



AGENDA

January 17, 2018

CITY COUNCIL MEETING

7:00 p.m.

City Council Chambers

311 Vernon Street

Roseville, California

1. CALL TO ORDER

2. ROLL CALL

Vice Mayor: Bonnie Gore
Councilmember: Scott Alvord
Councilmember: Tim Herman
Councilmember: John Allard
Mayor: Susan Rohan

3. PLEDGE OF ALLEGIANCE

4. MEETING PROCEDURES

NOTICE TO THE PUBLIC

All Items on the agenda will be open for the public comment before final action is taken. Speakers are requested to restrict comments to the item as it appears on the agenda and stay within a five (5) - minute time limit. The Mayor has the discretion of limiting the total discussion time for an item.

5. PUBLIC COMMENTS

NOTICE TO THE PUBLIC

Persons may address the City Council on items not on this agenda. Please complete a "Speaker Information Card" and present it to the City Clerk prior to the start of the meeting. Speakers shall restrict their comments to issues that are within the subject jurisdiction of the City Council and limit their comments to three (3) minutes per person. The total time allocated for Public Comment is 25 minutes. The Brown Act, with certain exceptions, does not permit the City Council to discuss or take action on issues that are not listed on the agenda.

6. CONSENT CALENDAR

NOTICE TO THE PUBLIC

All matters listed under Consent Calendar are considered to be routine and all will be passed by one motion. There will be no discussion of these items unless members of the City Council or the public request specific items be removed from the Consent Calendar for separate discussion. Any member of the public may address the City Council on items on the Consent Calendar. Public comments on any item or items on the Consent Calendar are limited to five (5) minutes per speaker

BEGINNING OF CONSENT CALENDAR

Bids / Purchases / Services

6.1. Harding to Royer Bike Trail Segment 3 Project - Approval of Plans and Specifications and Authorization to Call for Bids

Memo from Assistant Engineer Cathy Gosalvez and Public Works Director Rhon Herndon recommending Council approve the plans and specifications for the Harding to Royer Bike Trail Segment 3 Project and authorize staff to call for bids. The estimated cost for the project is \$415,500.00. The project will be paid for with Transportation Development Act funds. This final Segment (Segment 3) will extend the bike trail near Folsom Road to the existing bike trail adjacent to the public parking lot south of relocated Fire Station No. 1 on Lincoln Street.

CC #: 8998

File #: 0721-05

CONTACT: Cathy Gosalvez 916-746-1300 cgosalvez@roseville.ca.us

6.2. Pest Control Management - Service Agreement

Memo from Facility Manager Dan Allen and Central Services Director Paul Diefenbach recommending Council adopt RESOLUTION NO. 18-25 APPROVING A SERVICE AGREEMENT BETWEEN CITY OF ROSEVILLE AND NEIGHBORLY PEST MANAGEMENT, INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE (\$1808049). Staff recommends Council authorize a service agreement with Neighborly Pest Management to provide pest control services on a scheduled and as-needed basis. The total amount of the agreement is \$175,000.00. Funding is included in the Building Maintenance, Environmental Utilities, Electric, Street Maintenance, and Park Maintenance FY2017-18 budgets.

CC #: 9000

File #: 0203-04

CONTACT: Dan Allen 916-774-5741 dallen@roseville.ca.us

Resolutions

6.3. Property Acquisition – 645 Riverside Avenue

Memo from Floodplain Manager Brian Walker and Public Works Director Rhon Herndon recommending Council adopt RESOLUTION NO. 18-26 APPROVING AN AGREEMENT FOR SALE OF REAL PROPERTY, BY AND BETWEEN THE CITY OF ROSEVILLE AND JEFFREY R. STOWERS, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT AND ALL RELATED FORMS ON BEHALF OF THE CITY OF ROSEVILLE. Staff recommends that Council approve the Agreement for Sale of Real Property for the purchase of real property from Jeffrey R. Stowers in the amount of \$310,000.00. The property is located along the east side of Riverside Avenue, north of the confluence of Dry Creek and Cirby Creek. The proposed acquisition project would remove one of the structures within the City that has incurred repeated flood damage from Dry Creek. The FEMA grant will pay up to 75% of the acquisition project's cost, with the City providing the remaining matching funds. Since the property will likely become part of the City's Dry Creek Greenway Project, the local matching funds will be provided through Transportation Development Act funds previously budgeted for that project. No General Funds will be used. Staff will approach Council at a later date to request approval to pay for structure demolition and returning the property to a natural state, also partially funded by FEMA.

CC #: 9003

File #: 1002

CONTACT: Brian M. Walker 916-746-1300 walkerbrian@roseville.ca.us

6.4. Washington Boulevard/Andora Bridge Widening Project - Preliminary Engineering Review Services

Memo from Associate Engineer Stefanie Kemen and Public Works Director Rhon Herndon recommending Council adopt RESOLUTION NO. 18-24 APPROVING AN AGREEMENT FOR PRELIMINARY ENGINEERING SERVICES BETWEEN THE CITY OF ROSEVILLE AND UNION PACIFIC RAILROAD COMPANY REGARDING THE WASHINGTON BOULEVARD/ANDORA BRIDGE WIDENING PROJECT, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE. Staff recommends Council approve an Agreement to reimburse Union Pacific Railroad (UPRR) for Preliminary Engineering Services in the not to exceed amount of \$71,500.00 for the Washington Boulevard/Andora Bridge Widening Project. The railroad bridge is owned by UPRR, and therefore the design and construction of the bridge requires their review and oversight. UPRR charges actual cost for these services. The environmental and design portion of the project, including this agreement, is fully funded with Traffic Mitigation Fees and sufficient funds already exist in the project's budget to cover this cost. No General Funds are being used for this project.

CC #: 9002

File #: 0900-04

CONTACT: Stefanie A. Kemen 916-774-5372 skemen@roseville.ca.us

Ordinances (for introduction and adoption - appropriation/urgency measures)

6.5. General Financial Analysis Services - Professional Services Agreement Amendment and Budget Adjustment

Memo from Administrative Analyst Jeannine Thrash and Finance Director Dennis Kauffman recommending Council adopt RESOLUTION NO. 18-28 APPROVING A FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF ROSEVILLE AND ECONOMIC AND PLANNING SYSTEMS, INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE; and adopt ORDINANCE NO. 5927 OF THE COUNCIL OF THE CITY OF ROSEVILLE AUTHORIZING CERTAIN AMENDMENTS TO THE 2017-18 BUDGET AND DECLARING THIS ORDINANCE TO BE IMMEDIATELY EFFECTIVE AS AN APPROPRIATION MEASURE. Economic Planning Systems is currently working on a new project that was not anticipated when their contract was agreed upon in 2015. Due to the amendment to the scope of work, it is being requested to amend the contract to increase the compensation allowed in FY2017-18 from \$100,000.00 to \$200,000.00. The Finance Department is requesting authority to set up a budget under Sierra Vista Specific Plan Mitigation-Admin for \$165,000; \$100,000.00 for professional services and \$65,000.00 to cover City staff time. There is no impact to the City's General Fund because the costs are the responsibility of the property owners within the Sierra Vista Specific Plan. Fees will be collected upfront and as needed from time to time. If more than \$165,000.00 is needed in this fiscal year, staff will request additional funding in a subsequent budget adjustment.

CC #: 9005

File #: 0200 & 0201-01

CONTACT: Jeannine Thrash 916-774-5473 jthrash@roseville.ca.us

Dennis Kauffman 916-774-5313 dkauffman@roseville.ca.us

Reports / Requests

6.6. Financial Reports for Fiscal Year Ended June 30, 2017

Memo from Controller Jacquelyn Flickinger and Finance Director Dennis Kaufman with three informational financial reports for the year ended June 30, 2017. These reports are also posted on the City's website. There is no impact to the City's General Fund.

CC #: 9004

File #: 0202-01

CONTACT: Jacquelyn Flickinger 916-774-5516 jflickinger@roseville.ca.us

6.7. Out of State Travel Request - Development Services Department

Memo from Development Services Director Kevin Payne recommending Council approve out state travel for Development Services Manager Mike Isom to attend the National Development Council's business credit analysis program in Washington, DC, March 26-30, 2018. The business credit analysis course focuses on advanced financial techniques used to analyze various types of operating businesses, and explores credit analysis procedures utilized by commercial lenders that are adapted for use by

economic development entities. Completion of the training will allow the Development Services Department to supplement the Economic Development Department's ability to respond to business attraction and other economic development opportunities.

CC #: 9008

File #: 0600-02

CONTACT: Kevin Payne 916-774-5285 kpayne@roseville.ca.us

END OF CONSENT CALENDAR

7. RESOLUTIONS

7.1. Stormwater Funding Nexus Study - Professional Services Agreement

Memo from Environmental Utilities Rate Analyst Terri Shirhall and Environmental Utilities Director Richard Plecker recommending Council adopt RESOLUTION NO. 18-27 APPROVING A PROFESSIONAL SERVICES AGREEMENT BY AND BETWEEN THE CITY OF ROSEVILLE AND NBS GOVERNMENT FINANCE GROUP, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE. This item is requesting approval of a professional services agreement with NBS Government Finance Group for a Stormwater Funding Nexus Study to determine the extent to which the City's Stormwater Division provides a benefit to the Environmental Utilities Department. The cost of the agreement is not to exceed \$31,000.00. The cost of the study would be paid with available funds in the Solid Waste Fund.

CC #: 9001

File #: 0800-02

CONTACT: Terri Shirhall 916-774-5536 tshirhall@roseville.ca.us

8. SPECIAL REQUESTS/REPORTS/PRESENTATION

8.1. Downtown Bridges and Trail Project, Phase 2 - Approval of Plans and Specifications and Authorization to Call for Bids

Memo from Associate Engineer Hossein Naghibzadeh and Public Works Director Rhon Herndon recommending Council approve the plans and specifications for the Downtown Bridges and Trail Improvement Project and authorize staff to call for bids. Project improvements include the rotation and refurbishment of the Rube Nelson "Icehouse" bridge; construction of the new "Downtown Pedestrian Bridge", which is a landmark bridge providing a direct connection between Royer Park and the Vernon Street Town Square; construction of the Taylor Street (Library) bridge replacement; continuation of the Miners ravine Class I Trail into Royer Park; and modifications to the Oak Street, Royer Park and Library parking lots. The project is funded with Congestion Mitigation Air Quality funds, Active Transportation Program Grant funds, Bicycle Transportation Account Grant funds, Transit Security Grant, Public Facilities Funds, and Local Transportation Funds, with the available funds totaling approximately \$9 million. The current engineer's estimate for the project is \$8.9 million. General Funds are not being used for this project.

CC #: 8997

File #: 0721-05

CONTACT: H. Naghibzadeh 916-746-1300 hnaghibzadeh@roseville.ca.us

8.2. Roseville Community Development Corporation - Annual Corporate Update

Memo from Economic Development Director Chris Robles with an update regarding the Roseville Community Development Corporation's (RCDC) audited financials for FY2016-17, FY2017-18 RCDC budget and report to the City Council activities and future operations. This current annual report is provided for informational purposes and no Council action is required. The RCDC is a private, charitable, nonprofit Section 501(c) (3) corporation focused on physical, economic and educational development through the community. The corporation's activities do not impact the City's General Fund.

CC #: 8996

File #: 0103-15-02

CONTACT: Chris Robles 916-774-5421 crobles@roseville.ca.us

9. APPOINTMENTS

9.1. Transportation Commission - Unscheduled Vacancy

Appoint one (1) applicant to the Transportation Commission to fill an unscheduled vacancy with a term ending December 31, 2020 from the two (2) applications received by Peter Ashby, and Gary M. Gutowsky.

CC #: 9007

File #: 0103 & 0103-13-02

CONTACT: Kelly Adams 916-774-5264 kadams@roseville.ca.us

10. PUBLIC HEARING

NOTICE TO THE PUBLIC

City Council, when considering the matter scheduled for hearing, will take the following actions:

1. Open the Public Hearing
2. Presentation by Staff
3. Presentation by applicant or Appellant
4. Accept Public Testimony
5. Appellant or Applicant Rebuttal Period
6. Close the Public Hearing
7. City Council Comments and Questions
8. City Council Action

In the future, if you wish to challenge in court any of the matters on this agenda for which a public hearing is to be conducted, you may be limited to raising only those issues, which you, or someone else raised orally at the Public Hearing or in written correspondence received by the City or before the hearing

Public Hearings listed for continuance will be continued as noted and posting of this agenda serves as notice of continuation.
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10.1. Broadstone Senior Apartments and Holden Assisted Living Project - Fee Deferrals

Public Hearing continued to the meeting of February 7, 2018.

CC #: 9006

File #: 0215-07

CONTACT: Laura Matteoli 916-774-5374 lmatteoli@roseville.ca.us

10.2. North Roseville Specific Plan, Diamond Creek - Development Agreement Amendment

Memo from Associate Planner Wayne Wiley and Development Services Director Kevin Payne recommending Council introduce for first reading ORDINANCE ADOPTING THE TENTH AMENDMENT TO THE DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF ROSEVILLE AND BBC DIAMOND CREEK, LLC RELATIVE TO THE NORTH ROSEVILLE SPECIFIC PLAN (DIAMOND CREEK PARCELS 9A AND 9B) AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE. The approval of the development agreement amendment will extend the Diamond Creek Development Agreement expiration date to March 31, 2038 and include provisions related to Parcels DC-9A and DC-9B's potable water line and recycled water irrigation system. The proposed Diamond Creek DAA #10 will not result in a direct fiscal impact to the General Fund.

CC #: 8999

File #: 0400-04-07-1

CONTACT: Wayne Wiley 916-774-5283 wwiley@roseville.ca.us

11. COUNCIL / STAFF / REPORTS/ COMMENTS

12. ADJOURNMENT



COUNCIL COMMUNICATION

CC #: 8998
File #: 0721-05

Title: Harding to Royer Bike Trail Segment 3 Project - Approval of Plans and Specifications and Authorization to Call for Bids

Contact: Cathy Gosalvez 916-746-1300 cgosalvez@roseville.ca.us

Meeting Date: 1/17/2018
Item #: 6.1.

RECOMMENDATION TO COUNCIL

Staff recommends the City Council approve the plans and specifications for the Harding to Royer Bike Trail Segment 3 Project and authorize staff to call for bids.

BACKGROUND

The Harding Boulevard to Royer Park Bikeway is identified in the Bicycle Master Plan as a priority project. This Class I bikeway is located along the north side of Dry Creek, and when all segments have been constructed it will connect the Miner's Ravine Bike Trail to Royer Park.

To expedite construction of the project, the bikeway was divided into three segments. Segments 1 and 2 have been completed, connecting Sierra College Blvd with the downtown area at Folsom Road. This final Segment (Segment 3) will extend the bike trail near Folsom Road to the existing bike trail adjacent to the public parking lot south of relocated Fire Station No. 1 on Lincoln Street.

We anticipate construction to begin in May of 2018 with completion by the end of September 2018. Construction plans and specifications for the project have been completed and are available at the City Clerk's Office for Council's review.

FISCAL IMPACT

The engineer's estimate for construction is approximately \$415,500. The project is being funded with Transportation Development Act (TDA) funds. No General Funds will be used.

ECONOMIC DEVELOPMENT / JOBS CREATED

Federal guidelines suggest there is one job created for every \$92,000.00 in direct government spending. Based on that figure, this project will create approximately 4.5 jobs.

ENVIRONMENTAL REVIEW

CEQA compliance for this trail project was achieved in 2004 with certification of the Harding Boulevard to Royer Park Bikeway Project Final EIR (State Clearinghouse No. 2000122078). No further CEQA action is required to implement the project.

Respectfully Submitted,

Cathy Gosalvez, Assistant Engineer

Rhon Herndon, Public Works Director



Rob Jensen, City Manager

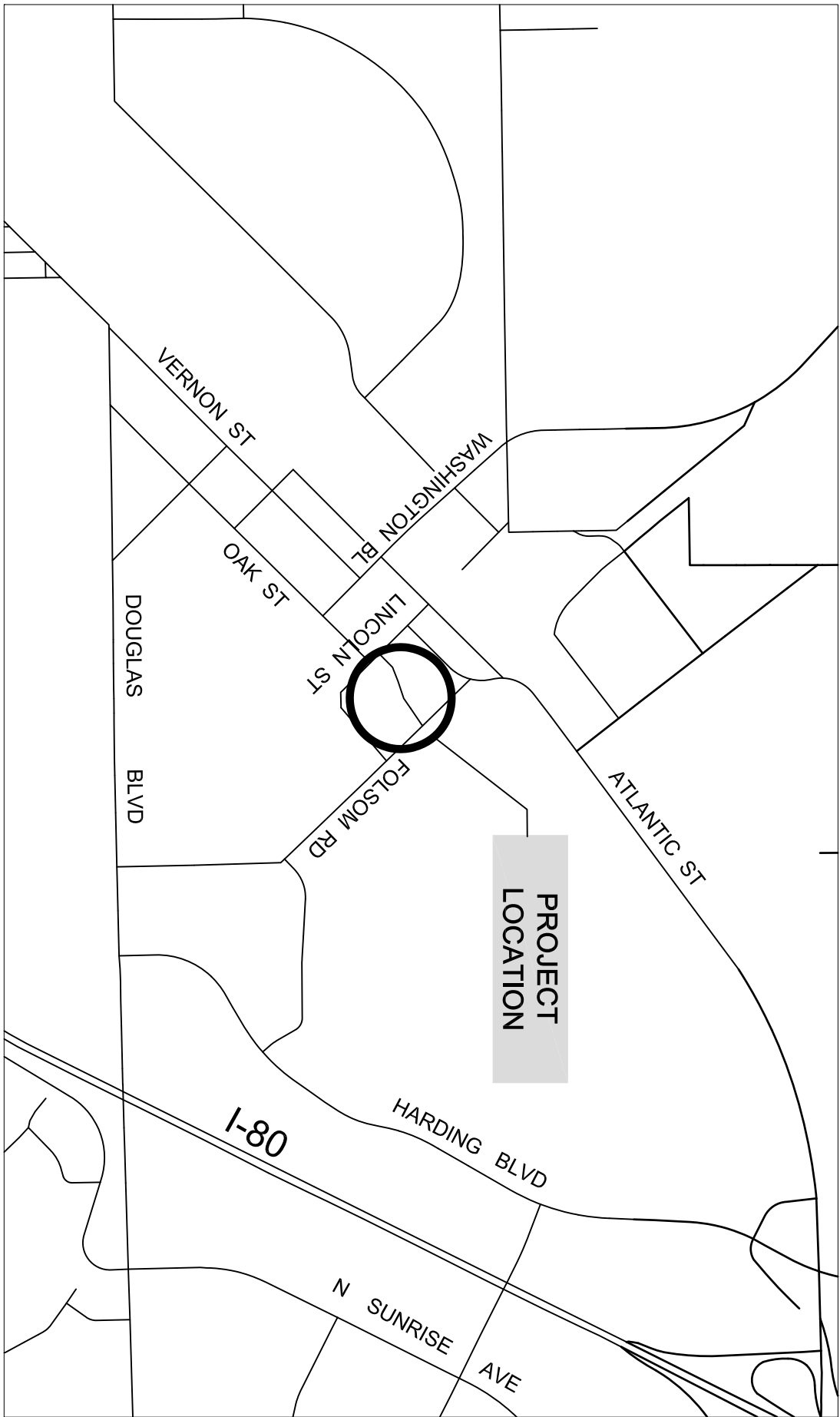
ATTACHMENTS:

Description

Location Map

Project Manual Cover Page

EXHIBIT A



DEPARTMENT OF PUBLIC WORKS

ENGINEERING

TITLE:

HARDING TO ROYER BIKE TRAIL
SEGMENT 3 PROJECT

DESIGNED: C.GOSALVEZ

DATE: 12/13/2017

DRAWN: C.GOSALVEZ

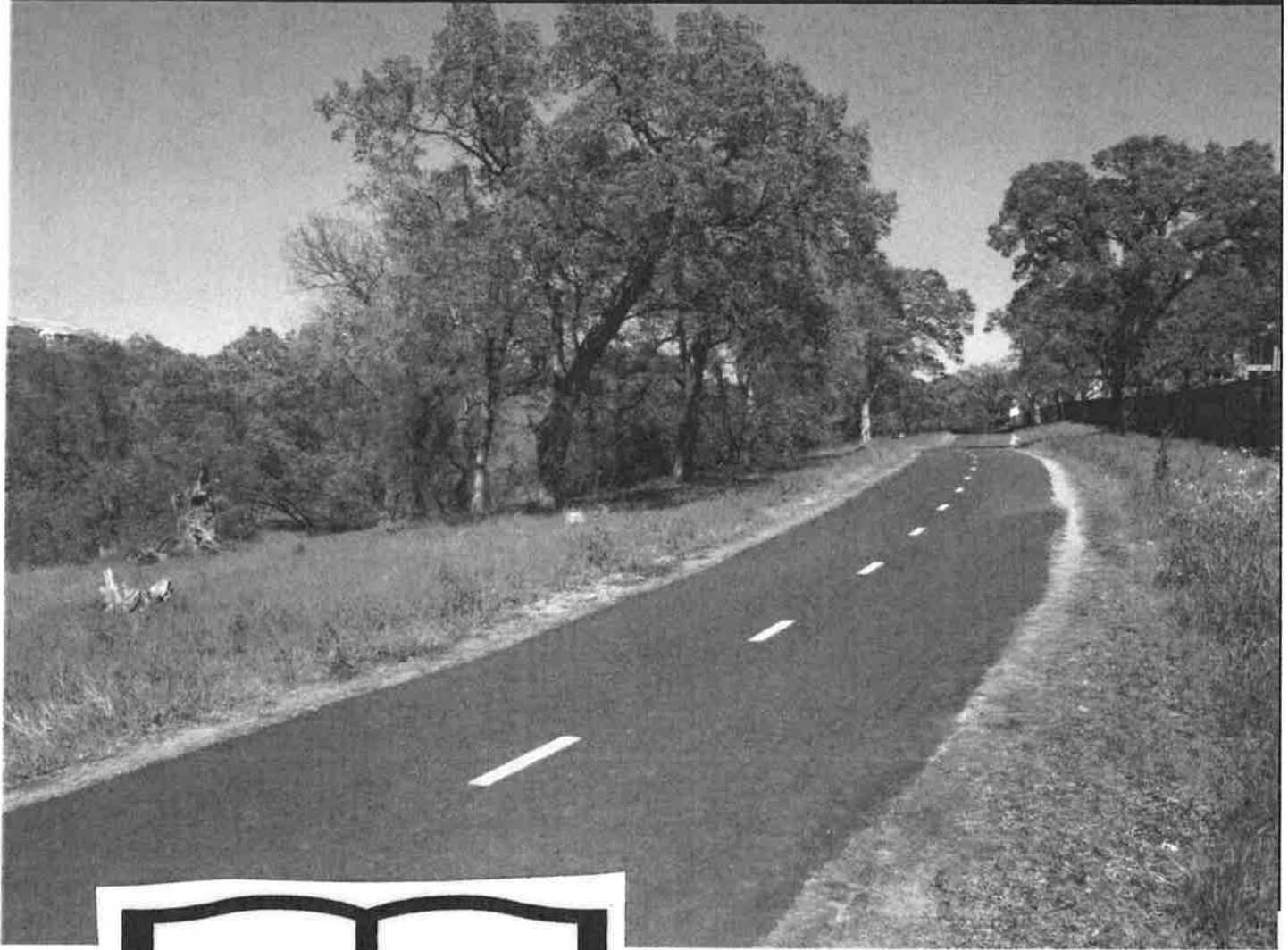
SCALE: NOT TO SCALE

CHECKED:

FILE NO.

