease, the term "Leased Premises" will mean all buildings, facilities, improvements and equipment which are substituted pursuant to the Lease.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation will for any reason no longer perform the function of a securities rating agency, "Moody's" will be deemed to refer to any other nationally recognized rating agency designated by the City with the approval of the City.

"Net Proceeds" means any insurance proceeds or condemnation award, paid with respect to the Leased Premises, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

"Outstanding," when used with reference to the Certificates and as of any particular date, means all Certificates theretofore delivered except: (a) any Certificate canceled by the Trustee or surrendered for cancellation at or before said date, (b) Certificates for the payment or redemption of which funds or eligible securities in the necessary amount, including accrued interest represented thereby, will have theretofore been deposited with the Trustee (whether upon or prior to the maturity or redemption date of such Certificates), provided that, if such Certificates are to be prepaid prior to maturity, notice will have been given as provided in the Trust Agreement or provision satisfactory to the Trustee will have been made for the giving of such notice, and (c) any Certificate in lieu of, in substitution for or in exchange for which another Certificate will have been delivered pursuant to the Trust Agreement.

"Owner" when used with respect to a Certificate means the person in whose name the ownership of such Certificate will be registered on the Registration Books.

"Participating Underwriter" will have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Encumbrances" means, as of any particular time: (i) the Site Lease, the Lease and the Assignment Agreement; (ii) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of the Lease, permit to remain unpaid; (iii) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law, provided that either the City or the Authority diligently proceeds to remove such right or claim of record; and (iv) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which the City certifies in writing will not materially impair the use of the Leased Premises or to which the Authority and the City consent in writing.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein, and are in accordance with the investment policy of the City, provided that the same are of appropriate maturity and acquired at Fair Market Value:

(a) Federal Securities;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) Federal Housing Administration debentures; (iv) participation certificates of the General Services Administration; (v) Federal Financing Bank bonds and debentures; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities only as stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of Fannie Mae; (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations of the Resolution Funding Corporation; and (vi) consolidated system-wide bonds and notes of the Farm Credit System;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm, and a rating by Moody's of Aaa, Aa1 or Aa2 (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory or other management services);

(e) Investment agreements, including guaranteed investment contracts, forward purchase agreements, reserve fund put agreements and collateralized investment agreements rated at least A+ by S&P:

(f) Commercial paper rated "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 days after the date of purchase;

(g) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(h) Federal funds, certificates of deposit or bankers acceptances with a maximum term of one year with domestic commercial banks (including the Trustee and its affiliates) which have an unsecured, uninsured and unguaranteed obligation rating of "P-1" by Moody's and "A-1" or "A-1+" by S&P;

(i) The Local Agency Investment Fund, which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee; and

(j) shares in the California Asset Management Program.

"Principal Office" means, with respect to the Trustee, the office of the Trustee in San Francisco, California, or additional offices as may be specified in writing to the Authority, and the City by the Trustee, provided that for transfer, registration, exchange, payment and surrender of Certificates means the corporate trust office of The Bank of New York Mellon Trust Company, N.A. in San Francisco, California, or such other office designated by the Trustee.

"Project Costs" means all costs of the Project, including but not limited to, grants, architect and engineering fees, construction contractor payments, costs of feasibility and other reports, inspection costs, performance bond premiums and permit fees.

"Project Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Qualified Reserve Fund Credit Instrument" means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Trust Agreement, provided that all of the following requirements are met: (a) the long-term credit rating of such bank or insurance company is rated in a "AA" Rating Category or higher by S&P or Moody's; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Trust Agreement; and (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Lease Payment Fund for the purpose of making payments required.

"Rating Agencies" means, as of any date, (a) Moody's, if Moody's then maintains a rating on the Certificates, and (b) S&P, if S&P then maintains a rating on the Certificates.

"Rating Category" means any generic rating category of a Rating Agency, without regard to any refinement of such category by plus or minus sign or by numerical or other qualifying designation.

"Record Date" means with respect to any Interest Payment Date except a payment of defaulted interest, the date which is the fifteenth (15th) day of the calendar month preceding each Interest Payment Date.

"Registration Books" means the records maintained by the Trustee pursuant to the Trust Agreement for registration and transfer of ownership of the Certificates.

"Rental Period" means each period commencing on August 1 in each year during the Term of the Lease Agreement and ending on the next succeeding July 31, both dates inclusive; except that the first Rental Period for the Leased Premises will be the period commencing on the date of recordation of the Lease and ending on the second succeeding July 31.

"Reserve Policy" means the Reserve Account Municipal Bond Insurance Policy issued by the Insurer guaranteeing certain payments into the Reserve Fund with respect to the Certificates as provided therein and subject to the limitations set forth therein.

"S&P" means Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation will for any reason no longer perform the function of a securities rating agency, "S&P" will be deemed to refer to any other nationally recognized rating agency designated by the City.

"Securities Depositories" means The Depository Trust Company, New York, New York; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in a Written Request of the City delivered to the Trustee.

"Site Lease" means the Site Lease, dated as of July 1, 2015, between the City, as lessor, and the Authority, as lessee, together with any duly authorized and executed amendments thereto.

"Special Counsel" means an attorney or a firm of attorneys, acceptable to the City, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America or the City of Columbia.

"State" means the State of California.

"Tax Code" means the Internal Revenue Tax Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Lease or the Trust Agreement) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

"Term of the Lease" means the time during which the Lease is in effect, as provided in the Lease.

"Trust Agreement" means the Trust Agreement, dated as of July 1, 2015, among the City, the Authority and the Trustee, together with any amendments or supplements thereto permitted to be made thereunder.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., a banking corporation under the laws of the State of California, or its successor and assigns under the provisions of the Trust Agreement.

