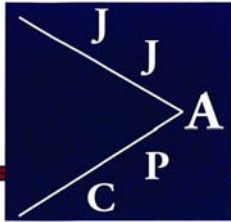


ROCKLIN PUBLIC FINANCING AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2014

Rocklin Public Financing Authority
Basic Financial Statements
For the year ended June 30, 2014

Table of Contents

	<u>Page</u>
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Governmental Funds Balance Sheet/Statement of Net Position.....	8
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/ Statement of Activities.....	9
Notes to Basic Financial Statements.....	12
Required Supplementary Information.....	22



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Rocklin Public Financing Authority (Authority) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the Authority's June 30, 2013, financial statements in which an unqualified opinion was expressed on those financial statements.

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 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Authority, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–6 and page 22 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.

February 10, 2015

JJACPA, Inc.

**JJACPA, INC
Dublin, CA**

**Rocklin Public Financing Authority
Management's Discussion and Analysis
For the year ended June 30, 2014**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Rocklin Public Financing Authority's (Authority) basic financial statements presents management's discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 2014. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and current known facts, please read it in conjunction with the Authority's basic financial statements (pages 8 and 9) and the footnotes (pages 12 - 19).

FINANCIAL HIGHLIGHTS

At June 30, 2014, the Authority's net position increased by \$134,997 from prior fiscal year as a result of a decrease in liabilities.

Operating expenses decreased \$19,244, as a result of a decrease in debt service interest expense. General revenues decreased \$34,122, as a result of a decrease in investment income.

USING THIS REPORT

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

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

Rocklin Public Financing Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2014

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

Net Position				
As of June 30, 2014 and 2013				
	2014	2013	Increase (Decrease)	Percent Change
Assets:				
Current assets	\$ 11,450,874	\$ 11,911,991	\$ (461,117)	-3.9%
Non-current assets	202,832	236,346	(33,514)	-14.2%
Total assets	\$ 11,653,706	\$ 12,148,337	\$ (494,631)	-4.1%
Liabilities:				
Current liabilities	\$ 751,787	\$ 761,415	\$ (9,628)	-1.3%
Non-current liabilities	8,310,000	8,930,000	(620,000)	-6.9%
Total liabilities	9,061,787	9,691,415	(629,628)	-6.5%
Net position:				
Unrestricted	2,591,919	2,456,922	134,997	5.5%
Total net position	\$ 2,591,919	\$ 2,456,922	\$ 134,997	5.5%

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

Net position at June 30, 2014, increased to \$2,591,919 from \$2,456,922 in 2013.

Operating Results				
For the years ended June 30, 2014 and 2013				
	2014	2013	Increase (Decrease)	Percent Change
Operating expenses	\$ 460,724	\$ 479,968	\$ (19,244)	-4.0%
General revenue:				
Investment earnings	595,721	629,843	(34,122)	-5.4%
Total general revenue	595,721	629,843	(34,122)	-5.4%
Change in net position	134,997	149,875	(14,878)	-9.9%
Net position:				
Beginning of year	2,456,922	2,307,047	149,875	6.5%
End of year	\$ 2,591,919	\$ 2,456,922	\$ 134,997	5.5%

Rocklin Public Financing Authority
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2014

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE, Continued

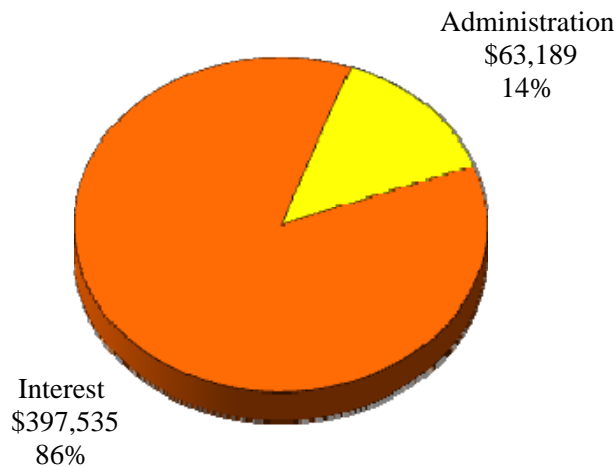
As indicated in the previous table, investment earnings accounted for 100% of all revenue sources for the Authority. Interest rates on Authority investments are predetermined and, therefore, subject to limited interest rate risk providing a stable revenue source for the Authority.