Harding to Royer Bike Trail—Segment 3

Public Works - Engineering



**FOR REVIEW,
A COMPLETE COPY
IS ON FILE IN THE
CITY CLERK DEPARTMENT**

311 Vernon Street • Roseville, CA 95678 - 2649
www.roseville.ca.us/engineering





COUNCIL COMMUNICATION

CC #: 9000
File #: 0203-04

Title: Pest Control Management - Service Agreement
Contact: Dan Allen 916-774-5741 dallen@roseville.ca.us

Meeting Date: 1/17/2018
Item #: 6.2.

RECOMMENDATION TO COUNCIL

Recommend Council approve award of service agreement S1808049 with Neighborly Pest Management to provide pest control services on a scheduled and an as needed basis and adopt a resolution authorizing the City Manager to execute it. The bid allowed for four optional renewal years at one-year intervals. Staff requests authorization to utilize the optional renewal years of the bid contract without further Council approvals until the contract expires or until City staff determines that continuing with the same vendor is not in the City's best interest. The total value of the agreement is \$175,000.00. Funding is included in the Building Maintenance, Environmental Utilities, Electric, Street Maintenance, and Park Maintenance FY2017/18 budgets.

BACKGROUND

Staff released a request for proposals, RFP #10-017 for pest control services. Two qualified vendors responded to the request for proposals Neighborly Pest Management, and Advanced IPM Pest Management. The proposals were evaluated on overall proposal, cost, qualifications and experience. Neighborly Pest Management was rated the highest.

FISCAL IMPACT

Service agreement S1808049 total value is \$175,000.00. Funding is included in the Building Maintenance, Environmental Utilities, Electric, Street Maintenance, and Park Maintenance FY2017/18 budgets. Projected spending for the optional renewal years is as follows: FY2018-19, \$185,000.00; FY2019-20, \$197,000.00; FY 2020-21, \$212,000.00; FY2021-2022, \$230,000.00.

ECONOMIC DEVELOPMENT / JOBS CREATED

N/A

ENVIRONMENTAL REVIEW

The proposed project involves pest control maintenance on a scheduled and an as needed basis at existing facilities. This activity is categorically exempt from CEQA as a Class 1 Exemption (State CEQA Guidelines Section 15301). The Exemption has been prepared and no further CEQA action is required.

Respectfully Submitted,

Dan Allen, Facility Manager

Paul Diefenbach, Central Services Director



Rob Jensen, City Manager

ATTACHMENTS:

Description

Resolution No. 18-25

S1808049 Neighborly Pest

RESOLUTION NO. 18-25

APPROVING A SERVICE AGREEMENT BETWEEN CITY OF ROSEVILLE AND
NEIGHBORLY PEST MANAGEMENT, INC., AND AUTHORIZING THE CITY MANAGER
TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

WHEREAS, a service agreement (S1808049) for pest control management, between the City of Roseville and Neighborly Pest Management, Inc., has been reviewed by the Council;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said service agreement is approved and that the City Manager is authorized to execute it on behalf of the City of Roseville.

BE IT FURTHER RESOLVED, that the City Manager is authorized to execute four additional one year renewals of the service agreement provided that the applicable budgets are approved by the City Council, or until City staff determines that continuing with the same vendor is not in the City's best interest.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

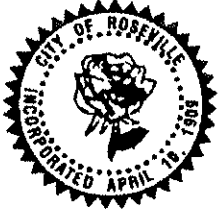
NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk



PURCHASING
CITY OF ROSEVILLE

2005 HILLTOP CIRCLE, ROSEVILLE, CA 95747
(916) 774-5720 • TDD (916) 774-5220 • FAX (916) 774-5736

SERVICE AGREEMENT

SERVICE AGREEMENT

No: **S1808049**

SERVICE LOCATION: AS DIRECTED

REQ. NO.: R1816577 DATE: 11/1/17

SUBMIT ALL INVOICES TO:

CITY OF ROSEVILLE
Finance Department
311 Vernon Street
Roseville, CA 95678

Contractor No.: V06471
Telephone No.: 916-782-3767 Fax: 916-782-4537
Email address: JIM@NEIGHBORLYPEST.COM
Contractor: NEIGHBORLY PEST MANAGEMENT, INC.
ATTN: JAMES STEED
324 RIVERSIDE AVENUE
ROSEVILLE, CA 95678

Department: CENTRAL SERVICES

Acct. Code: 03340-5100

Buyer: TIFFANY VALDEZ
Phone: 916-774-5708

Start Date	Terms	Completion Date	Insurance Limits	Contact
EXECUTED AGREEMENT	NET 30	12/6/18	Approved by Risk Mgt.	DAN ALLEN TISHA CHINN

The contractor shall furnish all labor, equipment and materials necessary to accomplish the following:

The services called for under City of Roseville Request for Proposal #01-017 and contractor's proposal thereto titled Pest Control Services #10-017 (hereinafter "Proposal"). The terms and scope of work of City of Roseville Request for Proposal #01-017 and contractor's Proposal are herein made part of this Service Agreement and fully incorporated by reference.

Please call Dan Allen at 916-774-5741 or Tisha Chinn at 916-774-5702 for questions regarding this agreement.

The total cost of service listed is an approximate value only. The City does not guarantee whatsoever the actual value of this contract. Estimated construction related portion of costs: \$30,000.00.

Total Cost of Service: **\$175,000.00**

ATTENTION: Total cost of service not to exceed the agreement amount without prior approval of the Purchasing Office.

The Contractor named hereon by the acceptance of this order agrees to the provisions of this document titled "Service Agreement" and Attachment "A".

Roseville Business License No.: 00800567 Contractor License No.: 0454335 DIR Registration No.: 1000009642

☐ SOLE PROPRIETOR

☐ PARTNERSHIP

☒ CORPORATION

CONTRACTOR:


SIGNATURE

JAMES STEED
PRINT NAME

PRESIDENT
TITLE

CONTRACTOR:


SIGNATURE

SEAN BRADLEY
PRINT NAME

SECRETARY
TITLE

By: _____

Rob Jensen, City Manager
CITY OF ROSEVILLE, A MUNICIPAL CORPORATION



COUNCIL COMMUNICATION

CC #: 9003

File #: 1002

Title: Property Acquisition – 645 Riverside Avenue

Contact: Brian M. Walker 916-746-1300 walkerbrian@roseville.ca.us

Meeting Date: 1/17/2018

Item #: 6.3.

RECOMMENDATION TO COUNCIL

Staff recommends that the City Council approve the Agreement for Sale of Real Property for the purchase of real property from the Mr. Jeffrey R. Stowers in the amount of \$310,000.00 and adopt the attached resolution authorizing the City Manager to sign the agreement and all related forms on behalf of the City.

BACKGROUND

In January of 2017, the Federal Emergency Management Agency (FEMA) notified the Governor's Office of Emergency Services (Cal OES) that the City of Roseville's grant application for the acquisition of 645 Riverside Avenue was approved. The proposed acquisition project would remove one of the structures within the City that has incurred repeated flood damage from Dry Creek. Purchase of the property is consistent with the City's floodplain management program and is also identified in the City of Roseville Bicycle Master Plan as potentially accommodating a future Class 1 bike trail and trailhead parking area. The property is located along the east side of Riverside Avenue, north of the confluence of Dry Creek and Cirby Creek.

The FEMA grant will pay up to 75% of the acquisition project's cost, with the City providing the remaining local matching funds, equating to \$77,500. Staff will approach Council at a later date to request approval to pay for structure demolition and returning the property to a natural state, also partially funded by FEMA.

In April 2017, staff approved a professional services agreement with the Interwest Consulting Group to prepare an appraisal report for the purchase of this real property and to act as the City's Real Estate Agent to make offers and negotiate the purchase on behalf of the City.

Interwest valued the property at \$310,000, and Mr. Stowers has accepted the City's offer in that amount.

FISCAL IMPACT

The FEMA grant will pay up to 75% of the acquisition project's cost, with the City providing the remaining matching funds. Since the property will likely become part of the City's Dry Creek Greenway Project, the local matching funds will be provided through Transportation Development Act (TDA) funds previously budgeted for that project. No General Funds will be used.

ECONOMIC DEVELOPMENT / JOBS CREATED

Based on the Federal guideline of one job created for every \$92,000 in government spending, the execution of this Agreement will create approximately 3 jobs.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines §15061(b)(3)). The proposed property acquisition alone does not include the potential for a significant environmental effect, and therefore is not subject to CEQA. Any future use of the property would be subject to the appropriate level of CEQA review.

Respectfully Submitted,

Brian W. Walker, Senior Engineer

Rhon Herndon, Public Works Director



Rob Jensen, City Manager

ATTACHMENTS:

Description

Resolution No. 18-26

agreement for sale of real property

Project location map

grant deed

statement of voluntary participation

RESOLUTION NO. 18-26

APPROVING AN AGREEMENT FOR SALE OF REAL PROPERTY, BY AND BETWEEN
THE CITY OF ROSEVILLE AND JEFFREY R. STOWERS, AND AUTHORIZING THE
CITY MANAGER TO EXECUTE IT AND ALL RELATED FORMS ON BEHALF OF
THE CITY OF ROSEVILLE

WHEREAS, an agreement for sale of real property regarding the property acquisition of
645 Riverside Avenue, by and between the City of Roseville and Jeffrey R. Stowers, has been
reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that
said agreement is hereby approved and that the City Manager is authorized to execute it and all
related forms on behalf of the City of Roseville; and

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of
_____, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk

AGREEMENT FOR SALE OF REAL PROPERTY

THIS AGREEMENT, made and entered into this _____ day of _____, 20____, by and between the **CITY OF ROSEVILLE, a municipal corporation**, as grantee ("CITY") and **JEFFREY R. STOWERS, a married man, as his sole and separate property**, as grantor ("GRANTOR"),

W I T N E S S E T H:

WHEREAS, the Robert T. Stafford Disaster Relief and Emergency Assistance Act, ("The Stafford Act"), 42 U.S.C. § 5121 et seq., identifies the use of pre-disaster mitigation grants under § 5133, Pre-Disaster Mitigation, to assist States and local governments in implementing cost-effective hazard mitigation measures to reduce injuries, loss of life, and damage and destruction of property;

WHEREAS, the mitigation grant program provides a process for a local government, through the State, to apply for federal funds for mitigation assistance to acquire interests in property, including the purchase of structures in the floodplain, to demolish and/or remove the structures, and to maintain the use of the property as open space in perpetuity.

WHEREAS, the City of Roseville, acting by and through the City of Roseville City Council, has applied for and been awarded federal funds pursuant to an agreement with the State of California;

WHEREAS, GRANTOR is the owner of certain real property identified as Assessor's Parcel Numbers 472-200-030 located in the City of Roseville, County of Placer; and

WHEREAS, CITY desires to acquire the property in Fee Simple interest as described in the attached legal description marked Exhibit "A" which is attached hereto and incorporated by reference (the "Subject Property") for the purpose of Flood Protection and Open Space Preserve ("the Project"), as outlined in the City's General Plan; and

WHEREAS, GRANTOR agrees to sell and CITY agrees to buy the Subject Property, pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Purchase Price. GRANTOR agrees to sell, and CITY agrees to buy, the Subject Property for the sum of Three Hundred Ten Thousand Dollars (\$310,000.00) ("Purchase Price"), which the parties agree includes compensation for any and all improvements located within the Subject Property and any severance damages, loss of goodwill damages, relocation assistance payments, costs, or attorney fees, except as provided herein.

2. Conveyance. GRANTOR has executed or will execute prior to the Close of Escrow, as defined herein, the Grant Deed in the format satisfactory to the City Attorney of CITY ("Deed"), conveying the Subject Property to CITY.

3. Escrow. CITY has opened an escrow for this transaction with Fidelity National Title Company, 1375 Exposition Blvd, Suite 240, Sacramento, CA 95815, and Attention: Paul Avila ("the Title Company") under Escrow #01001424-010-PA-CDT as described in the Escrow Instructions attached hereto as Exhibit "B" (the "Escrow Instructions"). Prior to the Close of Escrow, GRANTOR shall deliver the Deed to the Title Company. Prior to the Close of Escrow, CITY shall deposit with the Title Company the Purchase Price for the account of GRANTOR, conditioned upon the Subject Property vesting in CITY free and clear of all liens, leases, encumbrances, assessments, easements, bonds, judgments and debts secured by Deeds of Trust or mortgages except as indicated in the Escrow Instructions. If for any reason escrow fails to close as set forth herein, including termination of this Agreement, the Title Company shall return all funds and documents to the party that submitted such funds or documents.

4. Conditions to CITY's Performance. All duties of CITY to purchase the Subject Property shall be expressly conditioned upon the satisfaction of each of the conditions set forth below on or before the date set forth with regard to each condition. CITY shall notify GRANTOR, in writing, of CITY's removal or waiver of each condition set forth below within the specified time period or this Agreement shall be terminated and all deposits, with interest, if any, shall be returned to CITY without penalty.

A. State Funding:

CITY's obligation to purchase the Subject Property is conditioned on CITY's obtaining funding from the State Office of Emergency Services under the State's Pre-Disaster Mitigation Program.

B. Inspection of Documents, Books and Records:

Within thirty (30) days from the Effective Date, CITY's inspection and approval of the following documents or copies thereof: All surveys, soils tests, engineering studies, or any other test results or reports in GRANTOR's possession or under CITY's control, any leases and/or tenant agreements, current rent roll, maintenance contracts, and any amendments thereto covering the Subject Property, and books and income/expense records covering the Subject Property for past year(s) and for the current year to and including the Effective Date. GRANTOR warrants and represents that the books and records are those kept and maintained by GRANTOR in the ordinary and normal course of business and used by GRANTOR in the computation of its federal income tax returns.

5. Title Approval. CITY's disapproval of any exception shown in the title report is set forth in Exhibit "B", the Escrow Instructions. GRANTOR shall notify City within fifteen (15) working days of the Effective Date of this Agreement if it elects not to remove or is unable to remove any disapproved exception. CITY shall have five (5) working days after notification of such action either (i) to terminate this Agreement or (ii) to waive its disapproval of such exception and agree to purchase the Property subject to the disapproved exception. If CITY fails to notify GRANTOR, in writing, within five (5) working days of its election pursuant to this paragraph, CITY shall be deemed to have elected to terminate this Agreement. In the event of termination of this Agreement, the parties shall have no obligations hereunder. Any exception which CITY has approved hereunder, either by CITY's approval, CITY's failure to disapprove such exception, or by CITY's waiver of disapproval, shall be deemed a "Permitted Exception".

6. Discharge of Obligations. The Title Company may expend any and all money payable to GRANTOR under this Agreement to discharge any obligations (except those identified in

the Escrow Instructions as being taken subject to) which are liens upon the Subject Property, including but not limited to, those arising from judgments, assessments, delinquent taxes (other than for the fiscal year referred to in the Escrow Instructions), or debts secured by deeds of trust or mortgages or to defray any other incidental costs other than those specified in the escrow instructions to be borne by CITY. Any money made payable pursuant to a deed of trust shall be made payable to the beneficiary entitled to the money pursuant to the deed of trust; provided, however, that the beneficiary shall first furnish GRANTOR and the Title Company with a good and sufficient receipt showing the money to be credited against the indebtedness secured by the deed of trust.

7. Allocation of Taxes and Assessments. Taxes for the fiscal year in which the escrow closes shall be cleared and paid for in the manner required by Section 5086 of the Revenue and Taxation Code. As a deduction from the amount shown in Section 1, above, CITY shall be authorized to pay any delinquent taxes due in any fiscal year, except the fiscal year in which this escrow closes, together with penalties and interest thereon. If GRANTOR has prepaid any taxes which are cancelled pursuant to Section 5086 as to the Subject Property, GRANTOR may seek any refunds to which it is entitled from such taxing agencies. If the Subject Property is subject to any assessments which are not subject to cancellation under Revenue and Taxation Code section 5086, such assessments shall be prorated as of the date of apportionment. GRANTOR shall pay all taxes and assessments outstanding up to the date of apportionment, if any, as to the Subject Property.

8. Escrow Costs. CITY shall pay all escrow fees, recording fees and title insurance charges incurred in this transaction.

9. Date of Possession. The right of possession and use of the Subject Property by CITY, including the right to remove and dispose of improvements, shall commence upon the Effective Date of this Agreement, or the Close of Escrow, whichever occurs first, and the amount shown in Paragraph 1 of this Agreement includes, but is not limited to, full payment for such possession and use, including damages, if any, from said date.

10. Title and Escrow Closing. Title to the Subject Property shall pass immediately upon Close of Escrow. Escrow shall close no later than sixty (60) days after the Effective Date of this Agreement (the "Close of Escrow").

11. Escrow Instructions. A copy of this Agreement shall be delivered to the Title Company by CITY and shall have Escrow Instructions attached. The issuance of any additional escrow instructions shall be the sole responsibility of CITY, but must be signed by Grantor to be valid and enforceable and approved by the City Attorney.

12. Time. Time is of the essence of this Agreement.

13. No Existing Tenancy. GRANTOR shall deliver possession of the Subject Property to CITY on the Closing Date free of all tenants and shall indemnify and hold CITY harmless from the claims of any tenants claiming a right to possession arising before the Closing Date. If a tenant remains in possession on the Closing Date, CITY may terminate this Agreement without liability on CITY's part.

14. Project. GRANTOR understands that the acquisition of the Subject Property is in connection with the Project, and that the payment of the money provided by this Agreement

constitutes the entire consideration for the sale. GRANTOR hereby waives and releases CITY from any obligation, claim or damage on account of the grant of the Subject Property to CITY or on account of the location or construction of the Project.

15. Hazardous Substances. Neither GRANTOR, nor to the best of GRANTOR's knowledge, any third party, has engaged in the generation, use, manufacture, storage, treatment, transportation, or disposal of any "hazardous substance" on the Subject Property. In addition, neither GRANTOR, nor to the best of GRANTOR's knowledge, any third party has received any form of notice of violation of any "applicable environmental law" with respect to the Subject Property, including any groundwater.

For purposes of this Agreement, the term "hazardous substance" means either any petroleum product or any substance, chemical, or waste that is listed as hazardous, toxic or dangerous under any applicable environmental law.

For purposes of this Agreement, the term "applicable environmental law" means the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"), 42 USC §9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC 6901 et seq.; the federal Water Pollution Control Act, 33 USC §1251 et seq.; the Clean Air Act, 42 USC §7401 et seq.; the Hazardous Materials Transportation Act, 49 USC §1471 et seq.; the Toxic Substances Control Act, 15 USC §§2601-2629; and the Safe Drinking Water Act, 42 USC §300f-300j; as each has been amended from time to time; or any similar state and local laws or ordinances or regulations implementing such statutes.

16. Flood Control Act. GRANTOR discloses that the Subject Property is located in a "flood zone," as set forth on F.E.M.A. or H.U.D. "Special Flood Zone Area Maps."

17. Special Studies Zone Act. GRANTOR discloses that the Subject Property is not situated in a Special Study Zone as designated under the Alquist-Priolo Special Studies Zone Act, Sections 2621-2630, inclusive, of the California Public Resources Code, or otherwise in an area of the high geologic hazard ("Geologic Zone").

18. Testing. If applicable, CITY may at all reasonable times enter upon the Subject Property and conduct tests, take soil or water samples or soil borings to determine if hazardous substances exist. If, such testing detects the existence of a hazardous substance, CITY may, at its sole option, rescind and terminate this Agreement and cancel the escrow. Provided, however, that CITY shall exercise said option not later than sixty (60) days after the Effective Date of this Agreement or the Close of Escrow whichever occurs first.

19. GRANTOR's Warranties.

GRANTOR hereby represents and warrants to CITY:

A. Contracts:

That there are no service contracts or other contractual obligations (except which GRANTOR has disclosed to CITY) upon which GRANTOR is obligated pertaining to the Subject Property, except those which can be terminated upon not more than thirty (30) days' notice.

B. Documents Delivered:

That all documents delivered to GRANTOR by CITY pursuant to the terms of this Agreement are complete.

C. Special Assessments or Condemnation:

That there are not presently pending any special assessments or condemnation actions against the Subject Property, or any part thereof, nor has GRANTOR received any notice of any special assessments or condemnation actions being contemplated except as otherwise listed on the Escrow Instructions.

D. Leasing Commissions:

That there is no outstanding leasing commission's payable for any lease as to the Subject Property and there are no obligations to pay any leasing commission for any renewal of the tenancy of any of the tenants or for any new lease negotiated prior to Close of Escrow.

E. Title:

1) Encumbrances:

Except for those specifically listed in the Preliminary Title Report dated April 11, 2017, Amended November 27, 2017, and stated as Permitted Exceptions in the Escrow Instructions, to GRANTOR's best knowledge, the Subject Property is free and clear of all liens, encumbrances, claims, rights, demands, easements, leases, agreements, covenants, conditions, and restrictions of any kind.

2) Encroachments:

To GRANTOR's best knowledge, there are no encroachments on the Subject Property from adjoining property, and the Subject Property does not encroach on any adjoining property, easements, or streets.

F. Litigation:

That GRANTOR is not involved in or aware of any pending or threatened litigation which does or will affect the Subject Property. There are no actions or proceedings pending or threatened against GRANTOR before any court or administrative agency in any way connected with or relating to the Subject Property, or affecting GRANTOR's ability to fulfill all of its obligations under this Agreement.