"Written Certificate" or "Written Request" of the City mean, respectively, a certificate or request executed by a City Representative.

SITE LEASE

Under the Site Lease, the City leases the Leased Premises to the Authority. The term of the Site Lease begins as of its date of execution, delivery and recordation and ends upon termination of the Lease Agreement as a result of the payment in full of all Lease Payments or

of the deposit by the City of security for such Lease Payments, as provided in the Lease Agreement. As consideration for the Site Lease, the Authority agrees to cause to be deposited with the Trustee from the proceeds of the Certificates an amount set forth in the Trust Agreement.

LEASE AGREEMENT

Lease of Leased Premises

The Authority leases the Leased Premises to the City, and the City leases the Leased Premises from the Authority, in accordance with the terms and provisions of the Lease.

Term

The Term of the Lease Agreement will commence on the date of recordation hereof in the Office of the Placer County Recorder and will end on August 1, 2045, unless such term is extended or sooner terminated as hereinafter provided. If on August 1, 2045, the Trust Agreement will not be discharged by its terms, or if the Lease Payments payable hereunder will have been abated at any time, then the Term of the Lease Agreement will be extended until the Trust Agreement will be discharged by its terms, but not beyond August 1, 2055. If prior to August 1, 2055, the Trust Agreement will be discharged by its terms, the Term of the Lease Agreement will thereupon end. The provisions described in this paragraph are subject in all respects to any other provisions of the Lease Agreement relating to the termination thereof.

Lease Payments

Obligation to Pay. The City agrees to pay to the Authority the Lease Payments (denominated into components of principal and interest), to be due and payable on the respective Lease Payment Dates. The Lease Payments for the Leased Premises payable in any Rental Period will be for the use and occupancy of the Leased Premises during such Rental Period.

Effect of Prepayment. In the event that the City prepays all remaining Lease Payments in full the City's obligations under the Lease will thereupon cease and terminate, including the City's obligation to pay Lease Payments; subject, however, to the provisions of the Lease in the case of prepayment by application of a security deposit. In the event that the City prepays the Lease Payments in part, but not in whole, such prepayment will be credited entirely towards the prepayment of the Lease Payments as follows: (i) the principal components of the remaining Lease Payments will be reduced in Authorized Denominations as determined by the City; and (ii) the interest component of each remaining such Lease Payments will be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificates thereby prepaid.

Rate on Overdue Payments. In the event the City should fail to make any of the foregoing payment, the payment in default will continue as an obligation of the City until the amount in default will have been fully paid, and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at a rate equal to the rate of eight percent (8%) per annum.

Fair Rental Value. The Lease Payments for the Leased Premises for each Rental Period will constitute the total rental for the Leased Premises for each such Rental Period and

will be paid by the City in each Rental Period for and in consideration of the right of the use and occupancy, and the continued quiet use and enjoyment, of the Leased Premises during each Rental Period. The parties have agreed and determined that the total Lease Payments for the Leased Premises do not exceed the fair rental value of the Leased Premises. In making such determination, consideration has been given to the obligations of the parties under the Lease, the uses and purposes which may be served by the Leased Premises and the benefits therefrom which will accrue to the City and the general public.

Source of Payments; Budget and Appropriation. The Lease Payments will be payable from any source of available funds of the City, subject to the provisions of the Lease with respect to damage, destruction and eminent domain and prepayment of Lease Payments.

The City will take such action as may be necessary to include all estimated Lease Payments and all estimated Additional Payments in each of its final approved budgets. The City will make all necessary appropriations (including any supplemental appropriations) from any source of legally available funds of the City for all the actual amount of Lease Payments and Additional Payments which come due and payable during the period covered by each such budget. The foregoing covenants will be deemed to be and will be construed to be duties imposed by law.

Assignment. All Lease Payments have been assigned by the Authority to the Trustee in trust, pursuant to the Assignment Agreement, for the benefit of the Insurer and the Owners of the Certificates and the City assents to such assignment. The City agrees to pay to the Trustee all payments payable by the City pursuant to the Lease.

Title

During the Term of the Lease, the City will hold fee title to the Leased Premises and any and all additions which comprise fixtures, repairs, replacements or modifications to the Leased Premises. Upon payment in full of the Lease Payments, all right, title and interest of the Authority under the Lease in and to the Leased Premises will be transferred to and vested in the City.

Maintenance, Utilities, Taxes and Assessments

All improvement, repair and maintenance of the Leased Premises will be the responsibility of the City, and the City will pay for or otherwise arrange for the payment of all utility services supplied to the Leased Premises, and will pay for the cost of the repair and replacement of the Leased Premises resulting from ordinary wear and tear.

The City will also pay all taxes and assessments of any type or nature, if any, charged to the Authority or the City affecting Leased Premises or the respective interests or estates therein.

Modification of Leased Premises

The City will, at its own expense, have the right to make additions, modifications and improvements to the Leased Premises. All additions, modifications and improvements to the Leased Premises will thereafter comprise part of the Leased Premises and be subject to the provisions of the Lease.

Insurance

Liability Insurance. The City will maintain throughout the Term of the Lease a standard comprehensive general insurance policy or policies in protection of the City, and its members, officers, agents, employees and assigns. Said policy or policies will provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Premises. Such policy or policies will provide coverage in such liability limits and be subject to such deductibles as the City will deem adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such liability insurance may be maintained in whole or in part in the form of self-insurance by the City, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. The proceeds of such liability insurance will be applied by the City toward extinguishment or satisfaction of the liability with respect to which paid.