Operating Expenses
For the years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating expense:				
Administration	\$ 63,189	\$ 61,405	\$ 1,784	2.9%
Interest	397,535	418,563	(21,028)	-5.0%
Total	<u>\$ 460,724</u>	<u>\$ 479,968</u>	<u>\$ (19,244)</u>	-4.0%

Operating expenses for fiscal 2014 decreased \$19,244 or 4.0% over 2013 principally from decreases to interest expense on the debt. As shown in the following graphic illustration of operating expenses 86% of the operating expenses were attributed to interest, the remaining 14% of administrative service expenses were primarily for debt administration and amortization of bond issuance costs and discounts associated with the 2003 Refunding Revenue Bonds.

Operating Expenses \$460,724



**Rocklin Public Financing Authority
Management's Discussion and Analysis, Continued
For the year ended June 30, 2014**

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE, Continued

**Analysis of Net Position
As of June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net Position:				
Unrestricted	\$ 2,591,919	\$ 2,456,922	\$ 134,997	5.5%
Total	<u>\$ 2,591,919</u>	<u>\$ 2,456,922</u>	<u>\$ 134,997</u>	5.5%

The change in net position of a \$134,997 increase is primarily the result of decreased liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The adopted budget for the fiscal year 2014-2015 was \$1,022,150 and is summarized as follows:

	<u>FY 2014-15</u>	<u>FY 2013-14</u>	<u>Percentage change</u>
General government:			
Administration	\$ 19,900	\$ 26,600	-25.2%
Debt service:			
Principal	620,000	600,000	3.3%
Interest	382,250	404,650	-5.5%
Total budget	<u>\$ 1,022,150</u>	<u>\$ 1,031,250</u>	-0.9%

CONTACTING THE AUTHORITY

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

BASIC FINANCIAL STATEMENTS

Rocklin Public Financing Authority
Governmental Funds Balance Sheet/Statement of Net Position
June 30, 2014

(With comparative totals for June 30, 2013)

	<u>Debt Service Fund</u>	<u>Adjustments (Note 6)</u>	<u>Statement of Net Position</u>	<u>2013</u>
ASSETS				
Cash and investments	\$ -	\$ -	\$ -	\$ 3,627
Cash and investments with fiscal agents	1,880,874	-	1,880,874	1,808,364
Investment in Special Assessment Bonds	9,570,000	-	9,570,000	10,100,000
Intangible assets, net of accumulated amortization	-	202,832	202,832	236,346
Total assets	<u>\$ 11,450,874</u>	<u>\$ 202,832</u>	<u>\$ 11,653,706</u>	<u>\$ 12,148,337</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 600
Interest payable	-	131,331	131,331	138,415
Due to General Fund	456	-	456	22,400
Due within one year	-	620,000	620,000	600,000
Long-term debt:				
Due after one year	-	8,310,000	8,310,000	8,930,000
Total liabilities	<u>456</u>	<u>9,061,331</u>	<u>9,061,787</u>	<u>9,691,415</u>
Fund balances/Net position:				
Nonspendable reported in:				
Debt service fund	9,570,000	(9,570,000)	-	-
Restricted reported in:				
Debt service fund	1,880,418	(1,880,418)	-	-
Total fund balances	<u>11,450,418</u>	<u>(11,450,418)</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 11,450,874</u>			
NET POSITION				
Unrestricted		2,591,919	2,591,919	2,456,922
Total net position		<u>\$ 2,591,919</u>	<u>2,591,919</u>	<u>2,456,922</u>
Total liabilities and net position			<u>\$ 11,653,706</u>	<u>\$ 12,148,337</u>