G. Indemnification:

That GRANTOR shall indemnify and hold CITY harmless from any liability, loss or claim for damages, including reasonable costs and attorneys' fees, arising from any lease as to the Subject Property accruing prior to the Close of Escrow; arising out of any theft, damage, or injury to any tenants on the Subject Property or their personal property, and occurring prior to Close of Escrow; or arising out of the breach by GRANTOR of the covenants or any warranties or the falsity of any of the representations set forth in this Agreement.

H. Survival:

That GRANTOR's representations, warranties and covenants contained in this paragraph shall survive Close of Escrow and the recordation of the Deed.

I. Authority:

That GRANTOR has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated by this Agreement.

J. Lease Back Rights:

That GRANTOR waives any notice or right of first refusal pursuant to Code of Civil Procedure section 1245.245 and any lease-back rights under Code of Civil Procedure section 1263.615.

K. Brokers:

That no person or entity can properly claim a right to a commission, finder's fee, or other compensation with respect to the transaction contemplated by this Agreement. If any broker or finder makes any claim for a commission or finder's fee, GRANTOR shall indemnify, defend and hold CITY harmless from all liabilities, expenses, losses, damages or claims (including reasonable attorneys' fees) arising out of such broker's or finder's claims.

L. Advice of Professionals:

GRANTOR has had the opportunity to be advised by their own legal counsel and professionals in connection with this Agreement, and has obtained, and relies upon, such advice as GRANTOR deems appropriate.

20. Integrated Agreement. This is an integrated Agreement, and it contains all of the terms, considerations, understandings and promises of the parties. It shall be read as a whole. This Agreement may be amended, modified, changed or rescinded only by an instrument in writing, executed by the parties, except as provided herein.

21. Severability. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall continue in full force without being impaired so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to either party. Upon such determination that any term or provision is illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the greatest extent possible.

22. Attorney's Fees. In any action brought by either party to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees.

23. Venue/Governing Law. Any action arising out of this Agreement shall be brought in Placer County, California regardless of where else venue may lie. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

24. Binding Agreement. This Agreement shall be binding upon the heirs, successors, executors, administrators and assigns of the parties.

25. Joint Effort. This Agreement is the result of the joint efforts and negotiations of parties hereto, and no single party is the author or drafter of it. The parties agree that this Agreement shall be interpreted as though each of the parties participated equally in the composition of this Agreement and each and every part of it.

26. Notice. Any notices to parties required by this Agreement shall be delivered or mailed, U.S. first class, postage prepaid, addressed as follows:

CITY OF ROSEVILLE

Rhon Herndon, P.E.
Public Works Director
311 Vernon Street
Roseville, CA 95678

GRANTOR

Jeffrey R. Stowers
9292 Greenback Lane
Orangevale, CA 95662

Either party may amend its address for notice by notifying the other party in writing.

27. Further Assurances. Each party to this Agreement agrees to execute, acknowledge and deliver such further instruments as may be necessary or desirable to accomplish the intent and purpose of this Agreement.

28. Effective Date. This Agreement shall be effective upon full execution by all parties (the "Effective Date").

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has caused this Agreement to be executed in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. _____, adopted by the Council of the City of Roseville on the _____ day of _____, 20____, and GRANTOR has caused this Agreement to be duly executed.

GRANTEE:
CITY OF ROSEVILLE, a municipal corporation

GRANTOR:
JEFFREY R. STOWERS, a married man, as his sole and separate property

BY: _____
ROB JENSEN
City Manager

BY: _____
JEFFREY R. STOWERS

ATTEST:

BY: _____
SONIA OROZCO
City Clerk

APPROVED AS TO FORM:

RECOMMENDED FOR APPROVAL:

BY: _____
ROBERT R. SCHMITT
City Attorney

BY: _____
GINA WONG
Right-of-Way Agent

APPROVED AS TO SUBSTANCE:

BY: _____
RHON HERNDON, P.E.
Public Works Director

Exhibits

- A: Legal Description of Subject Property
B: Escrow Instructions

EXHIBIT "A"
Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF ROSEVILLE, IN THE COUNTY OF PLACER, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel 1:

Beginning at a point on the one quarter (1/4) section line through the center of Section 11 Township 10 North Range 6 E., M. D. B. & M. and said point of beginning being S. 0°34' E. 607.68 feet from the center of said Section 11, and from which said center a concrete monument bears S. 89°55' E. 40.00 feet; thence along the above mentioned one quarter (1/4) section line S. 0°34' E. 100.00 feet to a point; thence S. 89°55' E. 346.5 feet to a point; thence N. 0°34' W. 100.00 feet to a point; thence N. 89°55' W. 346.5 feet to the point of beginning.

EXCEPTING THEREFROM a strip of land forty (40.00) feet in width lying East of the West line of the above mentioned tract, the said strip of land being used for highway purposes.

ALSO EXCEPTING THEREFROM a parcel of land described as: Beginning at a point on the one quarter section line through the center of Section 11, Township 10 North, Range 6 East, M. D. B. & M., and said point of beginning being South 0°34' East 607.68 feet from the center of said Section 11, and from which said center a concrete monument bears South 89°55' East 40.00 feet; thence along the above mentioned one-quarter section line South 0°34' East 51.0 feet; thence South 89°55' East 190 feet; thence North 0°34' West 51.0 feet; thence North 89°55' West, 190 feet to the point of beginning.

Parcel 2:

The fractional portion of the Northwest Quarter of the Southeast Quarter of Section Eleven (11) Township Ten (10), North Range Six (6) East, M. D. B. & M., described as beginning at a point on the one-quarter section line through the center of Section 11, Tp. 10 N. R. 6 E., M. D. B. & M., and point of beginning being S. 0°34' E., 707.68 feet from the center of said Section from which said center a concrete monument bears S. 89°55' E. 40.00 feet; and running thence from said point of beginning S. 89°55' E. 346.55 feet, to an iron pipe one inch in diameter; thence S. 0°34' E. 100.00 feet; thence N. 89°55' W. 346.0 feet to a point on the one-quarter section line running through the center of Section 11; thence along said center line of said Section N. 0°34' W. 100.00 feet to the point of beginning.

EXCEPTING THEREFROM a strip of land 40.00 feet in width lying East of the West line of the above described tract, the said strip being used for highway purposes.

APN: 472-200-030

EXHIBIT "B"
Escrow Instructions

ESCROW INSTRUCTIONS

Insert Date:
Fidelity National Title Company

Project: City of Roseville – 645 Riverside Avenue
Parcel No.: 472-200-030
Owner: Jeffrey R. Stowers
Escrow No.: 01001424-010-PA-CDT

This escrow will be closed in connection with the City of Roseville, 645 Riverside Avenue acquisition. The following items have been checked to indicate the method in which this escrow identified by the above parcel number and escrow number is to be closed.

The sale price of this transaction is \$310,000.00.

- _____ Enclosed is a warrant in the sum of \$ _____.
- _____ Enclosed is the Grant Deed (granting a Fee Simple Interest) with attached certificate of acceptance, and a copy of the Agreement for Purchase.
- _____ Taxes will be prorated and canceled as of close of escrow and any taxes due shall be paid to the County Tax collector from this escrow.
- _____ No tax cancellation or proration will be necessary.
- _____ Policy of title insurance shall be issued in the amount of \$310,000.00 (land value only).

Proceeds from this transaction are to be sent to Grantor as follows:

Jeffrey R. Stowers
9292 Greenback Lane
Orangevale, CA 95662

You are authorized to record any documents, disburse any funds, and close this escrow when you are able to issue a title policy naming the City of Roseville as Grantee, free and clear of all liens, and encumbrances except the following as shown in your preliminary title report number 01001424-010-PA-CDT, dated April 11, 2017, Amended November 27, 2017.

As to Fee Simple Interest

<i>Exceptions Taken Subject To:</i> 5, 6, 7, 8, 9, 10	<i>Exceptions To Be Cleared:</i> 1, 2, 3, 4, 11, 12, 13, 14, 15
--	--

Purchaser will pay for all costs of escrow and title insurance policy. The original policy together with two copies of the title insurance, all recorded documents, and your billing, should be sent to the following person at the close of escrow:

EXHIBIT "B"
Escrow Instructions
Page 2 of 2

Project: City of Roseville -- 645 Riverside
Avenue
Parcel No.: 472-200-030
Owner: Jeffrey R. Stowers
Escrow No.: 01001424-010-PA-CDT

Brian Walker
Public Works – Engineering
City of Roseville
311 Vernon Street
Roseville, CA 95678

INSTRUCTIONS FROM SELLERS: In addition to the foregoing, you are hereby authorized to record and/or deliver the attached document to the City of Roseville upon receipt of a warrant in the amount of \$310,000, less any demands for liens, judgments, delinquent taxes and/or utilities, delinquent child support and/or alimony, or encumbrances. You are also authorized to obtain any required reconveyance (if fee being acquired) or subordination (if easement be in acquired) from the following Mortgagee:

Lender: _____

Loan No.: _____

Address: _____

Telephone: _____

GRANTOR:

City of Roseville:

By (*Sign*) _____

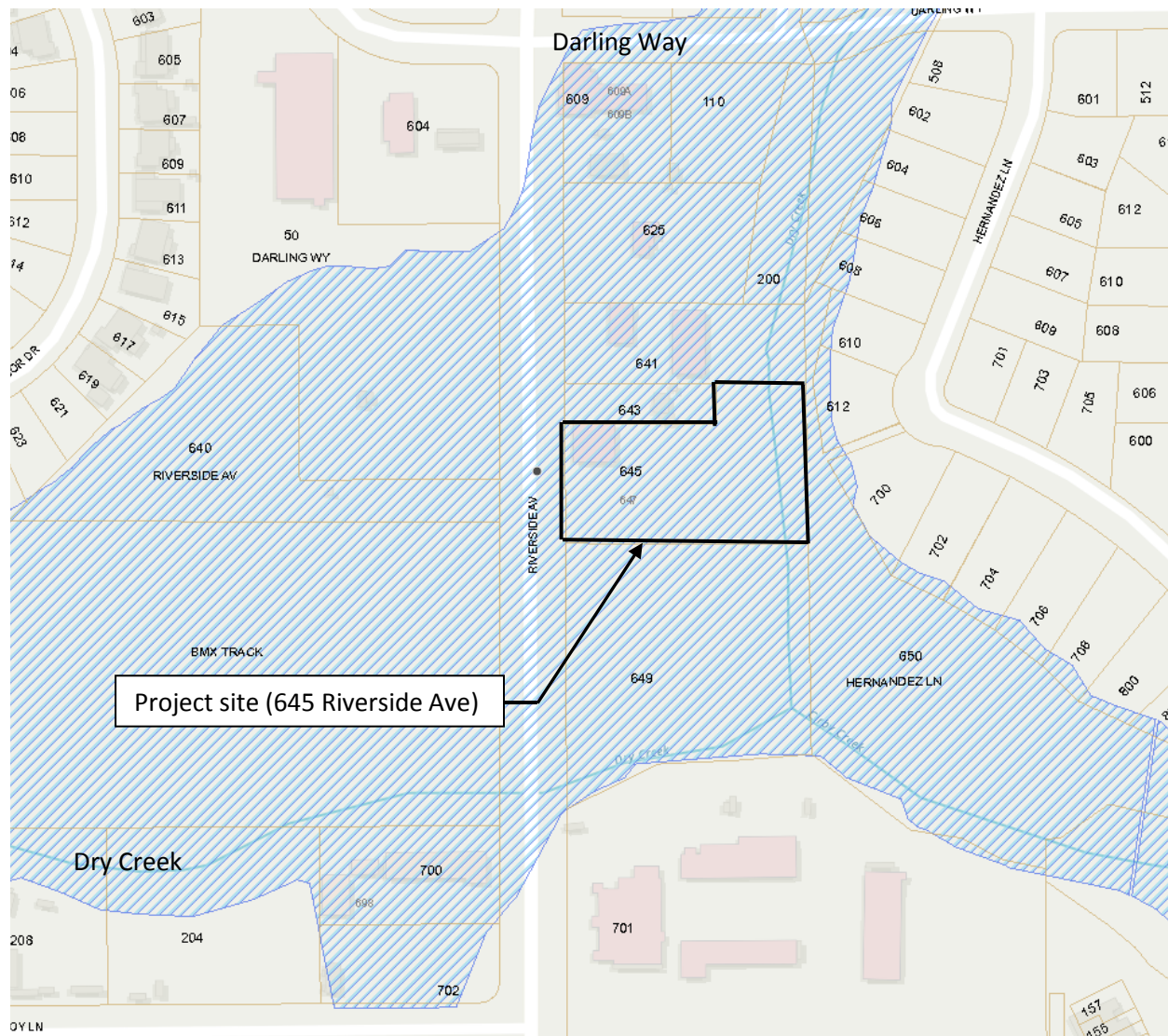
By (*Sign*) _____

Print Name _____

Print Name _____

Date: _____

Date: _____



Project Location Map

No Fee Document – Per Government Code §6103 & §27383
No Documentary Transfer Tax – Per R&T Code §11922

**RECORDING REQUESTED BY AND WHEN
RECORDED RETURN TO:**

City Clerk
City of Roseville
311 Vernon Street
Roseville, CA 95678

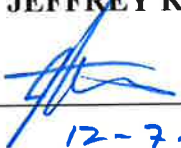
Project Name: 645 Riverside Drive Acquisition
Address: 645 Riverside Drive, Roseville, CA
APN: 472-200-030
Escrow Number: 01001424-010-PA-CDT

The Above Space For Recorder's Use Only

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, **JEFFREY R. STOWERS, a married man, as his sole and separate property, ("GRANTOR")**, hereby grants to the **CITY OF ROSEVILLE, a municipal corporation ("GRANTEE")**, all that real property situated in the City of Roseville, County of Placer, State of California, as described in Exhibit "A" and pursuant to the Federal Emergency Management Agency (FEMA) Hazardous Mitigation Assistance Program terms and conditions as specified in Exhibit "B", attached hereto and made a part hereof.

Grantor: **JEFFREY R. STOWERS, a married man, as his sole and separate property**

By:  _____

Date: 12-7-2017 _____

Print name: Jeffrey R. Stowers _____

Title: Owner _____

Grantee: **CITY OF ROSEVILLE, a municipal corporation**

By: _____

Date: _____

Print name: _____

Title: _____

Exhibit "A"
Legal Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF ROSEVILLE, IN THE COUNTY OF PLACER, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Parcel 1:

Beginning at a point on the one quarter (1/4) section line through the center of Section 11 Township 10 North Range 6 E., M. D. B. & M. and said point of beginning being S. 0°34' E. 607.68 feet from the center of said Section 11, and from which said center a concrete monument bears S. 89°55' E. 40.00 feet; thence along the above mentioned one quarter (1/4) section line S. 0°34' E. 100.00 feet to a point; thence S. 89°55' E. 346.5 feet to a point; thence N. 0°34' W. 100.00 feet to a point; thence N. 89°55' W. 346.5 feet to the point of beginning.

EXCEPTING THEREFROM a strip of land forty (40.00) feet in width lying East of the West line of the above mentioned tract, the said strip of land being used for highway purposes.

ALSO EXCEPTING THEREFROM a parcel of land described as: Beginning at a point on the one quarter section line through the center of Section 11, Township 10 North, Range 6 East, M. D. B. & M., and said point of beginning being South 0°34' East 607.68 feet from the center of said Section 11, and from which said center a concrete monument bears South 89°55' East 40.00 feet; thence along the above mentioned one-quarter section line South 0°34' East 51.0 feet; thence South 89°55' East 190 feet; thence North 0°34' West 51.0 feet; thence North 89°55' West, 190 feet to the point of beginning.

Parcel 2:

The fractional portion of the Northwest Quarter of the Southeast Quarter of Section Eleven (11) Township Ten (10), North Range Six (6) East, M. D. B. & M., described as beginning at a point on the one-quarter section line through the center of Section 11, Tp. 10 N. R. 6 E., M. D. B. & M., and point of beginning being S. 0°34' E., 707.68 feet from the center of said Section from which said center a concrete monument bears S. 89°55' E. 40.00 feet; and running thence from said point of beginning S. 89°55' E. 346.55 feet, to an iron pipe one inch in diameter; thence S. 0°34' E. 100.00 feet; thence N. 89°55' W. 346.0 feet to a point on the one-quarter section line running through the center of Section 11; thence along said center line of said Section N. 0°34' W. 100.00 feet to the point of beginning.

EXCEPTING THEREFROM a strip of land 40.00 feet in width lying East of the West line of the above described tract, the said strip being used for highway purposes.

APN: 472-200-030

Exhibit "B"
FEMA Hazardous Mitigation Assistance
Program Terms and Conditions

In reference to the property ("Property") conveyed by the Grant Deed described herein, between Tailpipes Smog Test Centers, Inc. participating in the federally-assisted acquisition project ("the Grantor") and the City of Roseville, ("the Grantee"), its successors and assigns hereby agree to the following terms and conditions:

WHEREAS, the Robert T. Stafford Disaster Relief and Emergency Assistance Act, ("The Stafford Act"), 42 U.S.C. § 5121 et seq., identifies the use of pre-disaster mitigation grants under § 5133, Pre-Disaster Mitigation, to assist States and local governments in implementing cost-effective hazard mitigation measures to reduce injuries, loss of life, and damage and destruction of property;

WHEREAS, the mitigation grant program provides a process for a local government, through the State, to apply for federal funds for mitigation assistance to acquire interests in property, including the purchase of structures in the floodplain, to demolish and/or remove the structures, and to maintain the use of the Property as open space in perpetuity.

WHEREAS, the Property is located in the City of Roseville and the City of Roseville participates in the National Flood Insurance Program and is in good standing with NFIP as of the date of the Grant Deed;

WHEREAS, the City of Roseville, acting by and through the City of Roseville City Council, has applied for and been awarded federal funds pursuant to an agreement with the State of California dated March 23, 2017 ("State-Local Agreement"), and herein incorporated by reference, making it a mitigation grant program subgrantee; and

WHEREAS, the terms of the mitigation grant program statutory authorities, Federal program requirements consistent with 44 C.F.R. Part 80, the Grant Agreement, and the State-local Agreement require that the Grantee agree to conditions that restrict the use of the land to open space in perpetuity in order to protect and preserve natural floodplain values.

Now, therefore, the grant is made subject to the following terms and conditions:

1. Terms. Pursuant to the terms of the Pre-Disaster Mitigation program statutory authorities, Federal program requirements consistent with 44 C.F.R. Part 80, the Grant Agreement, and the State-local Agreement, the following conditions and restrictions shall apply in perpetuity to the Property described in the Grant Deed and acquired by the Grantee pursuant to FEMA program requirements concerning the acquisition of property for open space:

a. Compatible uses. The Property shall be dedicated and maintained in perpetuity as open space for the conservation of natural floodplain functions. Such uses may include: parks for outdoor recreational activities; wetlands management; nature reserves; cultivation; grazing; camping (except where adequate warning time is not available to allow evacuation);

unimproved, unpaved parking lots; buffer zones; and other uses consistent with FEMA guidance for open space acquisition, Hazard Mitigation Assistance, Requirements for Property Acquisition and Relocation for Open Space.

b. Structures. No new structures or improvements shall be erected on the Property other than:

i. A public facility that is open on all sides and functionally related to a designated open space or recreational use;

ii. A public rest room; or

iii. A structure that is compatible with open space and conserves the natural function of the floodplain, including the uses described in Paragraph 1.a., above, and approved by the FEMA Administrator in writing before construction of the structure begins.

Any improvements on the Property shall be in accordance with proper floodplain management policies and practices. Structures built on the Property according to paragraph b. of this section shall be flood proofed or elevated to at least the base flood level plus 1 foot of freeboard, or greater, if required by FEMA, or if required by any State, Tribal, or local ordinance, and in accordance with criteria established by the FEMA Administrator.

c. Disaster Assistance and Flood Insurance. No Federal entity or source may provide disaster assistance for any purpose with respect to the Property, nor may any application for such assistance be made to any Federal entity or source. The Property is not eligible for coverage under the NFIP for damage to structures on the property occurring after the date of the property settlement, except for pre-existing structures being relocated off the property as a result of the project.

d. Transfer. The Grantee, including successors in interest, shall convey any interest in the Property only if the FEMA Regional Administrator, through the State, gives prior written approval of the transferee in accordance with this paragraph.

i. The request by the Grantee, through the State, to the FEMA Regional Administrator must include a signed statement from the proposed transferee that it acknowledges and agrees to be bound by the terms of this section, and documentation of its status as a qualified conservation organization if applicable.

ii. The Grantee may convey a property interest only to a public entity or to a qualified conservation organization. However, the Grantee may convey an easement or lease to a private individual or entity for purposes compatible with the uses described in paragraph (a), of this section, with the prior approval of the FEMA Regional Administrator, and so long as the conveyance does not include authority to control and enforce the terms and conditions of this section.

iii. If title to the Property is transferred to a public entity other than one with a conservation mission, it must be conveyed subject to a conservation easement that shall be

recorded with the deed and shall incorporate all terms and conditions set forth in this section, including the easement holder's responsibility to enforce the easement. This shall be accomplished by one of the following means:

a) The Grantee shall convey, in accordance with this paragraph, a conservation easement to an entity other than the title holder, which shall be recorded with the deed, or

b) At the time of title transfer, the Grantee shall retain such conservation easement, and record it with the deed.

iv. Conveyance of any property interest must reference and incorporate the original deed restrictions providing notice of the conditions in this section and must incorporate a provision for the property interest to revert to the State, Tribe, or local government in the event that the transferee ceases to exist or loses its eligible status under this section.

2. Inspection. FEMA, its representatives and assigns including the state or tribe shall have the right to enter upon the Property, at reasonable times and with reasonable notice, for the purpose of inspecting the Property to ensure compliance with the terms of this part, the Property conveyance and of the grant award.

3. Monitoring and Reporting. Every three years on February 1, the Grantee (mitigation grant program subgrantee), in coordination with any current successor in interest, shall submit through the State to the FEMA Regional Administrator a report certifying that the Grantee has inspected the Property within the month preceding the report, and that the Property continues to be maintained consistent with the provisions of 44 C.F.R. Part 80, the property conveyance, and the grant award.