Fire and Extended Coverage Insurance. The City will procure and maintain throughout the Term of the Lease, insurance against loss or damage to any improvements constituting any part of the Leased Premises by fire and lightning, with extended coverage and vandalism and malicious mischief insurance, and only if and to the extent available at reasonable cost from reputable insurers). Said extended coverage insurance will, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance will be in a loss recoverable amount at least equal to the lesser of (a) one hundred ten percent (110%) of the aggregate principal amount of the Outstanding Certificates, or (b) one hundred percent (100%) of the replacement cost of the insured property. Such insurance may be subject to deductible clauses of not to exceed $250,000 for any one loss to the Leased Premises and such earthquake insurance may be subject to a deductible clause of not to exceed ten percent (10%) of said replacement cost for any one loss to the insured improvements. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such insurance may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained in the form of self-insurance.

Rental Interruption Insurance. The City will procure, and maintain throughout the Term of the Lease, for the benefit of the Authority, rental interruption insurance to cover loss, total or partial, of the rental payments as a result of any of the hazards covered by fire and extended coverage insurance, in an amount at least equal to the maximum Lease Payments payable with respect to the improvements during the current or any future twenty-four (24) month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and such insurance may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained in the form of self-insurance. The proceeds of such insurance will be paid to the Trustee and will be credited towards the payment of the Lease Payments in the order in which such Lease Payments come due and payable or to the extent there has been a draw on the Reserve Policy, to reimburse the Insurer for amounts due under the Trust Agreement as a result of a draw on the Reserve Policy.

Each policy of insurance will name the Authority, the City and the Trustee as loss payees so as to provide that all proceeds thereunder will be payable to the Trustee. All such policies will provide that the Trustee will be given thirty (30) days' prior notice of expiration, any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee will not be responsible for the sufficiency of any insurance required by the Lease Agreement and

will be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The City will cause to be delivered to the Trustee and the Insurer annually, within sixty (60) days following the close of each Fiscal Year, a certificate executed by a City Representative stating whether the insurance policies required by the Lease are in full force and effect.

Tax Covenants

Private Activity Bond Limitation. The City and the Authority will assure that proceeds of the Certificates are not used so as to cause the obligations represented by the Certificates to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

Federal Guarantee Prohibition. The City and the Authority will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the obligations represented by the Certificates to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

Rebate Requirement. The City will take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Certificates and the Lease Agreement.

No Arbitrage. The Authority and the City will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Certificates which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of execution of the Lease Agreement would have caused the Lease Agreement or the Certificates to be "arbitrage bonds" within the meaning of section 148 of the Tax Code.

Maintenance of Tax-Exemption. The City will take all actions necessary to assure the exclusion of interest with respect to the Certificates from the gross income of the Owners of the Certificates to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of delivery of the Lease Agreement.

Eminent Domain, Damage or Destruction; Use of Proceeds

Eminent Domain. If all of the Leased Premises will be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease will cease with respect to the Leased Premises as of the day possession will be so taken. If less than all of the Leased Premises will be taken permanently, or if all of the Leased Premises or any part thereof will be taken temporarily, (a) the Lease will continue in full force and effect and will not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there will be an abatement of Lease Payments payable with respect to Leased Premises in an amount agreed upon by the City and the Authority such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining portions of the Leased Premises. Notwithstanding the foregoing, there will be no abatement of the Lease Payments in the event and to the extent that amounts in the Insurance and Condemnation Fund or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated, it being declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

Damage or Destruction

(a) Lease Payments will be abated during any period in which, by reason of damage, destruction or other event (other than by eminent domain), there is substantial interference with the use and occupancy by the City of the Leased Premises or any portion thereof. The extent of such abatement will be agreed upon by the City and the Authority, such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Leased Premises not damaged, destroyed, incomplete or otherwise unavailable for use and occupancy by the City. Such abatement will continue for the period commencing with such damage, destruction or other event and ending with the substantial completion of the work of repair or reconstruction or of completion of the Leased Premises or of the regained availability of use and occupancy. In the event of any such damage, destruction, non-completion or non-availability, the Lease will continue in full force and effect and the City waives any right to terminate the Lease by virtue of any such damage, destruction, non-completion or unavailability.

(b) Notwithstanding the foregoing, there will be no abatement of Lease Payments by reason of damage, destruction or unavailability of all or a portion of the Leased Premises to the extent that the value of the portions of the Leased Premises not damaged, destroyed, incomplete or otherwise unavailable for use and occupancy by the City based upon a written appraisal, is equal to or greater than the Outstanding Certificates; or the proceeds of rental interruption insurance or amounts in the Insurance and Condemnation Fund or the Lease Payment Fund are available to pay Lease Payments.

Application of Proceeds of Insurance Proceeds or Eminent Domain Award. The Net Proceeds of any insurance award resulting from any damage to or destruction of the Leased Premises by fire or other casualty will be paid to the Trustee for deposit in the Insurance and Condemnation Fund to be applied as set forth in the Trust Agreement. The Net Proceeds of any eminent domain award will be paid to the Trustee for deposit in the Insurance and Condemnation Fund, to be applied as set forth in the Trust Agreement.

Assignment and Subleasing by the City

The Lease may not be assigned by the City. The City may sublease the Leased Premises, or portion thereof, but only with the written consents of the Insurer and the Authority, and subject to conditions set forth in the Lease, including the condition that such sublease does not cause the interest represented by the Certificates to become subject to federal or State personal income taxes.