The accompanying notes are an integral part of these financial statements

Rocklin Public Financing Authority
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances/Statement of Activities
For the year ended June 30, 2014

(With comparative totals for the year ended June 30, 2013)

	<u>Debt Service Fund</u>	<u>Adjustments (Note 7)</u>	<u>Statement of Activities</u>	<u>2013</u>
EXPENDITURES/EXPENSES:				
Administration	\$ 29,675	\$ 33,514	\$ 63,189	\$ 61,405
Debt service:				
Principal	600,000	(600,000)	-	-
Interest	404,619	(7,084)	397,535	418,563
Total expenditures/expenses	<u>1,034,294</u>	<u>(573,570)</u>	<u>460,724</u>	<u>479,968</u>
REVENUES:				
General revenues:				
Investment earnings	595,721	-	595,721	629,843
Total general revenues	<u>595,721</u>	<u>-</u>	<u>595,721</u>	<u>629,843</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(438,573)</u>			
CHANGE IN NET POSITION		<u>573,570</u>	<u>134,997</u>	<u>149,875</u>
FUND BALANCES/NET POSITION:				
Beginning of the year	11,888,991	(9,432,069)	2,456,922	2,307,047
End of the year	<u>\$ 11,450,418</u>	<u>\$ (8,858,499)</u>	<u>\$ 2,591,919</u>	<u>\$ 2,456,922</u>

The accompanying notes are an integral part of these financial statements

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NOTES TO BASIC FINANCIAL STATEMENTS

Rocklin Public Financing Authority
Notes to Basic Financial Statements
For the year ended June 30, 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Reporting Entity

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

B. Basis of Accounting

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

Rocklin Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
Continued

B. Basis of Accounting, Continued

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

C. Budgets

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

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

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

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

D. Cash and Investments

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

Union Bank is the fiscal agent for the Authority and maintains all other cash balances and authorized investments of Authority funds. The City/Authority has oversight responsibility for all Authority cash and investments.

Rocklin Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
Continued

D. Cash and Investments, Continued

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

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the government's cash deposits. California law also allows institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the government's total cash deposits. The government can waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

Authorized Investments

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

- Local Agency Bonds
- US Treasury Obligations
- US Agencies
- Time Deposits
- Negotiable Certificates of Deposit
- Bankers' Acceptances
- Commercial Paper
- Local Agency Investment Funds (LAIF) of California State Treasurer's Office (State Pool)
- State of California Obligations
- CA Local Agency Obligations
- Repurchase Agreements (Repos)
- Reverse Repurchase Agreements
- Medium-Term Notes (Corporate Debt Investment Grade)
- Mutual Funds
- Money Market Funds
- Collateralized Bank Deposits
- Mortgage Pass-Through Securities
- County Pooled Investment Funds

E. Long-term debt

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

Rocklin Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
Continued

F. Use of Estimates

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

2. CASH AND INVESTMENTS

A. Cash Deposits

At June 30, 2014, the Authority had no funds with the City. The Authority invests excess cash with its fiscal agent, Union Bank. Cash and investments with the fiscal agent consisted primarily of money market accounts, which at June 30, 2014 were adjusted to fair value of \$1,880,874. Investment income was adjusted accordingly as follows:

	<u>Fair Value</u>
Total investment income received	\$ 595,721
Adjustment to fair value	-
Total adjusted investment income	<u><u>\$ 595,721</u></u>

B. Safekeeping

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

C. Investment in Special Assessment Bonds

Proceeds from the issuance of the 2003 Refunding Revenue Bonds were used to purchase \$14,030,000 of special tax bonds issued by special assessment districts in the City. These bonds mature through September 1, 2025, and are authorized investments of the Authority. The balance at June 30, 2014 was \$9,570,000.