4. Enforcement. The Grantee (mitigation grant program subgrantee), the State, FEMA, and their respective representatives, successors and assigns, are responsible for taking measures to bring the Property back into compliance if the Property is not maintained according to the terms of 44 C.F.R. Part 80, the property conveyance, and the grant award. The relative rights and responsibilities of FEMA, the State, the Grantee, and subsequent holders of the property interest at the time of enforcement, shall include the following:

a. The State will notify the Grantee and any current holder of the property interest in writing and advise them that they have 60 days to correct the violation.

i. If the Grantee or any current holder of the property interest fails to demonstrate a good faith effort to come into compliance with the terms of the grant within the 60-day period, the State shall enforce the terms of the grant by taking any measures it deems appropriate, including but not limited to bringing an action at law or in equity in a court of competent jurisdiction.

ii. FEMA, its representatives, and assignees may enforce the terms of the grant by taking any measures it deems appropriate, including but not limited to 1 or more of the following:

a) Withholding FEMA mitigation awards or assistance from the State or Tribe, and Grantee; and current holder of the property interest.

b) Requiring transfer of title. The Grantee or the current holder of the property interest shall bear the costs of bringing the Property back into compliance with the terms of the grant; or

c) Bringing an action at law or in equity in a court of competent jurisdiction against any or all of the following parties: the State, the Tribe, the local community, and their respective successors.

5. Amendment. This agreement may be amended upon signatures of FEMA, the state, and the Grantee only to the extent that such amendment does not affect the fundamental and statutory purposes underlying the agreement.

6. Severability. Should any provision of this grant or the application thereof to any person or circumstance be found to be invalid or unenforceable, the rest and remainder of the provisions of this grant and their application shall not be affected and shall remain valid and enforceable.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

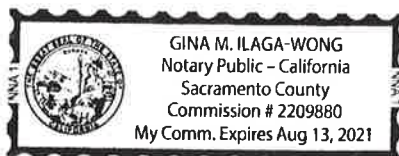
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
 County of Placer)
 On 12-7-17 before me, Gina M. Ilaga-Wong, Notary Public,
 Date Here Insert Name and Title of the Officer
 personally appeared Jeffrey R. Stowers
 Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal



Signature Gina M. Ilaga-Wong
 Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Grant Deed Document Date: NA
 Number of Pages: 6 Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
 Signer Is Representing: _____

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
 Signer Is Representing: _____

DEPARTMENT OF HOMELAND SECURITY
FEDERAL EMERGENCY MANAGEMENT AGENCY
**Statement of Voluntary Participation for
Acquisition of Property for Purpose of Open Space
FEMA's Hazard Mitigation Assistance Programs**

THIS AGREEMENT is made and entered into this on _____, by and between the **CITY OF ROSEVILLE, a municipal corporation**, hereinafter referred to as "Subgrantee," and **JEFFREY R. STOWERS, a married man, as his sole and separate property**, hereinafter referred to as "Seller." The parties agree as follows:

1. Seller affirms that I/we own the property located at *645 Riverside Avenue, Roseville, California, 95678* hereinafter referred to as "property."
2. Subgrantee has notified Seller that the Subgrantee may wish to purchase the referenced property, and, if Seller agrees to sell, Seller must permanently relocate from property.
3. Subgrantee has identified that the purchase offer valuation of the property as of July 31, 2017 is \$310,000, as determined by appropriate valuation procedures implemented by Subgrantee and based on FEMA acquisition requirements provided in 44 C.F.R. Part 80, and relevant program guidance as documented below.

Pre-Disaster Mitigation Program

4. Subgrantee has notified the Seller that **neither the State nor the Local Government will use its eminent domain authority to acquire the property for open-space purpose if the Seller chooses not to participate, or if negotiations fail.**
5. Subgrantee has notified Seller that if the Seller agrees to sell the property to the Subgrantee the transaction is voluntary and the Seller is not entitled to relocation benefits provided by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, which are available to property owners who must sell their properties involuntarily.
6. Subgrantee affirms that it has provided the notifications and explained the information described in the preceding paragraphs to the seller, and property identified above is not a part of an intended, planned, or designated project area where all or substantially all of the property within the area is to be acquired within specific time limits.
7. This Agreement shall expire on *(date of closing)* December 12, 2017, unless Seller has voluntarily sold Property to the Subgrantee by that date.

Property Owner Signature

12-7-2017

Date

Property Owner Signature

Date

Subgrantee's Authorized Agent Signature

Date

PAPERWORK BURDEN DISCLOSURE NOTICE

Public reporting burden for Property Owners Voluntary Participation Statement is estimated to average 1 hour per response. The burden estimate includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the needed data and completing and submitting the form. You are not required to respond to this collection of information unless it displays a valid OMB control number. Send comments regarding the accuracy of the burden estimate and any suggestions for reducing the burden to: Information Collections Management, Department of Homeland Security, Federal Emergency Management Agency, 500 C Street, SW, Washington, DC, 20472, and Paperwork Reduction Project (1660-0103). **Note: Do not send your completed form to this address.**



COUNCIL COMMUNICATION

CC #: 9002
File #: 0900-04

Title: Washington Boulevard/Andora Bridge Widening Project - Preliminary Engineering Review Services
Contact: Stefanie A. Kemen 916-774-5372 skemen@roseville.ca.us

Meeting Date: 1/17/2018
Item #: 6.4.

RECOMMENDATION TO COUNCIL

Staff recommends that the City Council adopt a resolution to approve the Agreement for Preliminary Engineering Services with Union Pacific Railroad (UPRR) for the Washington Boulevard/Andora Bridge Widening Project with a not to exceed amount of \$71,500, and authorize the City Manager to execute the agreement.

BACKGROUND

The Council-adopted Roadway Capital Improvement Program calls for the entire length of Washington Boulevard to have four lanes. The stretch of Washington Boulevard from Sawtell Road to Diamond Oaks Road is the only remaining two lane segment. This two lane segment also happens to be where the railroad undercrossing known as the Andora Underpass is located. The proposed project will widen this segment of Washington to a four lane road and reconstruct the Andora Undercrossing to accommodate the widening.

At its May 4, 2016 meeting, the City Council approved a Professional Design Services Agreement with Mark Thomas & Company to provide the environmental and engineering services for the project. However, the bridge above the underpass is owned by UPRR, and therefore the design and construction of the bridge requires their review and oversight. UPRR charges actual cost for these services which include:

- Review of the project's preliminary layouts;
- Project engineering including bridge and track design;
- Development of cost estimates; and
- Train and switching movement submittals.

An agreement for these services is attached to this Council Communication at an estimated not to exceed cost of \$71,500. Kevin Yoder, Manager of of Industry and Public Projects with UPRR, discussed this project with both their Track group and Structures group to arrive at that estimated dollar amount. It is based on their understanding of the scope and complexity of the project and

their experience with similar public projects. Mr. Yoder noted that this dollar amount should be sufficient to get through all of the reviews and coordination meetings to the point where a subsequent agreement can be executed for construction and maintenance.

As a reminder to the Council, it is staff's intent to get this project fully designed and "shovel ready" for construction, but not construct the project until we successfully procure sufficient outside funding (i.e., Federal and/or State grants) to cover construction costs. Taking that approach will maximize the amount of our local Traffic Mitigation funds available for other roadway capacity improvements in Roseville.

FISCAL IMPACT

UPRR will be reimbursed for expenses and actual costs that are incurred for collaborating in the development of the project, and they have estimated that these costs will total \$71,500.

The city previously agreed to reimburse UPRR up to \$21,500 for preliminary review of conceptual design layouts of their improvements. This new agreement replaces the prior agreement, increasing the previous agreement amount by \$50,000 to a total not to exceed amount of \$71,500.

The cost of these UPRR services are included in the project's approved budget and are funded from the Traffic Mitigation Fee Fund. No General Fund monies will be used.

ECONOMIC DEVELOPMENT / JOBS CREATED

Based on Federal guidelines, there is one job created for every \$92,000.00 in direct government spending. Based on that figure, this contract will create 0.78 jobs.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines §15061(b)(3)). Approval of the Agreement to reimburse Union Pacific Railroad for preliminary engineering review does not include the potential for a significant environmental effect, and therefore is not subject to CEQA.

Respectfully Submitted,

Stefanie Kemen, Associate Engineer

Rhon Herndon, Public Works Director



Rob Jensen, City Manager

ATTACHMENTS:

Description

Resolution No. 18-24

UPRR Agreement

RESOLUTION NO. 18-24

APPROVING AN AGREEMENT FOR PRELIMINARY ENGINEERING SERVICES
BETWEEN THE CITY OF ROSEVILLE AND UNION PACIFIC RAILROAD COMPANY
REGARDING THE WASHINGTON BOULEVARD/ANDORA BRIDGE WIDENING
PROJECT, AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF
OF THE CITY OF ROSEVILLE

WHEREAS, an Agreement for Preliminary Engineering Services between the City of Roseville and the Union Pacific Railroad Company regarding the Washington Boulevard/Andora Bridge Widening Project, has been reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said agreement is hereby approved and that the City Manager is authorized to execute it on behalf of the City of Roseville; and

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk



**Public Works
Engineering**
311 Vernon Street
Roseville, California 95678-2649

AGREEMENT FOR PRELIMINARY ENGINEERING SERVICES

Andora Underpass: Public: Yes

Date: _____

State of CA City of Roseville

MP 108.22 Valley Subdivision

Washington Boulevard/ DOT # 753227X

Placer County

Mr. Kevin Yoder

Manager, Industry & Public Projects

Union Pacific Railroad Company

9451 Atkinson Street

Roseville, CA 95747

Dear Mr. Yoder:

Plans are being prepared for the Washington/Andora Bridge and Road Widening Project (the "Project") at the location referenced above. The proposed work includes replacing the Andora overcrossing and widening Washington Boulevard for approximately one mile between Sawtell Road and Pleasant Grove Boulevard. The existing roadway is currently two lanes and will be widened to four lanes. The two lane underpass will be removed and replaced with a two span structure. The widened roadway will have four traffic lanes, five foot wide on-street bike lanes, raised ten foot wide sidewalks, and a raised center median island. The existing bike and pedestrian underpass at Mile Post (MP) 108.20 will be closed and abandoned. To accommodate the construction, the existing single track will be shooflyed to the north to allow for removal and replacement of the structure. Once construction of the new structure is complete, the track will be restored back to the existing location. In connection with the project, the City of Roseville considers it necessary for the successful advancement of the project for Union Pacific (the "Railroad") to collaborate in the development of the project by performing the following tasks:

- Preliminary engineering and other related services;

- Development of cost estimates;
- Review of the project's preliminary layouts; and
- Submittal of current train and switching moves

City of Roseville (the "City") authorizes and agrees to reimburse the Railroad for its expenses and actual costs that are incurred for collaborating in the development of the project's preliminary engineering and other preliminary activities. The Railroad has estimated that these preliminary engineering and other preliminary costs will be \$71,500, total. The parties previously executed an Agreement for Preliminary Engineering Services associated with this project in May, 2016, wherein the City agreed to reimburse the Railroad's costs associated with the Project up to \$21,500. This Agreement replaces that prior Agreement, increasing the total amount of past and future reimbursement to an amount not to exceed \$71,500. All past payments and charges associated with the Project are included in the total estimated cost for this agreement.

Payment will be made within thirty (30) days from City's receipt and approval of the Railroad's request for reimbursement. The Railroad will refer to City of Roseville's Project Number 20004/072515 and forward invoices to City of Roseville, 311 Vernon Street, Roseville, CA 95678 Attn: Stefanie A. Kemen, Associate Engineer.

One (1) set of half-scale prints of the concept plans marked Exhibit A, which are the 10% complete plans and show the basic features of the proposed Project at the location referenced above, and one (1) set of photos of the Project area were submitted with the previously executed Agreement for the Railroad's review and comment. Exhibit A has subsequently been approved by the Railroad for this project.

The Project may require the Railroad to incur costs for force account activities. Please prepare the Railroad force account cost estimate for work activities to be provided by the Railroad, as identified in the approved Exhibit A and submit them at your earliest convenience so that they may be attached to the Railroad generated Construction & Maintenance (C&M) agreement.

Please verify the number of current regular train (27) and switching movements (0) with a Maximum



**Public Works
Engineering**
311 Vernon Street
Roseville, California 95678-2649

Speed of 35 MPH at this location as currently shown in our inventory records. This information will be used by City's contractor to obtain Railroad Protective Liability Insurance.

This agreement is intended to address Preliminary Engineering. It is understood by both parties that Railroad may withhold its approval for any reason directly or indirectly related to safety or its operations, property issues or effect to its facilities. If the Project is approved, the Railroad will continue to work with City to develop Final Plans, Specifications and prepare Material and Cost Estimates for Railroad Construction Work associated with the project. It is also understood that if the Project is constructed, if at all, at no cost to the Railroad.

City and the Railroad will enter into separate License, Right of Entry, Construction and Maintenance Agreements associated with the actual construction of the project if the project is accepted and approved by the railroad. The Agreements will be drafted by Union Pacific and forwarded to the City after the Exhibit A and cost estimates have been approved.

Please contact Stefanie Kemen at telephone number 916-774-5372 or via email at SKemen@roseville.ca.us if you have any questions. Your assistance in this matter is appreciated.

Sincerely,

Rob Jensen
City Manager
City of Roseville

UNION PACIFIC RAILROAD COMPANY

By _____ Date _____

Name and Title _____

Attachment(s) - none



COUNCIL COMMUNICATION

CC #: 9005

File #: 0200 & 0201-01

Title: General Financial Analysis Services - Professional Services Agreement Amendment and Budget Adjustment

Contact: Jeannine Thrash 916-774-5473 jthrash@roseville.ca.us
Dennis Kauffman 916-774-5313 dkauffman@roseville.ca.us

Meeting Date: 1/17/2018

Item #: 6.5.

RECOMMENDATION TO COUNCIL

Adopt an ordinance to approve a budget adjustment of \$165,000 (for consulting services and City staff time) and adopt a resolution to approve the First Amendment to Professional Services Agreement with Economic Planning Systems, Inc. (EPS), increasing the annual compensation from \$100,000 to \$200,000 for the fiscal year FY2017-18, and authorize the City Manager to execute it.

BACKGROUND

Professional Services Agreement

On July 1, 2015 Council adopted Resolution No. 15-281 for a three-year Professional Services Agreement to provide ongoing financial consulting services to the City of Roseville for a total compensation of \$100,000 per fiscal year.

EPS is currently working on new project that was not anticipated when the contract was agreed upon in 2015. Due to the amendment to the scope of work, it is being requested to amend the contract to increase the compensation allowed in FY2017-18 from \$100,000 to \$200,000.

FISCAL IMPACT

The Finance Department is requesting authority to set up a budget under Sierra Vista Specific Plan (SVSP) Mitigation-Admin (00307) for \$165,000; \$100,000 for professional services and \$65,000 to cover City staff time. There is no impact to the City's General Fund because the costs are the responsibility of the property owners within the Sierra Vista Specific Plan. Fees will be collected upfront and as needed from time to time. If more than \$165,000 is needed in this fiscal year, staff will request additional funding in a subsequent budget adjustment.

ECONOMIC DEVELOPMENT / JOBS CREATED

N/A

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines §15061(b)(3)). Approval of the Amendment to the Professional Services Agreement and a budget adjustment do not include the potential for a significant environmental effect, and therefore is not subject to CEQA.

Respectfully Submitted,

Jeannine Thrash, Administrative Analyst

Dennis Kauffman, Finance Director



Rob Jensen, City Manager

ATTACHMENTS:

Description

Resolution No. 18-28

Signed First Amendment to Master PSA

Ordinance No. 5927

Budget Adjustment

RESOLUTION NO. 18-28

APPROVING A FIRST AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF ROSEVILLE AND ECONOMIC AND PLANNING SYSTEMS,
INC., AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF
THE CITY OF ROSEVILLE

WHEREAS, a first amendment to professional services agreement regarding general
financial analysis services, by and between the City of Roseville and Economic and Planning
Systems, Inc., has been reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that
said first amendment is hereby approved and that the City Manager is authorized to execute it on
behalf of the City of Roseville.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of
_____, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk

**FIRST AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT**

Project: General Financial Analysis Services

THIS FIRST AMENDMENT TO AGREEMENT is made and entered into this ____ day of _____, 20__, by and between the City of Roseville, a municipal corporation ("CITY"), and Economic and Planning Systems Inc., a California corporation ("CONSULTANT"); and

W I T N E S S E T H:

WHEREAS, CITY and CONSULTANT previously entered into a Professional Services Agreement dated July 1, 2015 ("Agreement") regarding General Financial Analysis Services ("Project"); and

WHEREAS, CITY desires to amend the Agreement to include additional services as described in CONSULTANT's letter/proposal which is attached hereto as Exhibit "A" and incorporated herein by reference; and

WHEREAS, CONSULTANT is willing and able to provide such additional services.

NOW, THEREFORE, the parties agree as follows:

1. CONSULTANT shall provide additional services as described in Exhibit "A" of this First Amendment to Agreement.
2. Paragraph 2 of the Agreement is amended by adding an additional paragraph to read as follows:

"CITY shall pay one hundred thousand dollars (\$100,000), in consideration of the additional services as set forth in Exhibit "A" to the First Amendment to Agreement. This brings the total not to exceed contract amount to four hundred thousand dollars (\$400,000)."

3. All other provisions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this First Amendment to Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. _____, adopted by the Council of the City of Roseville on the ____ day of _____, 20__, and CONSULTANT has caused this First Amendment to Agreement to be executed.

CITY OF ROSEVILLE, a
municipal corporation

ECONOMIC AND PLANNING
SYSTEMS INC., a California corporation

BY: _____
ROB JENSEN
City Manager

BY: 
its: David Zehnder
Vice President & CFO

ATTEST:

and

BY: _____
SONIA OROZCO
City Clerk

BY: 
its: James R. Mushbach
President

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

APPROVED AS TO FORM:

BY: _____
ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

BY:  _____
DENNIS KAUFFMAN
Director of Finance

EXHIBIT “A”

Attachment A
Work Program
Sierra Vista Specific Plan
Mitigation Fee Program Administration
Fiscal Year 2017/18

Property owners in the Sierra Vista Specific Plan (SVSP) requested the City of Roseville (City) consider a plan area-specific fee program to equalize the allocation of costs for SVSP Mitigation Fee Program (SVSP Fee Program) facilities and land dedications amongst benefiting properties. In response, the City considered and adopted the SVSP Fee Program to pay for required public improvements and City parkland dedication and to allocate the costs and burdens thereof throughout the areas approved for development in the SVSP.

The SVSP Fee Program is a City-implemented plan area-specific development impact fee program applicable only to SVSP land uses. It is independent and separate from all other City, Placer County, other agency, or regional development impact fees presently collected by the City. The SVSP Fee Program contains the following components:

- **City Park Land Fee Component:** Provides funding for the SVSP land to be dedicated for a 40-acre City park. This fee component does not cover neighborhood parks.
- **SVSP Infrastructure Fee Component:** Provides funding for the design and completion of improvements and to fund open space and right-of-way dedications (excluding the City park land referenced above). This fee component contains the following categories of improvements and costs:
 - Roadway facilities
 - Sanitary sewer facilities
 - Potable water facilities
 - Recycled water facilities
 - Storm drainage facilities
 - Paseos
 - Park-and-ride facilities
 - Open space land
 - Right-of-way land
- **Administration Fee Component:** Provides funding to the City for annual administration of the SVSP Fee Program.

The SVSP Fee Program adopted by the City was based on the best infrastructure improvement cost estimates, funding source information, administrative cost estimates, and land use information available at that time. The SVSP Fee Program implementation requires periodic reviews of infrastructure improvement costs, land uses, and other fee program changes over time and requires necessary adjustments to the SVSP Fee Program to account for these changes.

As determined at the time of adoption, the SVSP Fee Program was designed to be administered by a third party for the benefit of SVSP landowners. The City agreed only to (a) employ or retain an administrator to organize, monitor, and administer the fee and (b) collect the fee. The specific provisions regarding SVSP Fee Program administration were identified in Appendix JJ of the Development Agreement entitled, "Sierra Vista Specific Plan Infrastructure Fee Terms and Conditions."

Supporting Documents

The following documents produced by or for the City are used to provide support and information to facilitate administration of the SVSP Fee Program:

- Sierra Vista Specific Plan Fee Program Nexus Study, dated March 2011.
- Sierra Vista Specific Plan, dated March 19, 2010.
- Sierra Vista Preliminary Estimates, prepared by MacKay & Somps, dated August 6, 2010, as supplemented with updated information in December 2010 (Preliminary Estimates).
- Development Agreements By and Between the City and Certain Developers Relative to the Sierra Vista Specific Plan, May–June 2010 (each agreement is specific to each property owner).
- Exhibit JJ of the Development Agreement.

Tasks

Under an existing work authorization, Economic & Planning Systems, Inc. (EPS) and the City have had ongoing discussions regarding the roles EPS, as the third-party administrator, will play relative to obligations that will be assumed by City staff. The following Scope of Work outlines the work effort anticipated to be completed by EPS.

Task 1: SVSP Fee Program Fiscal Year 2017/18 Administration

EPS separated the proposed Fiscal Year (FY) 2017/18 administration into two subtasks.

Subtask 1A: Initial Setup and Update of the SVSP Fee Program

This subtask is designed to assist the City with updates to the SVSP Fee Program. As stated, the City adopted the SVSP Fee Program based on the cost estimates, funding source information, administrative cost estimates, and land use information available at that time. As it has been

several years since adoption of the fee, the costs and related fees need to be escalated to 2017 dollars. As a part of the SVSP Fee Program Update, EPS will:

- Request an updated appraisal for City park land.
- Request actual costs for any completed and included infrastructure project, and update the progress of construction contracts for SVSP Fee Program improvements.
- Update estimated costs of administering the program, including City cost of administration, appraisals, etc.
- Determine the change in the Engineering News Record Construction Cost Index (CCI), using both the 20-City CCI and the San Francisco CCI.
- Evaluate and provide recommended fee amounts for the SVSP Fee Program to the City.
- Review current City SVSP Fee Program fee-collection process and provide recommendations as necessary.

Subtask 1B: Ongoing FY 2017/18 SVSP Fee Program Administration

This subtask includes calculating total fee obligations for ongoing project development as needed throughout FY 2017/18:

- Provide builders with (a) total SVSP Fee Program fees payable to the City for given projects and (b) necessary documentation, as appropriate, for submittal to the City before building permit issuance, or small lot entitlements, as described in the Development Agreements.
- Assist the City with preparing fee credit/reimbursement agreements for City Council consideration.
- Calculate the total SVSP Fee Program obligations net of outstanding credits and reimbursements for development before fee payment to the City.
- Track any changes to land use in anticipation of subsequent annual updates.