Amendment

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

(i) to add to the covenants and agreements of the City contained in the Lease, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power reserved to or conferred upon the City;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained

herein, or in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that, in the opinion of Special Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners of the Certificates;

(iii) to amend any provision relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest represented by the Certificates under the Tax Code, in the opinion of Special Counsel;

(iv) to amend the description of the Leased Premises to more precisely identify the Leased Premises originally intended to be leased;

(v) to obligate the City to pay additional amounts of rental for the use and occupancy of the Leased Premises provided that (A) such additional amounts of rental do not cause the total rental payments made by the City under the Lease to exceed the fair rental value of the Leased Premises, (B) the City will have obtained and filed with the Trustee, the Insurer and the Authority an appraisal of the Leased Premises showing that the estimated fair market value thereof is not less than the aggregate principal amount of the Outstanding Certificates and the aggregate principal components of such additional amounts of rental, and (C) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which will be applied to finance the construction or acquisition of land, facilities or other improvements which are authorized pursuant to the laws of the State of California.

Events of Default

The following events will be Events of Default:

(a) Failure by the City to pay any Lease Payment when due.

(b) Failure by the City to pay any Additional Payment when due and the continuation of such failure for a period of ten (10) days.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease or under the Trust Agreement, other than as referred to in the preceding clause (a) or clause (b), for a period of thirty (30) days after written notice has been given to the City by the Authority, the Insurer or the Trustee; *provided, however,* if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such thirty (30) day period, the Authority, the Insurer and the Trustee will not unreasonably withhold their consent to an extension of the period of time to remedy such failure if corrective action is instituted by the City within the applicable period and diligently pursued until such failure is corrected.

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the

City in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

Whenever any Event of Default will have happened and be continuing, the Authority may exercise any and all remedies available pursuant to law or granted pursuant to the Lease; *provided, however,* that there will be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant of the Lease to be kept and performed by the City is expressly made a condition and upon the breach thereof the Authority may exercise any and all rights of entry and re-entry upon the Leased Premises, and also, at its option, with or without such entry, may terminate the Lease; provided, that no such termination will be effected either by operation of law or acts of the parties thereto, except only in the manner herein expressly provided. Upon the occurrence of an Event of Default and notwithstanding any re-entry by the Authority, the Authority may commence an action for damages and the City will continue to remain liable for the payment of the Lease Payments and/or damages for breach and the performance of all conditions, in any event such rent and/or damages will be payable to the Authority at the time and in the manner as follows:

(a) The City will remain liable for the payment of all Lease Payments and the performance of all conditions and will reimburse the Authority for any deficiency arising out of the re-leasing of the Leased Premises, or, in the event the Authority is unable to re-lease the Leased Premises, then for the full amount of all Lease Payments to the end of the Term of the Lease, but said Lease Payments and/or deficiency will be payable only at the same time and in the same manner as provided for the payment of Lease Payments.

(b) The City irrevocably appoints the Authority as the agent and attorney-in-fact of the City to enter upon and re-lease the Leased Premises in the event of default by the City in the performance of any covenants to be performed by the City and to remove all personal property whatsoever situated upon the Leased Premises to place such personal property in storage or other suitable place in the County of Placer, for the account of and at the expense of the City, and the City hereby exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Leased Premises and the removal and storage of such personal property by the Authority or its duly authorized agents.

(c) The City waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Leased Premises as herein provided and all claims for damages that may result from the destruction of or injury to the Leased Premises and all claims for damages to or loss of any property belonging to the City that may be in or upon the Leased Premises.

(d) The City agrees that the terms of the Lease constitute full and sufficient notice of the right of the Authority to re-lease the Leased Premises in the event of such re-entry without effecting a surrender of the Lease, and further agrees that no acts of the Authority in effecting such re-leasing will constitute a surrender or termination of the Lease irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise.

(e) The City waives the right to any rental obtained by the Authority in excess of the Lease Payments and hereby conveys and releases such excess to the Authority as compensation to the Authority for its services in re-leasing the Leased Premises.

So long as the Reserve Policy is in effect and the Insurer is not in default thereunder, upon the occurrence of an Event of Default the Insurer will be entitled to exercise any and all legal and equitable remedies available to it.

No remedy conferred upon or reserved to the Authority is intended to be exclusive and every such remedy will be cumulative and will be in addition to every other remedy given under the Lease or now or hereafter existing at law or in equity.

Prepayment of Lease Payments

Security Deposit. The City may on any date secure the payment of the Lease Payments in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts on deposit in the funds and accounts established under the Trust Agreement, is either (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule, or (b) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due as the City will instruct at the time of said deposit. In the event of a security deposit with respect to all unpaid Lease Payments (a) the Term of the Lease will continue, (b) all obligations of the City under the Lease, and all security provided by the Lease for said obligations, will thereupon cease and terminate, excepting only the obligation of the City to make, or cause to be made all of the Lease Payments from such security deposit, and (c) title to the Leased Premises will vest in the City on the date of said deposit automatically and without further action by the City or the Authority.

Optional Prepayment. The City will have the right, on any date on which the Certificates are subject to optional redemption to prepay the principal components of the Lease Payments from any source of legally available funds, in whole or in part in any integral multiple of an Authorized Denomination, and the Authority agrees that the Trustee will accept such prepayments when the same are tendered by the City. The amount to be prepaid by the City will be equal to the principal components of the Lease Payments to be prepaid, together with (a) the interest component of the Lease Payment required to be paid on such Lease Payment Date and (b) a premium equal to the amount of premium (if any) required to be paid upon the corresponding redemption of such Certificates.

Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain. The City will be obligated to prepay the Lease Payments in whole or in part in any integral multiple of an Authorized Denomination, from and to the extent of any Net Proceeds of an insurance award or a condemnation award theretofore deposited in the Lease Payment Fund for such purpose. Notwithstanding the forgoing, the prior written consent of the Insurer will be required for any such prepayment of Lease Payments in part.