Rocklin Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

3. INTANGIBLE ASSETS

Intangible assets include bond issuance costs and discounts as follows:

	Original Amount	Accumulated Amortization	Amortization Expense	Balance June 30, 2014
Intangible assets:				
2003 Refunding Revenue Bonds				
Bond issuance costs	\$ 282,336	\$ (166,080)	\$ (16,608)	\$ 99,648
Bond discount	289,152	(169,062)	(16,906)	103,184
Intangible assets totals	<u>\$ 571,488</u>	<u>\$ (335,142)</u>	<u>\$ (33,514)</u>	<u>\$ 202,832</u>

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt for governmental activities for the year ended June 30, 2014:

	Balance July, 1 2013	Additions	Retirements	Balance June 30, 2014
Governmental activities:				
2003 Refunding Revenue Bonds - Senior	\$ 8,630,000	\$ -	\$ (520,000)	\$ 8,110,000
2003 Refunding Revenue Bonds - Subordinates	900,000	-	(80,000)	820,000
Total governmental activities	<u>\$ 9,530,000</u>	<u>\$ -</u>	<u>\$ (600,000)</u>	<u>\$ 8,930,000</u>
Due within one year	\$ 600,000	\$ 20,000	\$ -	\$ 620,000
Due after one year	8,930,000	-	(620,000)	8,310,000
Total	<u>\$ 9,530,000</u>	<u>\$ 20,000</u>	<u>\$ (620,000)</u>	<u>\$ 8,930,000</u>

2003 Senior and Subordinate Refunding Revenue Bonds

In January 2004, the Rocklin Public Financing Authority issued \$12,575,000 of Senior Refunding Revenue Bonds and \$1,455,000 of Subordinate Refunding Revenue Bonds. Proceeds from these bonds were used to refund the outstanding 1999 Public Financing Authority Revenue Bonds. The Bonds are secured by revenues from specific assessment districts. Interest rates range from 2% to 4.6% for the Senior issue and 3.125% to 5.625% for the Subordinate issue. Principal payments ranging from \$535,000 to \$850,000 are payable annually on September 1 and interest payments ranging from \$19,550 to \$175,364 are payable semi-annually on March 1 and September 1 through September 1, 2025, for the Senior issue. Principal payments ranging from \$85,000 to \$120,000 are payable annually on September 1 and interest payments ranging from \$3,375 to \$21,633 are payable semi-annually on March 1 and September 1 through September 1, 2021, for the Subordinate issuance.

Rocklin Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

4. LONG-TERM DEBT, Continued

Future debt service at June 30, 2014, is as follows:

June 30,	Senior		Subordinate	
	Principal	Interest	Principal	Interest
2015	535,000	341,032	85,000	41,193
2016	555,000	320,235	90,000	36,871
2017	580,000	297,535	95,000	32,187
2018	600,000	273,935	100,000	27,153
2019	625,000	249,435	105,000	21,770
2020-2024	3,555,000	802,728	345,000	29,318
2025-2026	1,660,000	77,280	-	-
Total	<u>\$ 8,110,000</u>	<u>\$ 2,362,180</u>	<u>\$ 820,000</u>	<u>\$ 188,492</u>
Due within one year	\$ 535,000	\$ 341,032	\$ 85,000	\$ 41,193
Due after one year	7,575,000	2,021,148	735,000	147,299
Total	<u>\$ 8,110,000</u>	<u>\$ 2,362,180</u>	<u>\$ 820,000</u>	<u>\$ 188,492</u>

	Total	
	Principal	Interest
2015	620,000	382,225
2016	645,000	357,106
2017	675,000	329,722
2018	700,000	301,088
2019	730,000	271,205
2020-2024	3,900,000	832,046
2025-2026	1,660,000	77,280
Total	<u>\$ 8,930,000</u>	<u>\$ 2,550,672</u>
Due within one year	\$ 620,000	\$ 382,225
Due after one year	8,310,000	2,168,447
Total	<u>\$ 8,930,000</u>	<u>\$ 2,550,672</u>

5. FUND BALANCES/NET POSITION

Fund balance consists of nonspendable and restricted amounts. Nonspendable fund balance consists of investments that will not convert to cash soon enough to affect the current period. The remaining portion is restricted and consists of resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government.