Other Requested Analyses

In addition to work performed under this proposed Work Program, EPS understands one or more landowners may request additional analysis or technical support. In the opinion of the Administrator and the City, if a request is deemed to be beyond that which is necessary for general administration of the SVSP Fee Program, EPS understands any such additional requests are to be separately funded by the individual landowner, with any resulting analysis, evaluation, or documents to be made available to all SVSP landowners to access and review.

Budget

Recognizing FY 2017/18 represents the first true step towards SVSP Fee Program administration, EPS anticipates extraordinary efforts will be required to launch the SVSP Fee Program and to establish protocols for EPS, the City, and the SVSP developers. For the remainder of

FY 2017/18, EPS understands this work effort will be completed as part of the EPS Master Services Agreement with the City. Correspondingly, EPS requests the annual budget amount for the Master Services Agreement be increased from \$100,000 annually to \$200,000. The requested \$200,000 maximum would be applicable for FY 2017/18.

EPS charges for its services on a direct-cost (hourly billing rates plus direct expenses), not-to-exceed basis; therefore, you will be billed only for the work completed up to the authorized budget amount. If additional work or complex analysis changes are necessary, EPS will request authorization for additional budget with the understanding that terms will be negotiated in good faith. EPS's Hourly Billing Rates are attached as part of this Work Program.

2017 HOURLY BILLING RATES

Sacramento Office

Managing Principal	\$255-\$285
Senior Principal	\$300
Principal	\$230-\$245
Executive/Senior Vice President	\$225
Vice President	\$200
Senior Technical Associate	\$185
Senior Associate	\$170
Associate	\$155
Research Analyst II	\$115
Research Analyst I	\$85
Production and Administrative Staff	\$80



Billing rates updated annually.

ORDINANCE NO. 5927

ORDINANCE OF THE COUNCIL OF THE CITY OF ROSEVILLE
AUTHORIZING CERTAIN AMENDMENTS TO THE 2017-18
BUDGET AND DECLARING THIS ORDINANCE TO BE IMMEDIATELY
EFFECTIVE AS AN APPROPRIATION MEASURE

THE CITY OF ROSEVILLE ORDAINS:

SECTION 1. The City of Roseville Annual Budget, Fiscal Year 2017-18, is hereby amended by transferring appropriation to and from the activities indicated below:

Appropriate funds for general financial analysis services, per the request of the Finance Department as listed on the attached Request for Budget Adjustment in the amount of \$165,000.00.

SECTION 2. This ordinance is hereby declared to be an appropriation measure, immediately effective pursuant to the provisions of Section 5.03 of the Charter.

SECTION 3. The City Clerk is hereby authorized and directed to post a true copy of the foregoing ordinance in each of three (3) conspicuous locations in the City and she shall immediately after such posting enter in the ordinance book, under the record of the ordinance, a certificate under her hand stating the time and place of such publication by posting.

PASSED AND ADOPTED by the Council of the City of Roseville, this
_____ day of _____, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk



REQUEST FOR BUDGET ADJUSTMENT

FINANCE DEPARTMENT

Instructions: Complete all necessary fields. Fields marked with an asterisk (*) are mandatory and required for processing. Obtain required approvals and process according to the procedure outlined in: [A.R. 6.01 Budget Adjustment Policy & Procedure.](#)

REQUESTER*: Jeannine Thrash

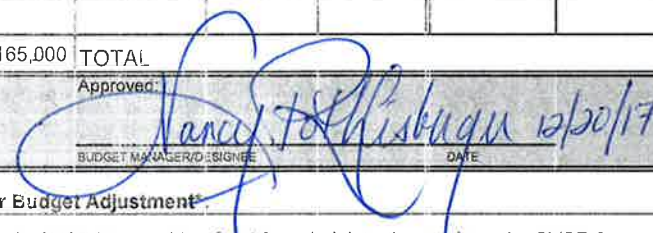
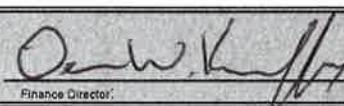
DEPARTMENT/DIVISION*: Finance Admin

FISCAL YEAR/EFFECTIVE DATE*: FY2018

PROPOSED COUNCIL DATE (if applicable): 01/17/2018

For more detailed budget adjustment training information, including examples, please click on the following link:

[Miscellaneous Budget Training Information.](#)

USE OF FUNDS*						
AMOUNT*	ACCOUNT NUMBER					Account Title/Activity Description*
	GL			JL		
	ORG KEY*	OBJECT*	FUND*	PROJECT	ACTIVITY	
100,000	00307	5101	307			SVSP Mitigation Fnd-Prof. Services for admin fee prg.
65,000	00307	5650	307			City staff time related to SVSP Mitigation Fee Program
\$ 165,000	TOTAL					
SOURCE OF FUNDS*						
AMOUNT*	ACCOUNT NUMBER					Account Title/Activity Description*
	GL			JL		
	ORG KEY	OBJECT	FUND*	PROJECT	ACTIVITY	
165,000	00307	3330	307			SVSP Mitigation Fund revenue for admin fee program
(6,500)	08200	4998				Planning
(26,000)	08820	4998				Engineering
(13,000)	08801	4998				Mapping
(9,750)	05000	4998				Finance admin
(9,750)	02000	4998				City Attorney's office
65,000			100			Available Resources
\$ 165,000	TOTAL					
FINANCE USE Approved:  BUDGET MANAGER/DISEGNEE _____ DATE 12/20/17 Approved:  Finance Director _____ DATE 12/20/17						

Justification for Budget Adjustment*

Property owners in SVSP have paid upfront for administration work on the SVSP fee program. Staff has also been putting in time working with the consultant and property owners on SVSP fee program. This budget adjustment is to authorize use of the funds in order to cover the consultant's as well as the staff's time on the fee program.

Approved:  REQUESTING DEPARTMENT HEAD / DESIGNEE _____ DATE 12/20/17	Approved: _____ CITY MANAGER _____ DATE _____
--	--



COUNCIL COMMUNICATION

CC #: 9004
File #: 0202-01

Title: Financial Reports for Fiscal Year Ended June 30, 2017
Contact: Jacquelyn Flickinger 916-774-5516 jflickinger@roseville.ca.us

Meeting Date: 1/17/2018
Item #: 6.6.

RECOMMENDATION TO COUNCIL

This item requires no Council action and is for information only.

BACKGROUND

The following three informational reports are included on this communication:

- Comprehensive Annual Financial Report (CAFR)
- Single Audit Report
- Independent Accountant's Report on Applying Agreed-Upon Procedures Related to the Article XIII-B Appropriations Limit for the year ended June 30, 2018.

The City Charter requires that the City Council engage an independent certified public accounting firm to conduct the annual financial audit. Vavrinek, Trine, Day & Co. LLP, a certified public accounting firm, conducted the audits of the City's financial statements for the fiscal year ended June 30, 2017. The City received an unmodified (clean) opinion on the CAFR. The CAFR conforms to generally accepted accounting principles and the latest applicable Governmental Accounting Standards Board Statements. This report continues to reflect financial stability and proper accounting practices of the City. In addition, the 2016 CAFR received the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting. GFOA awarded this certificate to the City for the 14th consecutive year and it is included in the 2017 CAFR.

A Single Audit is required for any non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year. There were no financial statement or compliance findings included in this year's report.

Article XIII-B Appropriations Limit placed limits on the growth of expenditures for publicly funded programs. The Independent Accountant's Report on Applying Agreed-Upon Procedures Related to the Article XIII-B Appropriations Limit for the year ended June 30, 2018 was performed to assist the City in meeting the requirements of Section 1.5 of the Article XIII-B which requires the

annual calculation of the appropriations limit to be reviewed as part of an annual financial audit. No exceptions are included in the report.

FISCAL IMPACT

There is no fiscal impact as a result of this informational report.

ECONOMIC DEVELOPMENT / JOBS CREATED

This is an informational report. No jobs will be created.

ENVIRONMENTAL REVIEW

This informational report is not considered a project defined by the California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines 15061(b) (3).

Respectfully Submitted,

Jacquelyn Flickinger, Controller

Dennis Kauffman, Finance Director



Rob Jensen, City Manager

ATTACHMENTS:

Description

2017 CAFR

2018 GANN Limit Report

2017 Single Audit Report

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017



Downtown Roundabout, Roseville, California

CITY OF ROSEVILLE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

Prepared by

FINANCE DEPARTMENT

**CITY OF ROSEVILLE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

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**CITY OF ROSEVILLE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

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**CITY OF ROSEVILLE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

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**CITY OF ROSEVILLE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

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December 22, 2017

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Roseville (City) for the fiscal year ended June 30, 2017. The format and content of this CAFR complies with the principles and standards of accounting and financial reporting adopted by the Governmental Accounting Standards Board (GASB) and contains all information needed for readers to gain a reasonable understanding of the City's financial activities. In addition, the organization of the CAFR follows the guidelines set forth by the Government Finance Officers' Association (GFOA) of the United States and Canada. Management takes sole responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City's financial statements have been audited by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants. The goal of the audit is to obtain reasonable assurance that the financial statements are free of material misstatements and are fairly presented in conformity with generally accepted accounting principles (GAAP). Vavrinek, Trine, Day & Co., LLP, issued an unmodified opinion for the fiscal year ended June 30, 2017. The independent auditors' report is presented as the first component of the financial section of this report.

A separate single audit report has been prepared in conformity with the provisions of the Federal Single Audit Act of 1996 as amended and U.S. Office of Management and Budget Uniform Guidance 2 CFR Part 200.

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 the CAFR's financial section in conjunction with this letter.

THE REPORTING ENTITY AND ITS SERVICES

Roseville is a charter law city of the State of California. The City was incorporated on April 10, 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.

Residents of the City may assist the City Council in formulating government policy 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, Economic Development Advisory Committee, Library Board, Parks and Recreation Commission, Personnel Board, Placer Mosquito & Vector Control District, Planning Commission, Public Utilities Commission, Roseville Grants Advisory Commission, Senior Citizen Commission, Transportation Commission, Youth Sports Coalition, and the Community Priorities Advisory Committee.

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

The CAFR includes blended component units of the Roseville Finance Authority (Finance Authority), Roseville Natural Gas Financing Authority (RNGFA), Roseville Community Development Corporation (RCDC), and the City of Roseville Housing Authority (Housing Authority), and fiduciary component units of the Successor Agency to the Redevelopment Agency (Successor Agency) and the City of Roseville Other Post-Employment Benefits Trust (OPEB Trust) which constitutes a single reporting entity. The Finance Authority, the Housing Authority, RNGFA, and OPEB Trust are separate legal entities from the City, but have the same governing board. 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. RNGFA, RCDC, and the OPEB Trust issue component unit financial statements. Separate financial statements are not issued for the Finance Authority, the Housing Authority, or the Successor Agency.

MAJOR ACTIVITIES IN THE CITY

Many of the major activities undertaken in fiscal year 2017 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:** The City has completed the following projects: the 2015 Arterial Resurfacing Project, the replacement of the Industrial Avenue Bridge over Pleasant Grove Creek, and the Roseville Road "s-curve" reconstruction. The City has begun or continued design of the following projects: Eureka/Atlantic to Westbound I-80 Onramp Widening, Hillcrest Drainage, Washington "Andora" Underpass Widening, Pleasant Grove Changeable Message Sign, Miner's Ravine Trail Slope Protection, Downtown Bridges, Harding to Royer Bike Trail Segment 3, Sierra Gardens Transfer Point, Oakridge Bridge Replacement, and 2017 Arterial Resurfacing projects. The City has begun or continues construction of Fire Station #1, Oak Street Parking Garage, Roller Compacted Concrete Project, Louis/Orlando Transfer Station, 2017 Arterial Ramp Upgrade, and Woodcreek Oaks Widening projects.

- **Water:** The City completed the first phase of the West Side Tank and Pump Station Project construction and will start the design for phase two construction in early 2018. The City met the June 2017 deadline for formation of a Groundwater Sustainability Agency in West Placer County in compliance with the State Sustainable Groundwater Management Act. The City entered into a memorandum of agreement with the City of Lincoln, Placer County Water Agency, Nevada Irrigation District and Placer County with participation by California American Water Company.
- **Wastewater:** The City finished design for improvements at the Dry Creek Wastewater Treatment Plant (WWTP) Nitrate plus Nitrite Reduction and Cogeneration Projects and are soliciting proposals from construction contractors to construct improvements. Final design work for the Pleasant Grove WWTP Expansion and Energy Recover Projects is nearly complete. Construction for these projects is expected to begin in the first half of 2018. New SCADA system installation and testing is nearly complete at the Pleasant Grove WWTP and will soon begin at the Dry Creek WWTP.
- **Electric:** The City continued ongoing expansion of its electric distribution system to serve new customers and rehabilitation of existing electric assets to maintain reliable service.
- **Parks and Recreation:** The City completed the Johnson Pool ADA repairs, EJ Fiddymont Park, Waltrip Park, Kennedy Park, and Stizzo Park.

The City has experienced an overall increase in total permit activity with 5,854 permits being issued, compared to 4,931 permits issued last fiscal year. Single-family residential permits increased compared to last fiscal year with 1,055 new single family and 33 new multi-family permits issued in 2017 as compared to 850 and 0, respectively, in fiscal year 2016. Several new development proposals should keep single-family and multi-family permits on the rise in the near future. The number of commercial permits increased to 20, up by 10 permits, as compared to the prior year. The square footage of these buildings increased to 1,026,364 square feet from only 89,996 square feet in the prior year. Of the new commercial permits, the largest permits were issued to McKesson Pharmaceutical for just over 303,000 square feet and Adventist Health for almost 282,000 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 and is currently under construction. The Creekview Specific Plan, approved by the City Council in September 2012, was annexed on April 17, 2013. The Creekview Specific Plan includes 2,011 single family and multi-family residential units and 19.3 acres for commercial development (161 acres are planned for open space, parks, a school and utility sites). The HP Campus rezone project was approved by Council on August 5, 2015. The Amoruso Ranch Specific Plan was approved by City Council in June 2016. This specific plan includes the establishment of 2,827 residential units, commercial, parks, open space and public land use designations. It is currently going through the annexation process, estimated to be complete by the end of the fiscal year 2018. It will also need Federal wetland permits and is dependent on infrastructure in the Creekview Specific Plan area.

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.

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 Funds, Water, Wastewater, and Solid Waste, to help ease the impacts of rate increases over a period of years.

CIP Rehabilitation Fund: The City has set aside money 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.

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 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 established 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. It has performed well in the equity markets, achieving a return of 7.67% since inception. In fiscal year 2017, the OPEB plan assets grew to \$72.69 million. In fiscal year 2014, the City negotiated with labor groups to cap future liabilities by creating a Tier III benefit for new hires. Tier III employees are required to set aside a portion of their salary into a Retirement Health Savings account. In the long-term the OPEB unfunded liability should start decreasing with increased contributions and investment returns.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

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, 2016. 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. We believe this CAFR also meets the requirements of the program and we will be submitting it to the GFOA to determine its eligibility for the certificate.

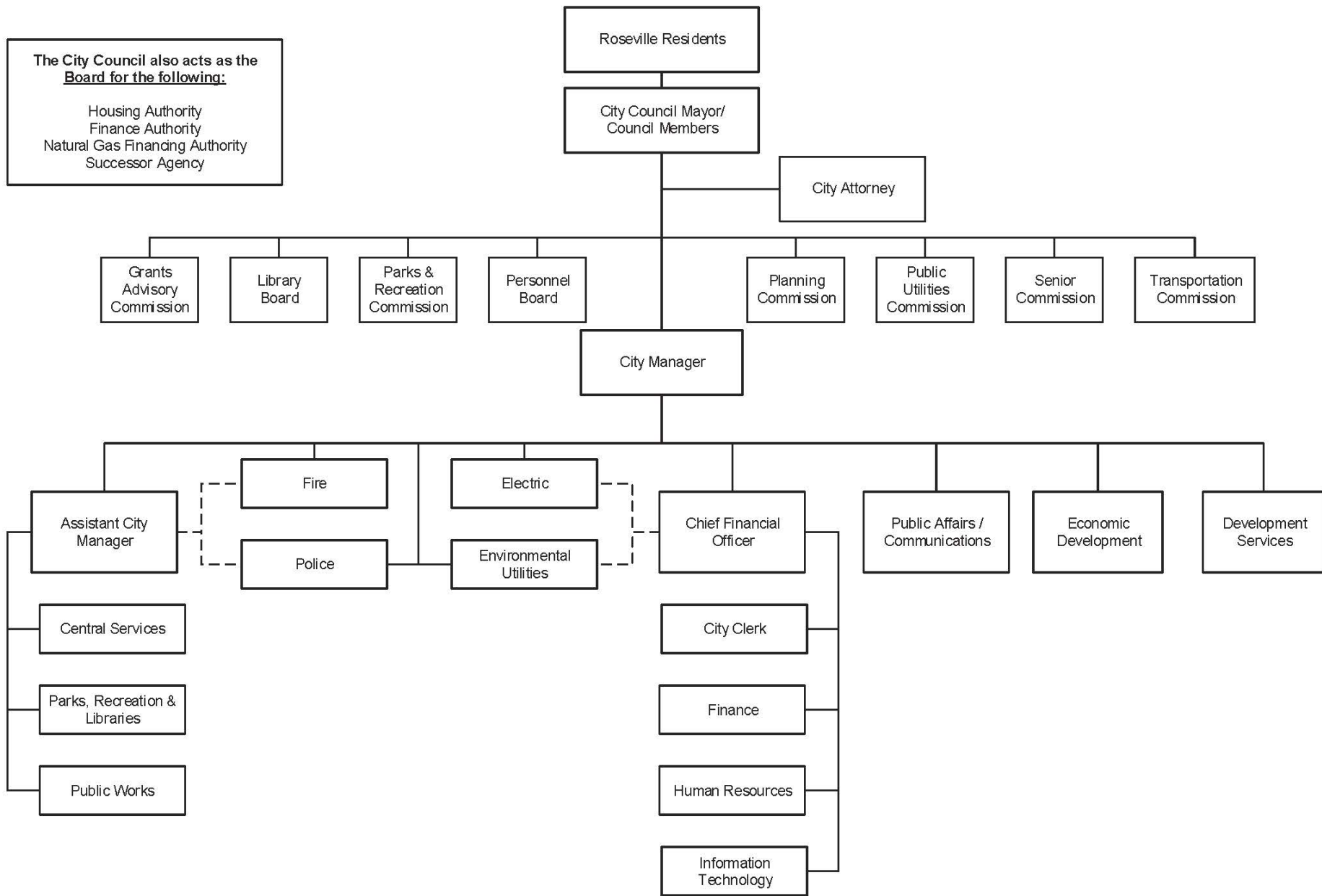
ACKNOWLEDGMENTS

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 made 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,



Dennis Kauffman
Director of Finance



City Wide Organization (1,147.48 FTE)

CITY OF ROSEVILLE
ELECTED OFFICIALS
JUNE 30, 2017

Mayor	Susan Rohan
Vice Mayor	Bonnie Gore
Council Member	John Allard
Council Member	Scott Alvord
Council Member	Tim Herman



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, 2016



Executive Director/CEO



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
City of Roseville, California

Report on the 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, California, (City) as of and for the year ended June 30, 2017, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective July 1, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 18, the budgetary comparison information for the General Fund on pages 107 through 110, the schedule of changes in the net pension liability and related ratios on page 111, the schedule of pension contributions on page 112 the Modified Approach to Reporting Street Pavement Costs and Parks and Landscaping Costs on pages 113 and 114, and the schedule of funding progress on page 115 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. The introductory section, combining and individual non-major fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual non-major fund financial statements and schedules are 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, 2017, 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 City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Varinek, Trine, Day & Co LLP".

Sacramento, California
December 22, 2017

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CITY OF ROSEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

The following discussion provides readers of the City of Roseville's (City) financial statements a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. This document should be read in conjunction with the accompanying Letter of Transmittal and Basic Financial Statements.

FISCAL YEAR 2017 FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year 2017 include the following:

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources as of June 30, 2017 by \$2,547.0 million.
- The City's governmental funds reported a combined fund balance of \$239.1 million. Unassigned fund balances comprise \$39.0 million of this total, or 16.3% of the combined fund balance, which is available for use at the discretion of the City.

OVERVIEW OF THE CITY'S COMPREHENSIVE ANNUAL FINANCIAL STATEMENT

The City's Comprehensive Annual Financial Report (CAFR) is divided into four sections:

- Introductory section, including the letter of transmittal, list of City elected officials, and the City's organization chart.
- Financial section, including the independent auditors' report, management's discussion and analysis, and the basic financial statements.
- Supplemental Information section, including the required supplementary information and supplemental information.
- Statistical section, including a number of tables and graphs on unaudited data depicting 10 years of financial history about the City and information on its overlapping governmental debt.

The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

The basic financial statements also include notes that provide additional information essential to understanding the data contained in the government-wide and fund financial statements. The statements and notes are followed by the Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Contributions for the City's pension plans along with the Schedule of Funding Progress for the City's other post-employment benefit plan, which are required supplementary information. In addition to these required elements, we have included combining statements and schedules that provide details about the City's non-major governmental funds, non-major enterprise funds, internal service funds, private purpose trust funds, agency funds, each of which is presented in a column in the basic financial statements.

CITY OF ROSEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Government-wide Financial Statements

The government-wide statements report information about the City using accounting methods like those used by private-sector companies. The statement of net position includes all the City's assets and liabilities, as well as any deferred outflows or inflows of resources. The statement of activities includes all current year revenues and expenses regardless of when cash is received or paid. These government-wide statements report the City's net position and how the City's net position has changed during the fiscal year.

The government-wide financial statements of the City present information about the following:

- *Governmental Activities:* Most 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.
- *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.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the City's largest funds, not the City as a whole.