ASSIGNMENT AGREEMENT

Pursuant to the Assignment Agreement, the Authority assigns to the Trustee, for the benefit of the Insurer and the Owners of the Certificates, all of the Authority's rights under the Lease Agreement (excepting only certain rights with respect to reimbursement and indemnification), including without limitation (a) the right to receive and collect all of the Lease Payments paid by the City under the Lease Agreement, and (b) the right to exercise such rights and remedies conferred on the Authority pursuant to the Lease Agreement as may be necessary or convenient (i) to enforce payment of the Lease Payments and any other amounts required to be deposited in any of the funds or accounts established under the Trust Agreement, or (ii) otherwise to protect the respective interests of the Trustee in the event of a default by the City under the Lease Agreement. The assignment is absolute and irrevocable.

TRUST AGREEMENT

The Trustee is appointed pursuant to the Trust Agreement to act as a depository of amounts held thereunder. The Trust Agreement authorizes the Trustee to prepare, execute and deliver the Certificates. Transfers of the Certificates are to be registered in a register maintained by the Trustee.

Funds

Costs of Issuance Fund. The Trustee will establish a special fund designated as the "Costs of Issuance Fund". There will be deposited in the Costs of Issuance Fund proceeds from the sale of the Certificates in an amount sufficient to pay Costs of Issuance. Upon receipt by the Trustee of written notice from a City Representative stating that all Costs of Issuance have been paid, but in any event not later than 120 days after the Closing Date, the Trustee will transfer any moneys then remaining in the Costs of Issuance Fund to the Lease Payment Fund to be applied to pay the principal or interest represented by the Certificates. Thereupon, the Trustee will close the Costs of Issuance Fund.

Project Fund. The Trustee will establish and maintain a separate fund designated as the "Project Fund" into which the Trustee will deposit a portion of the proceeds of sale of the Certificates. Amounts in the Project Fund will be disbursed for Project Costs pursuant to requisitions filed with the Trustee by a City Representative. Upon payment of all such costs, the Project Fund will be closed, and any funds remaining therein will be transferred to the Lease Payment Fund.

Lease Payment Fund. The Trustee will establish a fund designated as the "Lease Payment Fund". There will be deposited in the Lease Payment Fund all Lease Payments received by the Trustee, including any other moneys required to be deposited therein pursuant to the Lease or pursuant to the Trust Agreement.

Reserve Fund. The Trustee will establish a special fund designated as the "Reserve Fund" to be held by the Trustee in trust for the benefit of the City and the Owners of the Certificates. Moneys in the Reserve Fund will be held in trust as a reserve for the payment when due of the Lease Payments on behalf of the City. All amounts on deposit in the Reserve Fund in excess of the Reserve Requirement, and all amounts derived from the investment of amounts in the Reserve Fund which are not required to be retained therein to maintain the Reserve Requirement, will be transferred by the Trustee to the Lease Payment Fund on or before each Interest Payment Date.

Initially, the Reserve Requirement will be satisfied by the deposit to the Reserve Fund of the Reserve Policy, the terms of which are described under "Reserve Policy and the Insurer" below.

If on any Interest Payment Date the moneys available in the Lease Payment Fund do not equal the amount of the Lease Payment then coming due and payable, the Trustee will apply the moneys available in the Reserve Fund to make such payments on behalf of the City by transferring the amount necessary for this purpose to the Lease Payment Fund. Upon receipt of any delinquent Lease Payment with respect to which moneys have been advanced from the Reserve Fund, such Lease Payment will be deposited in the Reserve Fund to the extent of such advance.

If, at any time, the Reserve Fund is funded with in whole or in part with cash, the City will have the right at any time, to cause the Trustee to release funds from the Reserve Fund, in whole or in part, by tendering to the Trustee: (1) a Qualified Reserve Fund Credit Instrument, and (2) an opinion of Special Counsel stating that such release will not, of itself, cause the portion of the Lease Payments designated as and comprising interest to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, the Trustee will transfer such funds from the Reserve Fund to the City. Prior to the expiration of any Qualified Reserve Fund Credit Instrument, or to the reduction of the rating of the provider thereof below the rating on the Certificates, the City will be obligated either (a) to replace such Qualified Reserve Fund Credit Instrument with a new Qualified Reserve Fund Credit Instrument, or (b) to deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement.

Insurance and Condemnation Fund

Insurance Proceeds

(a) Any Net Proceeds of insurance against accident to or destruction of any part of the Leased Premises collected by the City in the event of any such accident or destruction will be paid to the Trustee by the City and deposited promptly upon receipt thereof in a special fund to be established and designated as the "Insurance and Condemnation Fund."

(b) Within ninety (90) days following the date of such deposit, the City will determine and notify the Trustee and the Insurer in writing of its determination either (i) that the replacement, repair, restoration, modification or improvement of the Leased Premises is not economically feasible or in the best interest of the City, or (ii) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Premises. Notwithstanding the foregoing, in the event that the Net Proceeds, together with other available funds then held by the Trustee for such purpose, are insufficient to redeem Certificates in an aggregate principal amount such that the Lease Payments which are payable following such redemption will not be subject to abatement pursuant the Lease, the City will be obligated to apply such Net Proceeds to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Premises.