Rocklin Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

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

“Total fund balances” of the Authority’s Governmental funds \$11,450,874, differs from “net position” of governmental activities \$2,591,919, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the Governmental funds balance sheets. The effect of the difference is illustrated below:

	<u>Debt Service Fund</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Position</u>
Assets:			
Cash and investments with fiscal agents	\$ 1,880,874	\$ -	\$ 1,880,874
Investment in Special Assessment Bonds	9,570,000	-	9,570,000
Intangible assets, net of accumulated amortization	-	202,832	202,832
Total assets	<u>\$ 11,450,874</u>	<u>\$ 202,832</u>	<u>\$ 11,653,706</u>
Liabilities:			
Interest payable	\$ -	\$ 131,331	\$ 131,331
Due to General Fund	456	-	456
Long-term debt:			
Due within one year	-	620,000	620,000
Due after one year	-	8,310,000	8,310,000
Total liabilities	<u>456</u>	<u>9,061,331</u>	<u>9,061,787</u>
Fund Balances/Net Position:			
Total fund balances/net position	<u>11,450,418</u>	<u>(8,858,499)</u>	<u>2,591,919</u>
Total liabilities and fund balances/net position	<u>\$ 11,450,874</u>	<u>\$ 202,832</u>	<u>\$ 11,653,706</u>

Rocklin Public Financing Authority
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

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

The “net change in fund balances” for the Debt Service fund of (\$438,573) differs from the “change in net position” for governmental activities of \$134,997 reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the Debt Service fund. The effect of the difference is illustrated below:

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

	Debt Service Fund	Reclassifications and Eliminations ¹	Statement of Activities
EXPENDITURES/EXPENSES:			
Administration	\$ 29,675	\$ 33,514	\$ 63,189
Debt service:			
Principal	600,000	(600,000)	-
Interest	404,619	(7,084)	397,535
Total expenditures/expenses	1,034,294	(573,570)	460,724
REVENUES:			
General revenues:			
Investment earnings	595,721	-	595,721
Total general revenues	595,721	-	595,721
REVENUES OVER (UNDER) EXPENDITURES	(438,573)		
CHANGE IN NET POSITION		573,570	134,997
FUND BALANCES/NET POSITION:			
Beginning of the year	11,888,991	(9,432,069)	2,456,922
End of the year	\$ 11,450,418	\$ (8,858,499)	\$ 2,591,919

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

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REQUIRED SUPPLEMENTARY INFORMATION

Rocklin Public Financing Authority
Required Supplementary Information
For the year ended June 30, 2014

Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1, 2013	\$ 11,888,991	\$ 11,888,991	\$ 11,888,991	\$ -
Resources (inflows):				
Interest Income	597,450	597,450	595,721	(1,729)
Amounts available for appropriation	<u>12,486,441</u>	<u>12,486,441</u>	<u>12,484,712</u>	<u>(1,729)</u>
Charges to appropriations (outflows):				
General government:				
Administration	26,600	26,600	29,675	(3,075)
Debt service:				
Principal	600,000	600,000	600,000	-
Interest	404,650	404,650	404,619	31
Total charges to appropriations	<u>1,031,250</u>	<u>1,031,250</u>	<u>1,034,294</u>	<u>(3,044)</u>
Budgetary fund balance, June 30, 2014	<u>\$ 11,455,191</u>	<u>\$ 11,455,191</u>	<u>\$ 11,450,418</u>	<u>\$ (4,773)</u>