The City has three types of fund financial statements:

- *Governmental funds:* Governmental fund statements provide information about the general government services such as police, fire and public works were financed in the short-term as well as what remains for future spending. Most of the City's basic services are included in governmental funds, which focus on (1) short-term inflows and outflows of spendable resources, and (2) the remaining year-end balances available for spending. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations that explain the relationship (or differences) between governmental funds and governmental activities follow the governmental fund statements.
- *Proprietary funds:* Proprietary fund statements provide information about the services for which customer fees are intended to finance the costs of operations are generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide short-term and long-term financial information about the activities the City operates like businesses, such as utility services.
- *Fiduciary funds:* Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong. The City is the trustee or fiduciary. It is also responsible for other assets, reported in an investment trust fund, which because of trust agreements, can be used only for the trust beneficiaries. The City elected to serve as the successor agency for its former redevelopment agency which was dissolved by state law. The successor agency activity is accounted for in a private purpose trust fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these resources to finance its operations.

CITY OF ROSEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

This analysis focuses on the City's net position and changes of its governmental and business-type activities for the fiscal year ending June 30, 2017.

Statement of Net Position - Primary Government
As of June 30, 2017 and 2016
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Cash and investments	\$ 255.0	\$ 264.4	\$ 337.8	\$ 296.3	\$ 592.8	\$ 560.7
Other assets	88.7	87.6	397.9	401.8	486.6	489.4
Capital assets	990.7	903.4	1,513.1	1,518.2	2,503.9	2,421.6
Total Assets	1,334.4	1,255.4	2,248.8	2,216.3	3,583.3	3,471.7
Deferred Outflows of Resources	44.0	18.5	50.9	48.7	95.0	67.2
Liabilities						
Long-term debt outstanding	27.3	28.4	504.8	524.3	532.1	552.7
Other liabilities	292.9	277.3	182.4	179.5	475.3	456.8
Total Liabilities	320.2	305.7	687.2	703.8	1,007.4	1,009.5
Deferred Inflows of Resources	9.2	15.2	114.6	116.1	123.8	131.3
Net Position						
Net investment in capital assets	963.4	875.0	1,164.4	1,156.7	2,127.9	2,031.7
Restricted	128.5	171.6	35.6	33.3	164.1	204.9
Unrestricted	(42.9)	(93.6)	298.0	255.1	255.1	161.5
Total Net Position	\$ 1,049.0	\$ 953.0	\$ 1,498.0	\$ 1,445.1	\$ 2,547.0	\$ 2,398.1

The largest portion of the City's net position is recorded in the net investment in capital assets category of \$2,127.9 million. This category reports capital assets less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide services to its citizens.

The restricted portion of the City's net position of \$164.1 million represents resources that are restricted for use by external sources. The remaining net position of \$255.1 million is unrestricted and can be used to meet the ongoing obligations of the City.

CITY OF ROSEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Governmental Activities

Government Activities – Net Position

This analysis focuses on the net position and changes in net position of the City's governmental activities, presented in the Government-wide Statement of Net Position and Statement of Activities.

Statement of Net Position - Governmental Activities
As of June 30, 2017 and 2016
(in millions)

	<u>2017</u>	<u>2016</u>	<u>Increase/ Decrease</u>
Assets			
Cash and investments	\$ 255.0	\$ 264.4	\$ (9.4)
Other assets	88.7	87.6	1.1
Capital assets	990.7	903.4	87.3
Total Assets	<u>1,334.4</u>	<u>1,255.4</u>	<u>79.0</u>
Deferred Outflows of Resources	<u>44.0</u>	<u>18.5</u>	<u>25.5</u>
Liabilities			
Long-term debt outstanding	27.3	28.4	(1.1)
Other liabilities	292.9	277.3	15.6
Total Liabilities	<u>320.2</u>	<u>305.7</u>	<u>14.5</u>
Deferred Inflows of Resources	<u>9.2</u>	<u>15.2</u>	<u>(6.0)</u>
Net Position			
Net investment in capital assets	963.4	875.0	88.4
Restricted	128.5	171.6	(43.1)
Unrestricted	(42.9)	(93.6)	50.7
Total Net Position	<u>\$ 1,049.0</u>	<u>\$ 953.0</u>	<u>\$ 96.0</u>

The City's governmental net position increased by \$96.0 million to \$1,049.0 million as of June 30, 2017. The City's net position increased primarily due to the following:

- Capital assets net of depreciation increased by \$87.3 million due to asset additions primarily due to completion of the 316 Vernon Street Office Building, new streets, and dedicated Park land and Open Space in the West Roseville Specific Plan and East Roseville Specific Plan areas.
- Other liabilities increased \$15.6 million primarily due to an increase of \$32.3 million in net pension obligation and decreases of \$12.6 million and \$4.1 in due to other governments and accrued liabilities, respectively.

CITY OF ROSEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Changes in Net Position - Governmental Activities
For the Years Ended June 30, 2017 and 2016
(in millions)

	<u>2017</u>	<u>2016</u>	<u>Increase/ Decrease</u>
Revenues			
Program Revenues			
Charges for services	\$ 34.4	\$ 29.4	\$ 5.0
Operating grants and contributions	21.0	18.7	2.3
Capital grants and contributions	35.5	38.6	(3.1)
Total Program Revenues	<u>91.0</u>	<u>86.7</u>	<u>4.3</u>
General Revenues			
Taxes	101.8	100.9	0.9
Use of money and property	0.7	3.1	(2.4)
Miscellaneous	18.7	0.2	18.5
Total General Revenues	<u>121.1</u>	<u>104.2</u>	<u>16.9</u>
Total Revenues	<u>212.1</u>	<u>190.9</u>	<u>21.2</u>
Expenses			
General government	23.5	24.2	(0.7)
Development and operations	22.4	21.7	0.7
Public works	15.5	12.8	2.7
Police	28.0	34.2	(6.2)
Fire	21.9	28.3	(6.4)
Library	3.4	4.7	(1.3)
Parks and recreation	19.3	21.3	(2.0)
Housing assistance payments	4.2	4.1	0.1
Interest on long-term debt	4.3	1.1	3.2
Total Expenses	<u>142.4</u>	<u>152.4</u>	<u>(10.0)</u>
Changes in Net Position before Transfers	<u>69.8</u>	<u>38.5</u>	<u>31.3</u>
Transfers	20.7	24.9	(4.2)
Changes in Net Position after Transfers	<u>90.4</u>	<u>63.4</u>	<u>27.0</u>
Net Position-Beginning, as Restated	<u>958.6</u>	<u>889.6</u>	<u>69.0</u>
Net Position-Ending	<u>\$ 1,049.0</u>	<u>\$ 953.0</u>	<u>\$ 96.0</u>

Program revenues were comprised of charges for services of \$34.4 million that include permit revenues, fees, and charges used to fund expenses incurred in providing services; \$21.0 million of operating grants and contributions which include housing, police, and grants; and capital grants and contributions of \$35.5 million that consist mainly of street project grants and developer impact fees restricted to capital outlay.

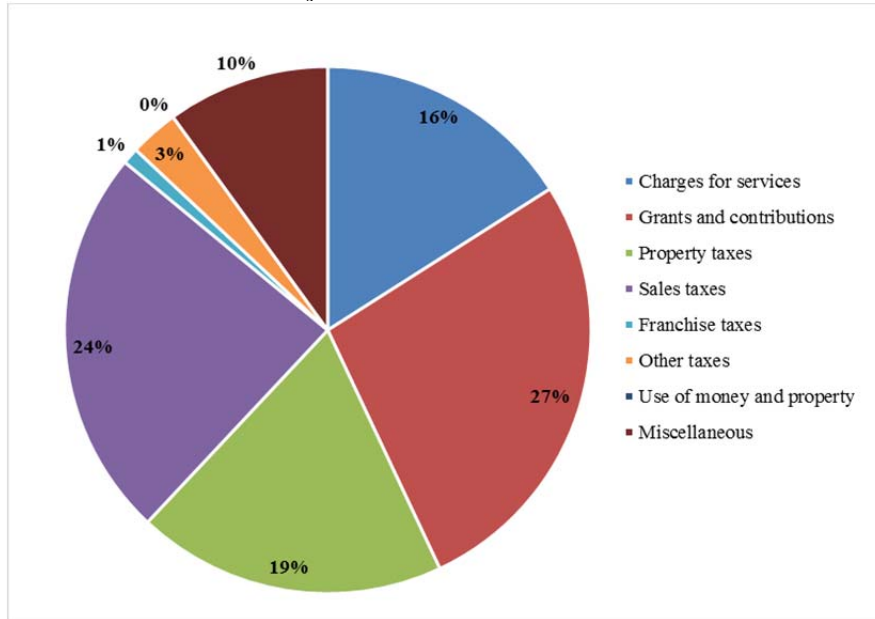
General revenues were mainly comprised of property and sales taxes totaling \$92.3 million and revenue for the Mercy Housing project and proceeds from bonds for developer reimbursements for authorized facilities totaling \$11.7 included in miscellaneous revenues. General revenues are not allocable to programs and are used to pay the net cost of governmental programs.

Total expenses decreased by \$10.0 million primarily due to decreases in pension expense in police and fire of \$12.6 million offset by an increase of \$3.2 million in interest on long-term debt.

CITY OF ROSEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Governmental Activities – Revenues by Source

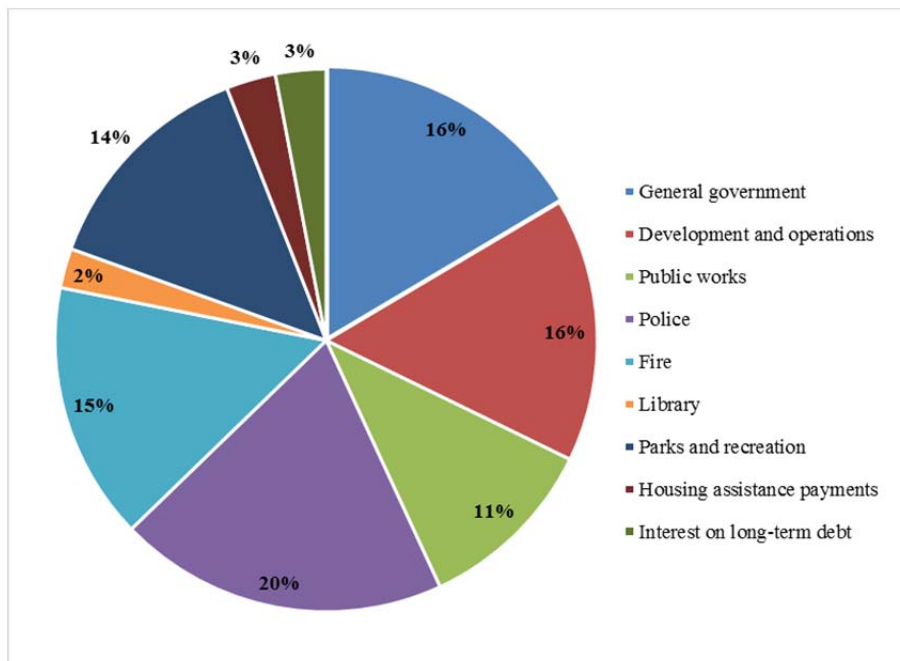
The chart below describes the revenues by source for Governmental Activities.



As the revenues chart reflects, \$91.0 million, or 43% of the City's fiscal year 2017 governmental revenue came from program revenues and \$121.1 million, or 57%, came from general revenues such as taxes, interest and miscellaneous revenues.

Governmental Activities – Functional Expenses

The functional expenses chart below includes only current year expenses for governmental activities.



CITY OF ROSEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Capital outlay is excluded from functional expenses as these expenses are added to the City's capital assets. As the chart reflects, general government was \$23.5 million or 16% of total governmental activities expenses; development and operations was \$22.4 million or 16%; public works was \$15.5 million or 11%; police was \$28.0 million or 20%; fire was \$21.9 million or 15%; parks and recreation was \$19.3 million or 14%; and the remainder was for other governmental programs and functions, as shown above.

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.

Statement of Net Position - Business-type Activities
As of June 30, 2017 and 2016
(in millions)

	<u>2017</u>	<u>2016</u>	<u>Increase/ Decrease</u>
Assets			
Cash and investments	\$ 337.8	\$ 296.3	\$ 41.5
Other assets	397.9	401.8	(3.9)
Capital assets	1,513.1	1,518.2	(5.1)
Total Assets	<u>2,248.8</u>	<u>2,216.3</u>	<u>32.5</u>
 Deferred Outflows of Resources	 <u>50.9</u>	 <u>48.7</u>	 <u>2.2</u>
 Liabilities			
Long-term debt outstanding	504.8	524.3	(19.5)
Other liabilities	182.4	179.5	2.9
Total Liabilities	<u>687.2</u>	<u>703.8</u>	<u>(16.6)</u>
 Deferred Inflows of Resources	 <u>114.6</u>	 <u>116.1</u>	 <u>(1.5)</u>
 Net Position			
Net investment in capital assets	1,164.4	1,156.7	7.7
Restricted	35.6	33.3	2.3
Unrestricted	298.0	255.1	42.9
Total Net Position	<u>\$ 1,498.0</u>	<u>\$ 1,445.1</u>	<u>\$ 52.9</u>

The net position of business-type activities amounted to \$1,498.0 million in fiscal year 2017, an increase of \$52.9 million from fiscal year 2016. The City's business-type activities net position increased due to the following:

- Cash and investments increased by \$41.5 million and capital assets decreased by \$5.0 million.
- Long-term debt outstanding decreased by \$19.5 million from debt refundings and scheduled retirements of outstanding debt.

CITY OF ROSEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Changes in Net Position - Business-type Activities
For the Years Ended June 30, 2017 and 2016
(in millions)

	<u>2017</u>	<u>2016</u>	<u>Increase/ Decrease</u>
Revenues			
Program Revenues			
Charges for services	\$ 281.6	\$ 272.4	\$ 9.2
Operating grants and contributions	10.6	5.9	4.7
Capital grants and contributions	61.0	55.8	5.2
Total Program Revenues	<u>353.3</u>	<u>334.1</u>	<u>19.2</u>
General Revenues			
Use of property and money	8.9	12.1	(3.2)
Total Revenues	<u>362.2</u>	<u>346.2</u>	<u>16.0</u>
Expenses			
Electric	151.0	141.8	9.2
Water	30.1	26.7	3.4
Wastewater	40.4	34.6	5.8
Solid waste	18.3	17.8	0.5
Natural gas	24.7	25.2	(0.5)
Golf course	2.5	2.5	(0.0)
Local transportation	8.2	8.0	0.2
School-age child care	5.8	5.3	0.5
Total Expenses	<u>280.9</u>	<u>261.9</u>	<u>19.0</u>
Change in Net Position before Transfers	<u>81.4</u>	<u>84.3</u>	<u>(2.9)</u>
Transfers	(20.7)	(27.7)	7.0
Changes in Net Position after Transfers	<u>60.7</u>	<u>56.6</u>	<u>4.1</u>
Net Position-Beginning, as Restated	<u>1,437.3</u>	<u>1,325.9</u>	<u>111.4</u>
Net Position-Ending	<u><u>\$ 1,498.0</u></u>	<u><u>\$ 1,382.5</u></u>	<u><u>\$ 115.5</u></u>

Business-type program revenues and interest revenue were \$362.2 million while business-type expenses and transfers out were \$301.6 million in 2017. Major-enterprise fund activity is discussed in the Proprietary Funds section below.

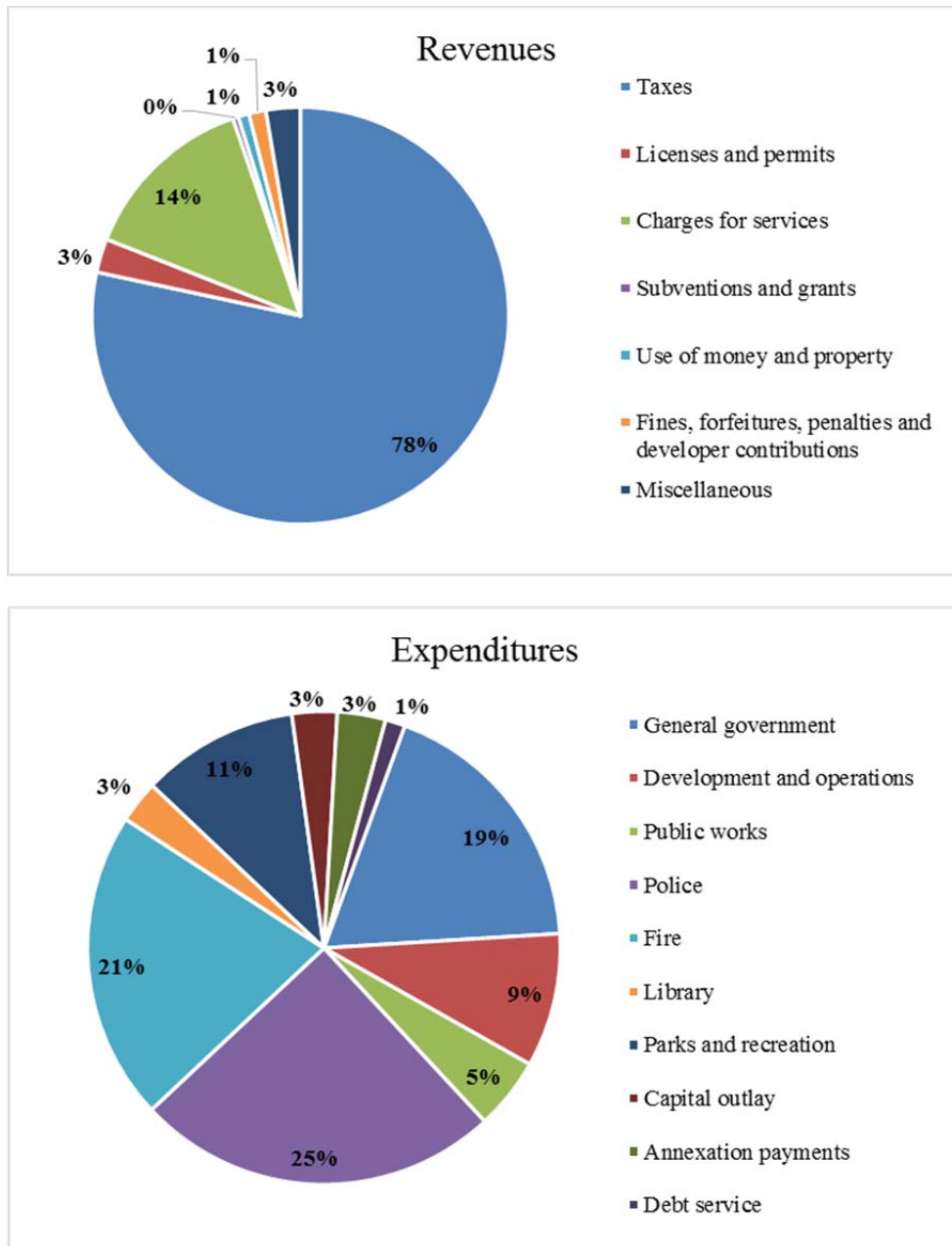
FINANCIAL ANALYSIS OF THE FUND STATEMENTS

Governmental Funds

The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources.

CITY OF ROSEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

General Fund



General Fund revenues increased by \$3.0 million from the prior year, primarily due to increases in taxes of \$1.1 million and increases in charges for services of \$0.9 million. Total actual revenues were less than the final budget by \$1.2 million, with the following major breakdown:

- Taxes were more than budget by \$0.7 million.
- Licenses and permits were more than budget by \$0.6 million.
- Charges for services were less than budget by \$1.4 million.
- Contributions from developers were less than budget by \$1.4 million.

CITY OF ROSEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

General Fund expenditures increased by \$7.5 million from the prior year, primarily due to increases in police of \$1.2 million, fire of \$1.6 million and debt service of \$1.5 million. Total expenditures were \$6.7 million less than budget. The original budget was increased by a net \$5.5 million. The following is a list of the major expenditure variances from the final budget:

- General Government operating services and supplies were \$1.6 million under budget due to the litigation reserve and certain contracts and services not being expended.
- Development and Operations operating services and supplies were \$3.8 million under budget primarily due to certain full cost/consolidated billing projects not being completed by the end of the fiscal year.

As of June 30, 2017, the General Fund's fund balance totaled \$60.6 million, including \$14.2 million nonspendable primarily for notes receivable; \$0.7 committed primarily for parks; \$4.5 million assigned to various contracts; and the balance of \$41.1 million considered unassigned. Only the unassigned portion of fund balance represents available liquid resources, since the nonspendable, committed and assigned portions of the fund balance is represented by non-cash assets, contracts, or open purchase orders.

Non-Major Governmental Funds

These funds are presented in the basic financial statements as non-major governmental funds. They are individually presented as supplemental information.

Proprietary Funds

Electric Fund

Net position of the Electric Fund increased \$22.5 million in fiscal year 2017 in comparison to a \$35.6 million increase in 2016 primarily due to decreases in operating expenses of \$10.2 million and transfers in of \$8.5 million for Electric owned vehicles previously included in the Automotive Fund. As of June 30, 2017, the fund's net position was \$341.5 million, of which \$205.8 million was the net investment in capital assets; \$16.1 million was restricted for debt service; \$9.2 million was restricted for the benefit of rate payers; and \$110.3 million was unrestricted as to use.

Water Fund

Net position of the Water Fund increased \$18.2 million in fiscal year 2017, primarily due to increases in charges for services for rate changes and new development and additional capital contributions. As of June 30, 2017, the fund's net position was \$510.1 million, of which \$438.8 million was the net investment in capital assets; \$4.1 million was restricted for debt service; and \$67.2 million was unrestricted as to use.

Wastewater Fund

Net position of the Wastewater Fund increased \$17.5 million in fiscal year 2017, primarily due to increases in charges for services for rate changes. As of June 30, 2017, the fund's net position was \$602.8 million of which \$487.0 million was the net investment in capital assets; \$4.8 million was restricted for debt service; and \$100.9 million was unrestricted as to use.

CITY OF ROSEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Solid Waste Fund

Net Position of the Solid Waste Fund increased \$1.4 million in fiscal year 2017, primarily due to increases in charges for services. As of June 30, 2017, the fund's net position was \$17.6 million, of which \$2.2 million was the net investment in capital assets and \$15.4 million was unrestricted as to use.

Roseville Natural Gas Financing Authority

This fund was created as the financing mechanism to purchase prepaid natural gas for the Roseville Energy Park, an electric power plant, through the issuance of revenue bonds. \$146.9 million remains due in bonds payable, while the prepaid natural gas was \$149.2 million. Net position of the Roseville Natural Gas Financing Authority Fund increased \$0.1 million in fiscal year 2017 to \$3.9 million which is unrestricted as to use.

Non-Major Enterprise Funds

These funds are presented in the basic financial statements as non-major enterprise funds. They are individually presented as supplemental information.