(c) In the event the City determines that replacement or repair is not economically feasible or in the best interest of the City, such Net Proceeds will be promptly transferred by the Trustee to the Lease Payment Fund, for prepayment of Lease Payments and applied to the prepayment of Certificates; *provided, however,* that in the event of damage or destruction of the

Leased Premises in full, such Net Proceeds may be transferred to the Lease Payment Fund only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments allocable to the Leased Premises; *provided further, however*, that in the event of damage or destruction of the Leased Premises in part, such Net Proceeds may be transferred to the Lease Payment Fund for the prepayment of Lease Payments only if the resulting Lease Payments represent fair consideration for the remaining portions of the Leased Premises.

(d) In the event the City determines to replace or repair the damaged or destroyed portions of the Leased Premises, Net Proceeds deposited in the Insurance and Condemnation Fund will be applied for such purposes and disbursed by the Trustee upon receipt of requisitions signed by a City Representative.

Eminent Domain Award

If all or any part of the Leased Premises will be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom will be deposited with the Trustee in the Insurance and Condemnation Fund and will be applied and disbursed by the Trustee as follows:

(a) If the City has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Leased Premises or the ability of the City to meet any of its obligations with respect to the Leased Premises under the Lease, and (ii) such proceeds are not needed for repair or rehabilitation of the Leased Premises, the City will so certify to the Trustee and the Trustee, at the City's written request, will transfer such proceeds to the Lease Payment Fund for the prepayment of the Lease Payments and applied to the prepayment of Certificates.

(b) If the City has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Leased Premises or the ability of the City to meet any of its obligations with respect to the Leased Premises under the Lease, and (ii) such proceeds are needed for repair, rehabilitation or replacement of the Leased Premises, the City will so certify to the Trustee and the Trustee, at the City's written request, will pay to the City, or to its order, from said proceeds such amounts as the City may expend for such repair or rehabilitation, upon the filing with the Trustee of requisitions of the City Representative.

(c) If (i) less than all of the Leased Premises will have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the City has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the operation of the Leased Premises or the ability of the City to meet any of its obligations with respect to the Leased Premises under the Lease or (ii) all of the Leased Premises will have been taken in such eminent domain proceedings, then the Trustee will transfer such proceeds to the Lease Payment Fund for the prepayment of the Lease Payments of the Lease and applied to the prepayment of Certificates.

Reserve Policy and the Insurer

The agreements of the City, the Authority and the Insurer with respect to the Reserve Policy will be governed as described below notwithstanding anything to the contrary in the Trust Agreement.

Payment of Draws and Expenses. The City will repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by BAM. Interest will accrue and be payable on such draws and expenses from the date of payment by BAM at the Late Payment Rate.

"Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A., at its principal office in The City of New York, New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank, N.A.) plus 3%, and (ii) the then applicable highest rate of interest on the Certificates and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. In the event JPMorgan Chase Bank, N.A., ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such other bank, banking association or trust company as BAM, in its sole and absolute discretion, shall designate. Interest at the Late Payment Rate on any amount owing to BAM will be computed on the basis of the actual number of days elapsed in a year of 360 days.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the "Policy Costs") will commence in the first month following each draw, and each such monthly payment will be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw. Amounts in respect of Policy Costs paid to BAM will be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to BAM on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. All cash and investments in the Reserve Fund will be transferred to the Lease Payment Fund for payment of principal and interest represented by the Certificates before any drawing may be made on the Reserve Policy.

Draws on Reserve Policy. Cash and investments, if any, in the Reserve Fund will be drawn prior to any draw on the Reserve Policy. Payment of any Policy Cost will be made prior to replenishment of any cash amounts. Draws on all reserve fund credit instruments (including the Reserve Policy) on which there is available coverage will be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other reserve fund credit instruments will be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

The Policy Limit will automatically and irrevocably be reduced from time to time by the amount of each reduction in the Reserve Requirement.

Limitation. Draws under the Reserve Policy may only be used to make payments on the Certificates.

Remedies of BAM. If the City fails to pay any Policy Costs in accordance with the requirements of paragraph (i) above, BAM will be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Trust Agreement other than (i) acceleration of the maturity of the Certificates, or (ii) remedies which would adversely affect owners of the Certificates.

Discharge of Trust Agreement. The Trust Agreement will not be discharged until all Policy Costs owing to BAM will have been paid in full. The City's obligation to pay such amount will expressly survive payment in full of the Certificates.

Notice of Claim. The Trustee will ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of subsection (a) above and provide notice to BAM at least five Business Days prior to each date upon which interest or principal is due with respect to the Certificates.

Expiration of Policy. The Reserve Policy will expire in accordance with the terms and provisions of the Reserve Policy on the earlier of the date the Certificates are no longer Outstanding and the final maturity date of the Certificates.

Additional Payments. The City agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of the Site Lease, Lease Agreement or Trust Agreement ("Administrative Costs"). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The City agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

Moneys in Fund; Investments

The moneys and investments held by the Trustee under the Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Certificates, and will not be subject to levy or attachment or lien by or for the benefit of any creditor of the Authority, the Trustee or the City or any Owner of Certificates, except as provided in the Trust Agreement.

Moneys held by the Trustee will be invested and reinvested by the Trustee in Permitted Investments held in the name of the Trustee. The Trustee may act as principal or agent in the making or disposing of any investment.

The Trustee will furnish to the City at least monthly, an accounting statement of all investments made by the Trustee.

All income or profit on any investments of funds held by the Trustee under the Trust Agreement will be deposited in the respective funds from which such investments were made.

Modification or Amendment of Agreements

The Trust Agreement and the rights and obligations of the Owners of the Certificates may be modified or amended at any time by a supplemental agreement which will become effective when the written consents of the Insurer and of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in the Trust Agreement, will have been filed with the Trustee. No such modification or

amendment will (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the redemption thereof, without the express consent of the Owner of such Certificate, or (2) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Lease, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto. Any amendment requiring the consent of the Owners of the Certificates or adversely affects the rights or interests of the Insurer will be subject to the prior written consent of the Insurer.

The Trust Agreement and the rights and obligations of the Owners of the Certificates may, with the prior written consent of the Insurer, be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the City, (2) to cure, correct or supplement any ambiguous or defective provision contained herein or therein and which will not adversely affect the interests of the Owners of the Certificates, (3) in regard to questions arising thereunder, as the parties thereto may deem necessary or desirable, (4) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest with respect to the Certificates; (5) to the extent necessary to obtain a rating with respect to the Certificates from Moody or S&P, or both; (6) to substitute the Leased Premises in accordance with the provisions of the Lease; or (7) to add to the rights of the Trustee; provided that no such amendment will, in the opinion of Special Counsel, materially adversely affect the interests of the Owners of the Certificates or will impair the right of any Owner to receive, in any case, such Owner's fractional share of any Lease Payment in accordance with such Owner's Certificate.

Notwithstanding any other provision of the Trust Agreement, any provision of the Trust Agreement expressly recognizing or granting rights in or to the Insurer may not be amended in any manner which affects the rights of the Insurer under the Trust Agreement without the prior written consent of the Insurer.

Events of Default and Remedies

Assignment of Rights. Pursuant to the Assignment Agreement the Authority has transferred, assigned and set over to the Trustee all of the Authority's rights in and to the Lease, including the right to exercise the Authority's rights and take any action to protect the interests of the Trustee or the Certificate Owners in an Event of Default.

Remedies. If an Event of Default will happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, and to the extent indemnified to its satisfaction upon request of the Owners will, exercise any and all remedies available pursuant to law or granted pursuant to the Lease; *provided, however*, there will be no right under any circumstances to accelerate the maturities of the Certificates.

Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken will be applied by the Trustee in the order following upon presentation of the several Certificates, and the execution and delivery of new Certificates if only partially paid, or upon the surrender thereof if fully paid -

> *First*, to the payment of the fees, costs and expenses of the Trustee, the Insurer, and of the Certificate Owners in declaring such Event of Default

(although the Trustee will have no claim to amounts drawn on the Letter of Credit, to remarketing proceeds or to amounts for the payment of premiums upon an optional redemption), including reasonable compensation to its or their agents, attorneys and counsel;

Second, to the payment of the whole amount then owing and unpaid with respect to the Certificates for principal and interest, with interest on the overdue principal and installments of interest at a rate per annum equal to the rate then payable with respect to the Certificates to the extent permitted by law (but such interest on overdue installments of interest will be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys will be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate will have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Trust Agreement, unless (a) such Owner will have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of at least twenty-five percent (25%) in aggregate principal amount of all the Certificates then Outstanding will have made written request upon the Trustee to exercise the powers granted or to institute such action, suit or proceeding in its own name; (c) said Owners will have tendered to the Trustee reasonable indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee will have refused or omitted to comply with such request for a period of sixty (60) days after such written request will have been received by, and said tender of indemnity will have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy under the Trust Agreement; it being understood and intended that no one or more Owners of Certificates will have any right in any manner whatever by his or their action to enforce any right under the Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default will be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of said Owner's proportionate interest in the Lease Payments as the same become due, or to institute suit for the enforcement of such payment, will not be impaired or affected without the consent of such Owner.

Anything in the Trust Agreement to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, the Insurer will be entitled to control and direct the enforcement of all rights and remedies granted under the Trust Agreement to the Certificate Owners, or to the Trustee for the benefit of the Certificate Owners, including but not limited to, the right to approve all waivers of any Events of Default.

Defeasance

If and when all Outstanding Certificates will be paid and discharged in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and redemption premiums (if any) with respect to all Certificates Outstanding, as and when the same become due and payable; or

(b) by depositing with the Trustee, under an escrow deposit and trust agreement, security for the payment of Lease Payments, said security to be held by the Trustee to be applied by the Trustee to pay or prepay the Lease Payments as the same become due, pursuant to the Lease, notwithstanding that any Certificates will not have been surrendered for payment, all obligations of the Authority, the Trustee and the City with respect to all Outstanding Certificates will cease and terminate, except only the obligation of the Trustee to pay or cause to be paid to the Owners of the Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraph (b), the Certificates will continue to represent direct and proportionate interests of the Owners thereof in Lease Payments under the Lease.

Any funds held by the Trustee, at the time of one of the events described in paragraphs (a) or (b), which are not required for the payment to be made to Owners or for any outstanding fees and expenses of the Trustee, will be paid over to the City.

APPENDIX D

FORM OF PROPOSED OPINION OF SPECIAL COUNSEL

July 14, 2015

City Council
City of Roseville
311 Vernon Street
Roseville, California 95678

OPINION: $14,425,000 Certificates of Participation, Series 2015 (316 Vernon Street Project) Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof In Lease Payments to be Made by the City of Roseville As Rental for Certain Property Under a Lease Agreement with the Roseville Finance Authority

Members of the City Council:

We have acted as special counsel to the City of Roseville (the "City") in connection with the delivery by the City of the Lease Agreement dated as of July 1, 2015 (the "Lease Agreement") between the Roseville Finance Authority (the "Authority") as lessor and the City as lessee. Under the Trust Agreement dated as of July 1, 2015 (the "Trust Agreement") among the City, the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), the Trustee has executed and delivered the above-captioned certificates of participation dated July 14, 2015 (the "Certificates"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Certificates evidence the direct, undivided fractional interests of the owners thereof in lease payments to be made by the City under the Lease Agreement (the "Lease Payments"), which have been assigned by the Authority to the Trustee under the Trust Agreement. The City authorized execution and delivery of the Lease Agreement, the Trust Agreement and the Certificates pursuant to a resolution of the City Council adopted on June 17, 2015 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on representations of the City contained in the Lease Agreement and the Trust Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The City is a duly created and validly existing municipal corporation and chartered city with the power to adopt the Resolution, enter into the Lease Agreement and the Trust Agreement and perform the agreements on its part contained therein, and issue the Bonds.