CAPITAL ASSETS

The City records the cost of its infrastructure assets and computes 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 below:

CITY OF ROSEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Capital Assets
As of June 30, 2017 and 2016
(in millions)

	<u>2017</u>	<u>2016</u>	<u>Increase/ Decrease</u>
Governmental Activities			
Land	\$ 38.8	\$ 56.6	\$ (17.8)
Streets (modified approach)	319.2	305.5	13.7
Parks (modified approach)	156.2	98.2	58.0
Landscaping (modified approach)	52.3	47.6	4.7
Construction in progress	52.0	47.8	4.2
Buildings	159.2	133.7	25.5
Improvements	11.3	8.1	3.2
Equipment	68.5	82.3	(13.8)
Bike paths	9.8	9.0	0.8
Bridges	71.1	70.5	0.6
Culverts	20.7	20.7	0.0
Curb, gutter, sidewalk, and median curbs	166.1	161.8	4.3
Drain inlets	21.8	21.6	0.2
Flood control improvements	20.6	20.4	0.2
Soundwall	40.6	36.8	3.8
Storm drains	93.7	88.5	5.2
Less: accumulated depreciation	<u>(311.4)</u>	<u>(305.7)</u>	<u>(5.7)</u>
Governmental Activities Capital Assets, Net	<u>\$ 990.7</u>	<u>\$ 903.4</u>	<u>\$ 87.3</u>
	<u>2017</u>	<u>2016</u>	<u>Increase/ Decrease</u>
Business-Type Activities			
Land	\$ 17.1	\$ 17.0	\$ 0.1
Landscaping (modified approach)	0.6	0.6	
Construction in progress	40.8	51.8	(11.0)
Buildings	27.4	26.9	0.5
Improvements	18.8	18.8	0.0
Machinery and equipment	34.8	29.2	5.6
Bike paths	5.4	5.4	(0.0)
Bridges	1.7	1.7	0.0
Culverts	0.4	0.4	(0.0)
Curb, gutter, sidewalk, and median curbs	0.5	0.5	(0.0)
Flood control improvements	8.9	8.8	0.1
Traffic signals	50.1	49.1	1.0
Plant and substations	366.2	362.9	3.3
Distribution	1,376.4	1,332.5	43.9
Generation	202.8	202.8	0.0
Less: accumulated depreciation	<u>(638.8)</u>	<u>(590.3)</u>	<u>(48.5)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,513.1</u>	<u>\$ 1,518.1</u>	<u>\$ (5.0)</u>

Detail on capital assets, current year additions, construction in progress and depreciable lives can be found in Note 7 to the financial statements.

CITY OF ROSEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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. 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's policy based on current funding is to maintain arterial and collector roadways at an average Pavement Quality Index (PQI) of 71 and residential roadways at an average PQI of 68. This policy allows for minor cracking and revealing of the pavement along with minor roughness that could be noticeable to drivers traveling at posted speed.

At June 30, 2017, the City's streets averaged 72 PQI for arterial and collector roadways and 69 PQI for residential roadways. The City expended \$11.9 million on preservation of its streets in fiscal year 2017, compared to the budgeted amount of \$14.4 million.

The City uses a computerized grounds management system to track the condition levels of each of the parks and landscaping. The City's policy based on current funding is to maintain parks and landscaping at an average Ground Management Index (GMI) of Level 3. This rating allows for moderate maintenance and is the recommended level for most organizations.

At June 30, 2017, the City's parks and landscaping averaged Level 3 GMI. The City expended \$5.7 million on preservation of its parks and landscaping in fiscal year 2017.

DEBT ADMINISTRATION

The City made all scheduled repayments of existing debt. Each of the City's debt issues is discussed in detail in Note 8 to the financial statements. As of June 30, 2017 the City's debt comprised:

CITY OF ROSEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Outstanding Debt
As of June 30, 2017 and 2016
(in millions)

	<u>2017</u>	<u>2016</u>	<u>Increase/ Decrease</u>
<u>Governmental Activities Debt</u>			
Lease			
2013 Public Facilities Refunding, 2.15%, due 8/1/25	\$ 8.3	\$ 9.1	\$ (0.8)
2015 316 Vernon Street Project, 2.00%-5.00%, due 2/1/34	14.2	14.4	(0.2)
Add: deferred debt premium	0.8	0.8	
Capital Lease Obligations			
Equipment		0.1	(0.1)
Loans			
Successor Agency	4.0	4.0	
Total Governmental Activities Debt	<u><u>\$ 27.3</u></u>	<u><u>\$ 28.4</u></u>	<u><u>\$ (1.1)</u></u>
<u>Business-type Activities Debt</u>			
Certificates of Participation			
2009 Electric System Revenue Refunding, 2.00%-5.25%, due 2/1/24	\$ 4.7	\$ 16.1	\$ (11.4)
Add deferred bond premium	0.1	0.2	(0.1)
2012 Electric System Revenue Refunding, variable rate, due 2/1/35	90.0	90.0	
2015 Water Utility Revenue Refunding, 2.00%-5.00%, due 12/1/29	37.7	39.9	(2.2)
Add deferred bond premium	6.0	6.4	(0.4)
Total Certificates of Participation	<u>138.5</u>	<u>152.6</u>	<u>(14.1)</u>
Revenue Bonds			
2007 Gas Revenue Bonds			
4.00%-5.00%, due 2/15/28	139.5	148.9	(9.4)
Add: deferred bond premium	7.4	8.1	(0.7)
2010 Electric System Revenue Refunding			
2.00%-5.00%, due 2/1/37	1.6	54.1	(52.5)
Add: deferred bond premium		2.1	(2.1)
2013 Electric System Revenue Refunding			
2.00%-5.00%, due 2/1/29	39.4	43.8	(4.4)
Add: deferred bond premium	4.4	4.8	(0.4)
2011 Refunding Wastewater Revenue Bonds, Series C			
1.00%-5.25%, due 11/1/25	28.9	31.4	(2.5)
Add: deferred bond premium	1.8	2.0	(0.2)
2013 Refunding Wastewater Revenue Bonds			
variable rate, due 11/1/35	36.5	36.5	
2014 Refunding Wastewater Revenue Bonds			
variable rate, due 6/30/30	18.0	18.0	
2014 Refunding Electric System Revenue Bonds			
5.00%, due 2/1/34	16.5	16.5	
Add: deferred bond premium	1.8	1.9	(0.1)
2017A Electric System Revenue Refunding			
3.0%-5.00%, due 2/1/37	56.2		
Add: deferred bond premium	4.9		
2017B Taxable Electric System Revenue Refunding			
1.03%-2.41%, due 2/1/22	6.3		6.3
Total Revenue Bonds	<u><u>363.2</u></u>	<u><u>368.1</u></u>	<u><u>(66.0)</u></u>
Lease			
2013 Public Facilities Refunding (Golf Course),			
2.15%, due 8/1/25	3.1	3.5	(0.4)
Total Business-type Activities Debt	<u><u>\$ 504.8</u></u>	<u><u>\$ 524.2</u></u>	<u><u>\$ (80.5)</u></u>

CITY OF ROSEVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

ECONOMIC CONDITION, OUTLOOK AND ACTIVITY

The economic condition of the City in fiscal year 2017 continued to improve. Overall, General Fund revenues increased from the prior year. The City is taking a new approach on the budgeting philosophy for the General Fund to more closely reflect anticipated expenses, leaving less unallocated at the end of the fiscal year. With the unspent funds, a General Fund Contingency, in addition to the General Fund's operating reserve, was created to allow more flexibility to address unanticipated needs that arise during the year.

The electric utility's count of customers grew 1.6% in fiscal year 2017. Energy sales decreased 1% from the prior year, as did corresponding operating revenues. Operating expenses increased slightly and non-operating expenses decreased slightly from the prior year. The revenue to expense outlook for the next several years forecasts revenues meeting expenses. Anticipated new development will add residential and commercial customers. Issues that may impact future rates include state and federal mandates related to renewable energy and environmental concerns as well as increasing distributed generation throughout the customer base. In fiscal year 2018, electric rates will be restructured by increasing the monthly base rate charges and decreasing the energy consumption charges.

The environmental utilities (water, wastewater, and solid waste) ended the year with positive changes in their net position. The water and wastewater utilities debt instruments performed well during fiscal year 2017. The water utility's debt is fixed rate; however, the wastewater utility includes a large amount of variable-rate debt. The interest rates on this debt remained low through fiscal year 2017. In fiscal year 2018, water, wastewater, and solid waste rates increased in total by approximately of 5.4%.

The long-term outlook for the City's economy is promising. Building is continuing to increase for single family homes. This is indicated in the 24% increase in residential single family permits over fiscal year 2016. Sales tax increased from fiscal year 2016. The City anticipates that sales tax should begin to level out over the next few years. New auto sales continued to increase compared to the prior fiscal year, and continues to be a leader in the state.

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 2017, the City continued with the five-year funding plan to address unfunded liabilities associated with OPEB and the CIP Rehab Fund by increasing contributions to the respective funds. CalPERS costs increased, as expected, and are projected to increase in future years as well, as a result of the CalPERS' decision to reduce the discount rate to 7%.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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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, Debt Service, and Permanent Funds. Since the City's Internal Service Funds predominately 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. 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, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments in City Treasury	\$ 241,248,023	\$ 303,195,284	\$ 544,443,307
Restricted cash and investments with fiscal agents	13,762,829	34,576,561	48,339,390
Receivables:			
Taxes	2,008,925		2,008,925
Accounts, net of allowance for doubtful accounts	6,243,688	37,058,260	43,301,948
Accrued interest	4,964,083	1,333,672	6,297,755
Due from other government agencies	19,985,760	6,779,095	26,764,855
Internal balances	4,051,930	(4,051,930)	
Prepays	1,517,625	2,383,562	3,901,187
Developer permit fees receivable	476,554		476,554
Notes receivable	47,466,601	81,703	47,548,304
Inventories	1,154,591	11,428,362	12,582,953
Land held for resale	861,245		861,245
Prepaid purchased gas		149,206,977	149,206,977
Investment in NCPA reserves		4,553,244	4,553,244
Investment in SPWA reserves		77,176,911	77,176,911
Derivative at fair value		111,955,168	111,955,168
Capital assets:			
Capital assets not being depreciated	618,541,399	58,550,842	677,092,241
Capital assets being depreciated, net	372,161,426	1,454,596,714	1,826,758,140
Total Assets	<u>1,334,444,679</u>	<u>2,248,824,425</u>	<u>3,583,269,104</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding		9,177,605	9,177,605
Accumulated decrease in fair value of hedging derivative		20,854,386	20,854,386
Deferred outflows related to pensions	44,006,757	20,919,689	64,926,446
Total Deferred Outflows of Resources	<u>44,006,757</u>	<u>50,951,680</u>	<u>94,958,437</u>
LIABILITIES			
Accounts payable	6,161,656	11,815,487	17,977,143
Accrued liabilities	2,688,212	12,034,075	14,722,287
Due to other governments	596,090	4,514,398	5,110,488
Deposits	4,836,629	7,215,404	12,052,033
Unearned revenues	873,536	17,049,844	17,923,380
Derivative at fair value		20,854,386	20,854,386
Compensated absences:			
Due within one year	4,952,902	2,964,021	7,916,923
Due in more than one year	11,808,320	5,370,003	17,178,323
Self-insurance claims payable and litigation settlement:			
Due within one year	1,913,047		1,913,047
Due in more than one year	7,237,725		7,237,725
Long-term liabilities due in more than one year:			
Landfill closure and post closure liability		1,759,437	1,759,437
Net OPEB obligation	50,971,148		50,971,148
Net pension liability	200,873,011	98,849,243	299,722,254
Other long-term liabilities:			
Due within one year	1,112,435	22,082,189	23,194,624
Due in more than one year	26,173,964	482,689,808	508,863,772
Total Liabilities	<u>320,198,675</u>	<u>687,198,295</u>	<u>1,007,396,970</u>
DEFERRED INFLOWS OF RESOURCES			
Accumulated increase in fair value of hedging derivatives		111,955,168	111,955,168
Deferred inflows related to pensions	9,233,688	2,597,389	11,831,077
Total Deferred Inflows of Resources	<u>9,233,688</u>	<u>114,552,557</u>	<u>123,786,245</u>
NET POSITION			
Net investment in capital assets	963,416,426	1,164,442,267	2,127,858,693
Restricted for:			
Capital projects	98,202,972		
Expendable endowments	421,922		421,922
Nonexpendable endowments	16,964,800		16,964,800
Debt service	285,678	25,063,657	25,349,335
Community development projects	12,625,081		12,625,081
Local transportation		1,320,377	1,320,377
Total Restricted	<u>128,500,453</u>	<u>35,568,403</u>	<u>65,865,884</u>
Unrestricted	(42,897,806)	298,014,583	255,116,777
Total Net Position	<u>\$ 1,049,019,073</u>	<u>\$ 1,498,025,253</u>	<u>\$ 2,547,044,326</u>

See accompanying notes to basic financial statements.

**CITY OF ROSEVILLE, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
General government	\$ 23,477,949	\$ 5,153,373	\$ 1,077,974	\$ 3,735,985	\$ (13,510,617)		\$ (13,510,617)
Development and operations	22,387,337	10,370,206	12,808,160	53,883	844,912		844,912
Public works	15,499,737	518,117	229,033	20,663,266	5,910,679		5,910,679
Police	27,989,234	1,322,994	1,285,018		(25,381,222)		(25,381,222)
Fire	21,870,763	2,377,309	431,707	1,561,102	(17,500,645)		(17,500,645)
Library	3,356,937	24,085	88,084		(3,244,768)		(3,244,768)
Parks & recreation	19,273,481	14,657,957	204,456	9,509,274	5,098,206		5,098,206
Housing assistance payments	4,216,417		4,908,945		692,528		692,528
Interest on long-term debt	4,285,329				(4,285,329)		(4,285,329)
Total Governmental Activities	142,357,184	34,424,041	21,033,377	35,523,510	(51,376,256)		(51,376,256)
Business-type Activities:							
Electric	150,984,130	166,006,839		13,338,124		\$ 28,360,833	28,360,833
Water	30,074,999	27,983,419	53,881	22,958,850		20,921,151	20,921,151
Wastewater	40,370,531	39,000,990		23,997,503		22,627,962	22,627,962
Solid Waste	18,307,460	23,111,497	70,876	732,324		5,607,237	5,607,237
Natural Gas	24,685,497	16,528,513				(8,156,984)	(8,156,984)
Golf Course	2,466,928	1,931,550				(535,378)	(535,378)
Local Transportation	8,195,699	1,396,957	10,191,675			3,392,933	3,392,933
School-Age Child Care	5,794,022	5,680,237	324,413			210,628	210,628
Total Business-Type Activities	280,879,266	281,640,002	10,640,845	61,026,801		72,428,382	72,428,382
Total	\$ 423,236,450	\$ 316,064,043	\$ 31,674,222	\$ 96,550,311	(51,376,256)	72,428,382	21,052,126
General Revenues:							
Taxes:							
Property taxes					40,689,765		40,689,765
Sales taxes					51,646,625		51,646,625
Franchise taxes					2,310,192		2,310,192
Other taxes					7,104,703		7,104,703
Use of money and property					674,516	8,940,537	9,615,053
Miscellaneous revenues					18,688,013		18,688,013
Gain on sale of capital assets					25,137		25,137
Transfers					20,662,506	(20,662,506)	
Total General Revenues and Transfers					141,801,457	(11,721,969)	130,079,488
Change in Net Position					90,425,201	60,706,413	151,131,614
Net Position - Beginning, as Restated					958,593,872	1,437,318,840	2,395,912,712
Net Position - Ending					\$ 1,049,019,073	\$ 1,498,025,253	\$ 2,547,044,326

See accompanying notes to basic financial statements.

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 year 2017. Individual non-major funds may be found in the supplemental information 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.

CITY OF ROSEVILLE, CALIFORNIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and investments in City Treasury	\$ 30,137,660	\$ 165,769,322	\$ 195,906,982
Restricted cash and investments with fiscal agents		13,762,829	13,762,829
Receivables:			
Taxes	2,008,925		2,008,925
Accounts	1,700,994	4,492,908	6,193,902
Accrued interest	744,302	1,775,778	2,520,080
Due from other government agencies	10,150,579	9,826,925	19,977,504
Due from other funds	1,805,664	100,000	1,905,664
Advances to other funds	10,112,088	95,054	10,207,142
Prepays	84,393		84,393
Developer permit fees receivable	237,111	239,443	476,554
Notes receivable	13,764,621	33,038,619	46,803,240
Inventories	373,831		373,831
Land held for resale		861,245	861,245
	<u>\$ 71,120,168</u>	<u>\$ 229,962,123</u>	<u>\$ 301,082,291</u>
Total Assets			
LIABILITIES:			
Accounts payable	\$ 2,623,408	\$ 2,931,722	\$ 5,555,130
Accrued liabilities	2,016,508	52,942	2,069,450
Due to other funds		888,080	888,080
Due to other government agencies	43,939	552,151	596,090
Advances from other funds		10,774,013	10,774,013
Unearned revenue	592,914	280,622	873,536
Deposits	4,118,467	718,162	4,836,629
	<u>9,395,236</u>	<u>16,197,692</u>	<u>25,592,928</u>
Total Liabilities			
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	<u>1,148,644</u>	<u>35,205,102</u>	<u>36,353,746</u>
FUND BALANCES:			
Nonspendable	14,222,845	16,964,800	31,187,645
Restricted		147,157,295	147,157,295
Committed	727,155	147,222	874,377
Assigned	4,510,525	16,369,206	20,879,731
Unassigned	41,115,763	(2,079,194)	39,036,569
	<u>60,576,288</u>	<u>178,559,329</u>	<u>239,135,617</u>
Total Fund Balances			
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 71,120,168</u>	<u>\$ 229,962,123</u>	<u>\$ 301,082,291</u>

See accompanying notes to basic financial statements.

**CITY OF ROSEVILLE, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2017**

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 239,135,617
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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 financial resources and, therefore, are not reported in the governmental funds	973,386,016
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ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are used to charge the costs of certain activities such as insurance and post employment benefits. The net position of the internal service funds are therefore included in governmental activities in the statement of net position.	6,555,201
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LONG-TERM LIABILITIES

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Long-term debt	(27,286,399)
Interest payable	(574,019)
Compensated absences	(16,384,766)
Net pension liability	(196,279,614)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows related to pensions	43,163,556
Deferred inflows related to pensions	(9,050,265)

Unavailable revenue in the governmental funds is revenue in the governmental activities	36,353,746
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NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,049,019,073</u>
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See accompanying notes to basic financial statements.

**CITY OF ROSEVILLE, CALIFORNIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 97,631,472	\$ 9,251,128	\$ 106,882,600
Licenses and permits	3,268,160		3,268,160
Charges for services	17,163,588	19,106,473	36,270,061
Subventions and grants	535,818	17,278,563	17,814,381
Use of money and property	1,048,480	7,014,546	8,063,026
Fines, forfeitures and penalties	898,594	333,395	1,231,989
Contributions from developers and others	737,999	1,518,675	2,256,674
Miscellaneous revenues	3,312,181	21,487,422	24,799,603
Total Revenues	<u>124,596,292</u>	<u>75,990,202</u>	<u>200,586,494</u>
EXPENDITURES			
Current:			
General government	26,493,784	5,000,276	31,494,060
Development and operations	13,133,453	8,859,403	21,992,856
Public works	7,052,325	7,876	7,060,201
Public safety:			
Police	35,725,260	60,531	35,785,791
Fire	30,357,023		30,357,023
Library	4,155,157		4,155,157
Parks and recreation	15,425,753	6,025,920	21,451,673
Housing assistance payments		4,216,417	4,216,417
Capital outlay	4,426,200	54,832,278	59,258,478
Annexation payments	4,734,193		4,734,193
Debt service:			
Principal retirement	1,081,412	17,097	1,098,509
Interest and fiscal charges	848,120	3,373,526	4,221,646
Total Expenditures	<u>143,432,680</u>	<u>82,393,324</u>	<u>225,826,004</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18,836,388)</u>	<u>(6,403,122)</u>	<u>(25,239,510)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	27,337,649	16,026,448	43,364,097
Transfers out	(13,209,711)	(9,991,890)	(23,201,601)
Total Other Financing Sources (Uses)	<u>14,127,938</u>	<u>6,034,558</u>	<u>20,162,496</u>
NET CHANGES IN FUND BALANCES	(4,708,450)	(368,564)	(5,077,014)
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	65,284,738	178,927,893	244,212,631
FUND BALANCES - END OF YEAR	<u>\$ 60,576,288</u>	<u>\$ 178,559,329</u>	<u>\$ 239,135,617</u>

See accompanying notes to basic financial statements.

**CITY OF ROSEVILLE, CALIFORNIA
RECONCILIATION OF THE
NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS
TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (5,077,014)
Amounts reported for governmental activities in the statement of activities are different because:	
CAPITAL ASSETS TRANSACTIONS	
Governmental funds report capital outlays as expenditures	59,258,478
Non-capitalized capital outlay expenditures are reclassified to various governmental activities	45,164,766
LONG TERM DEBT TRANSACTIONS	
Issuance of debt and repayment of principal is an other financing source and expenditure, respectively, in the governmental funds but in the statement of net position the transactions increase and reduce long term liabilities	
Payment of debt principal	1,098,509
Amortization of premium	27,768
PENSION RELATED ITEMS	
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is measured as the change in net pension liability and the amortization of deferred outflows and inflows related to pensions. This amount represent the net change in pension related amounts	
	(806,161)
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):	
Compensated absences	113,582
Deferred inflows of resources- Unavailable revenues	11,533,385
Interest payable	(91,451)
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	(6,111,671)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 90,425,201</u>

See accompanying notes to basic financial statements.

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 enterprise funds in fiscal year 2017.

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.

INTERNAL SERVICE FUNDS

These funds account for activities and services performed by a designated department for other departments in the City.