2. The Lease Agreement and the Trust Agreement have been duly authorized, executed and delivered by the City and the Authority, and constitute the valid and binding obligations of the City and the Authority, enforceable against the City and the Authority.

3. The Certificates have been validly executed and delivered by the Trustee under the Trust Agreement and, by virtue of the assignment made under the Trust Agreement, the owners of the Certificates are entitled to the benefits of the Lease Agreement.

4. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on such corporations (as defined for federal income tax purposes), such interest is required to be taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the delivery of the Lease Agreement in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest with respect to the Certificates in gross income for federal income tax purposes to be retroactive to the date of delivery of the Lease Agreement. We express no opinion regarding other federal tax consequences arising with respect to the Lease Agreement and the Certificates.

5. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Certificates and the enforceability of the Lease Agreement and the Trust Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$14,425,000
CERTIFICATES OF PARTICIPATION, SERIES 2015
(316 Vernon Street Project)

Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof
In Lease Payments to be Made by the

CITY OF ROSEVILLE

As Rental for Certain Property
Under a Lease Agreement with the
Roseville Finance Authority

This CONTINUING DISCLOSURE CERTIFICATE (this "**Disclosure Certificate**") is executed and delivered by the City of Roseville (the "**City**"), on behalf of itself and the Roseville Finance Authority (the "**Authority**"), in connection with the issuance of the above-captioned Certificates of Participation (the "**Certificates**"). The Certificates are being executed and delivered pursuant to a Trust Agreement dated as of July 1, 2015 (the "Trust Agreement") by and between the City, the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee for the Certificates (the "Trustee").

The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is nine months after the end of the City's Fiscal Year (currently April 1 based on the City's Fiscal Year end of June 30).

"*Dissemination Agent*" shall mean, initially, Willdan Financial Services, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designed in writing by the City and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

"*Fiscal Year*" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month

period selected and designated by the City as its official Fiscal Year period under a certificate of the City filed with the Trustee.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the final official statement executed by the City in connection with the issuance of the Certificates.

"*Participating Underwriter*" means the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

"*Significant Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2016, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) to the MSRB in a timely manner, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding Fiscal Year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) summary of investments held in the City's investment portfolio for the most recently-completed fiscal year, including market value, book value and a description of any investments that do not comply with the City's investment policies;

(ii) general fund budget for the fiscal year during which the annual report is filed;

(iii) general fund balance sheet for the most recently-completed fiscal year;

(iv) general fund summary of revenues and expenditures for the most recently-completed fiscal year;

(v) general fund tax revenues by source for the most recently-completed fiscal year;

(vi) assessed valuation of property in the City for the most recently-completed fiscal year and, provided the City is not currently on the Teeter Plan (or its equivalent) and such information is available from the County, information about property tax levies and collections for the most recently completed fiscal year; and

(vii) description of the City's outstanding general fund debt and lease obligations as of the end of the most recently-completed fiscal year, including long-term general fund obligations.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any,

as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Certificates:

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults, if material;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
(v) Substitution of credit or liquidity providers, or their failure to perform;
(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
(vii) Modifications to rights of security holders, if material;
(viii) Bond calls, if material, and tender offers;
(ix) Defeasances;
(x) Release, substitution, or sale of property securing repayment of the securities, if material;
(xi) Rating changes;
(xii) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person;
(xiii) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the City obtains knowledge of the occurrence of a Significant Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsections (a)(viii) and (ix) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates under the Trust Agreement.

(c) The City acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), and (a)(xiv) of this Section 5 contain the qualifier "if material." The City shall cause a notice to be filed as set forth in paragraph (b)

above with respect to any such event only to the extent that the City determines the event's occurrence is material for purposes of U.S. federal securities law.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the City shall give notice of such termination in the same manner as for a Significant Event under Section 5(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the City. Initially, the Trustee will act as dissemination hereunder.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Certificates, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Certificates.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) Article VIII of the Trust Agreement is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's

negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Certificate holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: July 14, 2015

CITY OF ROSEVILLE

By : _____
Finance Director

ACKNOWLEDGED AND ACCEPTED

Willdan Financial Services, as Dissemination Agent

By: _____
Authorized Representative

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Roseville

Name of Issue: $14,425,000 2015 Certificates of Participation, Series 2015 (316 Vernon Street Project)

Date of Issuance: July 14, 2015

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Certificate dated _____, 2015. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____
Its: _____

cc: City of Roseville

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section regarding DTC and its book-entry system has been obtained from DTC's website, for use in securities offering documents, and the City, the Authority and the Underwriter takes no responsibility for the accuracy or completeness thereof or for the absence of material changes in such information after the date hereof.

The Depository Trust Company ("DTC"), New York, New York, acts as securities depository for the Certificates. The Certificates were issued as fully–registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate was issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their

ownership interests in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

While the Certificates are in the book-entry-only system, redemption notices will be sent to DTC. If less than all of the Certificates of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Certificates will be printed and delivered to DTC.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the City and the Authority believes to be reliable, but neither the City, the Authority nor the Underwriter takes any responsibility for the accuracy thereof.

[THIS PAGE INTENTIONALLY LEFT BLANK]