CITY OF ROSEVILLE, CALIFORNIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Electric	Water	Wastewater	Solid Waste
ASSETS:				
Current Assets:				
Cash and investments in City Treasury	\$ 134,917,277	\$ 72,017,116	\$ 58,392,043	\$ 24,235,179
Restricted cash and investments with fiscal agents	16,361,849	9,512,530		
Receivables:				
Accounts, net of allowance for doubtful accounts	21,618,187	6,241,212	5,790,575	2,816,102
Accrued interest	591,136	347,423	211,085	97,276
Due from other government agencies		91,497	42,932	6,001
Prepays	2,383,562			
Notes receivable		81,703		
Due from other funds				
Inventories	10,791,444	473,167	127,578	36,173
Total Current Assets	186,663,455	88,764,648	64,564,213	27,190,731
Non-Current Assets:				
Prepaid purchased gas				
Investment in NCPA reserves	4,553,244			
Investment in SPWA reserves			77,176,911	
Advances to other funds				
Derivative at fair value				
Capital assets (Note 8):				
Land and construction in progress	17,049,152	6,124,448	23,249,517	501,111
Capital assets being depreciated, net	407,632,412	474,130,244	549,038,156	1,711,181
Total Non-Current Assets	429,234,808	480,254,692	649,464,584	2,212,292
Total Assets	615,898,263	569,019,340	714,028,797	29,403,023
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charge on refunding	6,962,273	2,215,332		
Accumulated decrease in fair value of hedging derivatives	16,283,629		4,570,757	
Deferred outflows related to pensions	10,384,822	2,770,077	3,295,778	1,974,100
Total Deferred outflows of resources	33,630,724	4,985,409	7,866,535	1,974,100
LIABILITIES:				
Current Liabilities:				
Accounts payable	8,378,950	564,210	1,045,393	690,474
Accrued liabilities	2,970,803	682,421	3,217,607	216,709
Due to other government agencies	3,362		4,511,036	
Due to other funds				
Current portion of compensated absences	1,399,717	581,015	535,513	244,414
Current portion of long-term debt	6,915,000	2,330,000	2,635,965	
Deposits	2,557,154	36,500		
Unearned revenue	1,987,528			
Self-insurance claims payable				
Total Current Liabilities	24,212,514	4,194,146	11,945,514	1,151,597
Long-term liabilities:				
Advances from other funds				
Long-term debt, non-current portion	218,886,123	41,335,537	82,657,098	
Landfill closure and post closure liability				1,759,437
Compensated absences	2,370,816	1,047,848	1,123,581	423,209
Net OPEB obligation				
Self-insurance claims payable				
Derivative at fair value	16,283,629		4,570,757	
Net pension liability	45,137,479	16,842,343	18,353,050	10,207,481
Total Long-Term Liabilities	282,678,047	59,225,728	106,704,486	12,390,127
Total Liabilities	306,890,561	63,419,874	118,650,000	13,541,724
DEFERRED INFLOWS OF RESOURCES:				
Accumulated increase in fair value of hedging derivatives				
Deferred inflows related to pensions	1,186,044	442,554	482,249	268,215
Total Deferred inflows of resources	1,186,044	442,554	482,249	268,215
NET POSITION:				
Net investment in capital assets	205,842,714	438,804,487	486,994,610	2,212,292
Restricted for debt service	16,099,600	4,134,075	4,829,982	
Restricted for local transportation				
Restricted for the benefit of rate payers (AB 32)	9,184,369			
Unrestricted	110,325,699	67,203,759	110,938,491	15,354,892
Total Net Position	\$ 341,452,382	\$ 510,142,321	\$ 602,763,083	\$ 17,567,184

See accompanying notes to basic financial statements.

Business-Type Activities Enterprise Funds		Non-Major Enterprise Funds		Governmental Activities Internal Service Funds	
Roseville Natural Gas Financing Authority		Total		Totals	
\$	76,561	\$	13,557,108	\$	303,195,284
	8,702,182				34,576,561
			592,184		37,058,260
	286		86,466		1,333,672
			6,638,665		6,779,095
					2,383,562
					81,703
					11,428,362
					780,760
	<u>8,779,029</u>		<u>20,874,423</u>		<u>396,836,499</u>
					149,206,977
					4,553,244
					77,176,911
					3,390,871
	149,206,977				111,955,168
			11,626,614		58,550,842
			22,084,721		1,454,596,714
					824,285
	<u>261,162,145</u>		<u>33,711,335</u>		<u>20,707,680</u>
	<u>269,941,174</u>		<u>54,585,758</u>		<u>71,638,465</u>
					9,177,605
					20,854,386
			2,494,912		20,919,689
					843,201
			2,494,912		50,951,680
					843,201
					2,317
	2,616,188		1,134,143		11,815,487
			2,330,347		12,034,075
					4,514,398
			1,227,930		1,227,930
			203,362		2,964,021
	9,780,000		421,224		22,082,189
	4,621,690		60		7,215,404
			15,062,316		17,049,844
					1,913,047
	<u>17,020,195</u>		<u>20,379,382</u>		<u>78,903,348</u>
					2,824,000
			2,701,947		482,689,808
					1,759,437
			404,549		5,370,003
					238,085
					50,971,148
					7,237,725
					20,854,386
			8,308,890		98,849,243
					4,593,397
	<u>137,109,103</u>		<u>14,239,386</u>		<u>612,346,877</u>
	<u>154,129,298</u>		<u>34,618,768</u>		<u>63,040,355</u>
					65,743,042
					111,955,168
			218,327		2,597,389
					183,423
	<u>111,955,168</u>		<u>218,327</u>		<u>114,552,557</u>
					17,316,809
			30,588,164		1,164,442,267
					25,063,657
			1,320,377		1,320,377
					9,184,369
	3,856,708		(9,664,966)		298,014,583
					(10,761,608)
\$	<u>3,856,708</u>	\$	<u>22,243,575</u>	\$	<u>1,498,025,253</u>
				\$	<u>6,555,201</u>

CITY OF ROSEVILLE, CALIFORNIA
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Electric	Water	Wastewater	Solid Waste
OPERATING REVENUES				
Charges for services	\$ 161,328,622	\$ 27,635,884	\$ 38,961,014	\$ 22,407,794
Other	4,678,217	347,535	39,976	703,703
Total Operating Revenues	166,006,839	27,983,419	39,000,990	23,111,497
OPERATING EXPENSES				
Power supply	81,203,587			
Operations	32,030,946	15,258,098	18,449,012	17,437,979
Administration	4,739,790	2,947,532	521,622	745,431
Depreciation and amortization	23,831,624	9,993,212	12,959,173	124,050
Claims expense				
Total Operating Expenses	141,805,947	28,198,842	31,929,807	18,307,460
Operating Income (Loss)	24,200,892	(215,423)	7,071,183	4,804,037
NON-OPERATING REVENUES (EXPENSES):				
Interest and rents revenue	228,904	390,545	57,373	27,515
Interest and fiscal charges (expenses)	(9,485,129)	(1,874,682)	(3,490,066)	
Subventions and grants		53,881		70,876
Cost of issuance	(348,651)		(12,640)	
Gain (loss) from sale of property	(488,322)	(1,475)		
Increase (decrease) in JPA reserves	1,143,919		(4,938,018)	
Total Nonoperating Revenues (Expenses)	(8,949,279)	(1,431,731)	(8,383,351)	98,391
Income (Loss) Before Contributions and Transfers	15,251,613	(1,647,154)	(1,312,168)	4,902,428
Contributions				
Capital contributions - connection/impact fees	2,064,156	8,716,171	13,696,224	691,473
Contributions in aid of construction	3,469,534			
Capital contributions from developers and governmental activities	7,804,434	14,242,679	10,301,279	40,851
Transfers in	8,537,744	3,570,461	1,805,939	10,000
Transfers out	(14,671,760)	(6,714,708)	(6,941,692)	(4,473,314)
Change in net position	22,455,721	18,167,449	17,549,582	1,171,438
Total Net Position - Beginning, As Restated	318,996,661	491,974,872	585,213,501	16,395,746
Total Net Position - Ending	\$ 341,452,382	\$ 510,142,321	\$ 602,763,083	\$ 17,567,184

See accompanying notes to basic financial statements.

Business-Type Activities Enterprise Funds			
Roseville Natural Gas Financing Authority	Non-Major Enterprise Funds Total	Totals	Governmental Activities- Internal Service Funds
\$ 16,528,513	\$ 8,396,331	\$ 275,258,158	\$ 12,301,360
	612,413	6,381,844	13,361,285
16,528,513	9,008,744	281,640,002	25,662,645
		81,203,587	
18,133,391	13,865,283	115,174,709	26,550,782
7,752	562,194	9,524,321	
(735,910)	1,912,091	48,084,240	4,002,564
			2,114,619
17,405,233	16,339,568	253,986,857	32,667,965
(876,720)	(7,330,824)	27,653,145	(7,005,320)
8,284,100	(47,900)	8,940,537	158,818
(7,280,264)	(108,775)	(22,238,916)	
	10,516,088	10,640,845	
		(361,291)	
	(8,306)	(498,103)	234,821
		(3,794,099)	
1,003,836	10,351,107	(7,311,027)	393,639
127,116	3,020,283	20,342,118	(6,611,681)
		25,168,024	
		3,469,534	
		32,389,243	
	147,108	14,071,252	10,240,158
	(1,932,284)	(34,733,758)	(9,740,148)
127,116	1,235,107	60,706,413	(6,111,671)
3,729,592	21,008,468	1,437,318,840	12,666,872
\$ 3,856,708	\$ 22,243,575	\$ 1,498,025,253	\$ 6,555,201

**CITY OF ROSEVILLE, CALIFORNIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

	Business-Type Activities - Enterprise Funds			
	Electric	Water	Wastewater	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 162,582,597	\$ 26,419,491	\$ 38,061,812	\$ 22,321,842
Payments to suppliers	(100,421,671)	(8,471,497)	(12,624,045)	(11,106,492)
Payments to employees	(20,593,517)	(10,210,019)	(5,900,274)	(7,521,315)
Payments to OPEB trust				
Claims paid				
Other receipts	4,678,221	347,535	39,976	703,703
Net Cash provided by/(used for) Operating Activities	46,245,630	8,085,510	19,577,469	4,397,738
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Subventions and grants		171,136	675,967	64,875
Increase/decrease in due from other funds				
Increase/decrease in due to other funds				
Increase/decrease in advance to other funds				
Increase/decrease in advances from other funds				
Transfers in	5,682,829	3,570,461.0	1,805,939.0	10,000.0
Transfers out	(14,671,760)	(6,714,708)	(6,941,692)	(4,473,314)
Net cash provided by/(used for) Noncapital Financing Activities	(8,988,931)	(2,973,111)	(4,459,786)	(4,398,439)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	3,469,534	22,958,850	27,506,046	732,324
Acquisition and construction of capital assets	(10,389,670)	(14,895,455)	(17,179,145)	(52,816)
Change in restricted assets	668,120	(165,334)		
Issuance of debt	62,475,000			
Debt issuance premium	5,069,937			
Deferred charges on refunding		170,410		
Proceeds from sale of capital assets	8,263	(1,475)		
Issuance costs	(348,651)		(12,640)	
Principal payments on capital debt	(71,179,934)	(2,716,964)	(2,659,123)	
Interest paid on capital debt	(9,485,128)	(1,874,682)	(3,490,066)	
Issuance of notes receivable		(81,703)		
Connection/impact fees	2,064,156			
Net cash provided by/(used for) Capital and Related Financing Activities	(17,648,373)	3,393,647	4,165,072	679,508
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and rents received	(50,772)	187,154	(57,757)	(22,543)
Investment in JPA Reserves			(9,731,590)	
Net cash provided by/(used for) Investing Activities	(50,772)	187,154	(9,789,347)	(22,543)
Net increase (decrease) in cash and cash equivalents	19,557,554	8,693,200	9,493,408	656,264
Cash and investments at beginning of period	115,359,723	63,323,916	48,898,635	23,578,915
Cash and investments at end of period	\$ 134,917,277	\$ 72,017,116	\$ 58,392,043	\$ 24,235,179
Reconciliation of Operating Income (Loss)				
to Net Cash provided by/(used for) Operating Activities:				
Operating Income (Loss)	\$ 24,200,892	\$ (215,423)	\$ 7,071,183	\$ 4,804,037
Adjustments to Reconcile Operating Income				
to Net Cash Provided by Operating Activities:				
Depreciation and amortization	23,831,624	9,993,212	12,959,173	124,050
Retirement of capital assets				
Pension expense	(107,798)	(417,205)	(214,629)	70,905
Change in Assets and Liabilities:				
Receivables, net	1,806,668	(1,208,393)	(899,202)	(50,612)
Inventories	(550,644)	(46,097)	(54,589)	17,251
Prepays	(374,775)			
Prepaid purchased gas				
Net OPEB obligation				
Accounts payable and other liabilities	(1,767,858)	(20,584)	715,533	(532,553)
Unearned revenue	(792,479)			(35,340)
Net Cash Provided by (Used for) Operating Activities	\$ 46,245,630	\$ 8,085,510	\$ 19,577,469	\$ 4,397,738
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING TRANSACTIONS				
Capital assets transferred from governmental activities	\$ 3,287,189	\$ 222,029	\$ 220,703	\$ 40,851
Contributions of capital assets from developers	\$ 7,372,160	\$ 14,020,650	\$ 10,080,576	
Amortization of bond premium	\$ 2,979,934	\$ 461,964	\$ 201,975	
Amortization of deferred amount on refunding	\$ (3,402,963)	\$ (170,410)		

See accompanying notes to basic financial statements.

Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds	
Roseville Natural Gas Financing Authority	Non-Major Enterprise Funds Total	Totals	
\$ 16,528,513 (8,189,377)	\$ 8,435,383 (6,953,641) (6,578,766)	\$ 274,349,638 (147,766,723) (50,803,891)	\$ 12,642,683 (6,175,461) (4,767,023) (14,213,245) (2,039,271) 13,361,285
	386,510	6,155,945	
8,339,136	(4,710,514)	81,934,969	(1,191,032)
	13,284,381	14,196,359	15,845
	1,049,561	1,049,561	366,251
	(177,000)	(177,000)	(146,860)
	147,108	11,216,337	210,345
	(1,932,284)	(34,733,758)	10,240,158
-	12,371,766	(8,448,501)	(9,740,148)
		54,666,754	
8,732	(3,565,047)	(46,082,133)	(1,727,871)
		511,518	
		62,475,000	
		5,069,937	
		170,410	
		6,788	
		(361,291)	
(9,345,000)	(414,990)	(86,316,011)	
(7,280,264)	(113,682)	(22,243,822)	
		(81,703)	
		2,064,156	
(16,616,532)	(4,093,719)	(30,120,397)	(1,727,871)
8,283,929	(94,740)	8,245,271	62,600
		(9,731,590)	
8,283,929	(94,740)	(1,486,319)	62,600
6,533	3,472,793	41,879,752	(1,910,712)
70,028	10,084,315	261,315,532	47,251,753
\$ 76,561	\$ 13,557,108	\$ 303,195,284	\$ 45,341,041
\$ (876,720)	(7,330,824)	\$ 27,653,145	\$ (7,005,320)
(735,910)	1,912,091	48,084,240	4,002,564
	(73,554)	(742,281)	(552)
	(25,751)	(377,290)	341,323
		(634,079)	(46,469)
		(374,775)	266,488
10,125,501		10,125,501	
(173,735)	807,524	(971,673)	1,337,939
		(827,819)	(87,005)
\$ 8,339,136	\$ (4,710,514)	\$ 81,934,969	\$ (1,191,032)
		\$ 3,770,772	
		\$ 31,473,386	
\$ 735,910		\$ 4,379,783	
		\$ (3,573,373)	

FIDUCIARY FUNDS

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 year 2017:

Other Post-Employment Benefits Trust Fund is 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, CALIFORNIA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	Other Post Employment Benefits Trust Fund	Private-Purpose Trust Funds	Agency Funds
ASSETS:			
Cash and investments in City Treasury		\$ 7,368,752	\$ 142,586,476
Restricted cash and investments with fiscal agents		238,103	36,206,666
OPEB Plan Assets:			
Domestic equity funds	\$ 43,072,995		
Fixed income securities	26,596,826		
Real estate partnership	2,631,242		
Cash equivalents	396,172		
Accounts receivable			4,498,293
Taxes receivable			860,879
Accrued interest receivable	145	501,369	503,159
Due from other government agencies			182,754
Notes receivable		4,177,337	
Capital Assets:			
Land		74,369	
Total Assets	72,697,380	12,359,930	\$ 184,838,227
LIABILITIES:			
Accounts payable	33,754		\$ 6,995,827
Accrued liabilities		905,918	872,192
Due to other government agencies			240,906
Due to member agencies			125,188,575
Due to bondholders			49,805,308
Due to others			1,735,419
Long-term liabilities:			
Due in one year		2,001,466	
Due in more than one year		50,570,633	
Total Liabilities	33,754	53,478,017	\$ 184,838,227
NET POSITION (DEFICIT):			
Held in trust for retiree health plan benefits	<u>\$ 72,663,626</u>		
Held in trust for private purposes or for other governments		<u>\$ (41,118,087)</u>	

See accompanying notes to basic financial statements.

CITY OF ROSEVILLE, CALIFORNIA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Other Post Employment Benefits Trust Fund	Private-Purpose Trust Funds
ADDITIONS		
Property taxes, net of pass through payments		\$ 4,846,548
Contributions from the City	\$ 12,129,300	
Investment income	6,832,238	414,670
Total Additions	<u>18,961,538</u>	<u>5,261,218</u>
DEDUCTIONS		
General government		34,495
Community services		288,769
Retiree health plan benefits	7,069,985	
Interest and fiscal charges		10,791,494
Total Deductions	<u>7,069,985</u>	<u>11,114,758</u>
CHANGE IN NET POSITION	11,891,553	(5,853,540)
NET POSITION		
Net Position (Deficit) - Beginning	<u>60,772,073</u>	<u>(35,264,547)</u>
Net Position (Deficit) - Ending	<u><u>\$ 72,663,626</u></u>	<u><u>\$ (41,118,087)</u></u>

See accompanying notes to basic financial statements.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Roseville (City) 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 and 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. The 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 Housing Choice Voucher 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 former City of Roseville Redevelopment Agency. The Roseville Natural Gas Financing Authority 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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (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 are 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 Other Post-Employment Benefits 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 Other Post-Employment Benefits Trust Fund.

The **Successor Agency to the Redevelopment Agency of the City of Roseville (Successor Agency)** is a separate government entity which was created after the dissolution of the City of Roseville Redevelopment Agency (RDA) to serve as a custodian for assets and to wind down the affairs of the RDA. The City was designated to serve as the Successor Agency subject to control of an Oversight Board. The Oversight Board is comprised of seven members of the local agencies that serve the RDA project area: two appointed by the mayor, two by the County of Placer, one by the Placer County Superintendent of Schools, one by the Chancellor of Sierra Community College and one by the Cities of Rocklin and Newcastle and the Hold Hill Cemetery District. The financial activities of the Successor Agency are included in the Successor Agency to the Redevelopment Agency Private Purpose Trust Fund.

Financial statements for the Roseville Natural Gas Financing Authority and the Roseville Community Development Corporation, and the City of Roseville Other Post-Employment Benefits Trust may be obtained from the City of Roseville at 311 Vernon Street, Roseville, California, 95678. Separate financial statements for the Roseville Finance Authority, Roseville Housing Authority, and the Successor Agency 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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

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, excluding 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 governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds in the supplemental section.

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.

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 as the main operating governmental fund of the City. 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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Major Funds (Continued)

The City reported the following 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 the City.

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 the City.

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 the City.

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 the City.

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.

The City also reports the following funds:

Internal Service Funds – The funds account for automotive, workers’ compensation, general liability, unemployment reserve, vision, dental, section 125, and post retirement; 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 Other Post-Employment Benefits 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 powers authorities, Dry Creek Drainage Basin, County Capital Facilities Fee, South Placer Wastewater Authority, Special Sewer Benefit Areas, South Placer County Tourism Business Improvement District (SPCTBID), South Placer County Safe Kids Coalition, South Placer Regional Traffic Fee, City/County Traffic Mitigation Fund, Placer County Air Pollution Control Fund, Sierra College Boulevard Fund, and 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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *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 one hundred twenty (120) days after year-end with the exception of property taxes which is considered available if collected within sixty (60) days. 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 subject 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 subject 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.

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. Cash, Cash Equivalents, and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents. Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized costs. All other investments are stated at fair market value. For purposes of reporting cash flows, the City considers each fund's share in the cash and investments pool to be cash and cash equivalents.

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

Revenues are recognized based on services 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 at acquisition value.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net 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 or fund balance that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category on the government-wide and proprietary fund statements of net position. They are the deferred charge on refunding, accumulated decrease in fair value of hedging derivatives, and deferred outflows related to pensions. 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. The deferred outflows related to pensions are described in Note 12.

In addition to liabilities, the statement of net 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 or fund balance that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three types of these items reported in the government-wide and proprietary fund statements of net position including the accumulated increase in fair value of hedging derivatives and the deferred inflows related to pensions and unavailable revenues reported in the governmental funds balance sheet. 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. The deferred inflows related to pensions are described in Note 12.

In the governmental funds balance sheet, the *unavailable revenue* category arises only under a modified accrual basis of accounting. When amounts have been earned, but have not been received within the availability period, these amounts are deferred and recognized as revenue in the period that the amounts become available.

H. *Property Tax*

Placer County assesses properties and 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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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.

The changes in compensated absence balances were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$ 16,852,478	\$ 8,780,068	\$ 25,632,546
Additions	4,855,948	1,150,860	6,006,808
Payments	(4,947,204)	(1,596,904)	(6,544,108)
Ending Balance	<u>\$ 16,761,222</u>	<u>\$ 8,334,024</u>	<u>\$ 25,095,246</u>
Current Portion	<u>\$ 4,952,902</u>	<u>\$ 2,964,021</u>	<u>\$ 7,916,923</u>

Compensated absences are liquidated by the fund that has recorded the liability. Governmental activities compensated absences are liquidated primarily by the General Fund.

J. 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. Inventories reported in governmental funds 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 proprietary funds consist primarily of merchandise held for internal consumption.

K. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids. In governmental funds, prepaids are not in spendable form and are therefore included in nonspendable fund balance.

L. 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 and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Pensions

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

N. Fair Value Measurement

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

O. 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 is 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.

P. Fund Balance

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:

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance (Continued)

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 intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Assignments may be made by the City Council or its designee, the Finance Director. Unlike commitments, assignments generally only exist temporarily. Thus, additional action does not normally have to be taken for the removal of an assignment.

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.

Q. Capital Assets

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 acquisition 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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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:

	<u>Useful Lives</u>	<u>Capitalization Thresholds</u>
Buildings	20-40 years	no threshold
Improvements	40 years	no threshold
Machinery and Equipment	3-20 years	5,000
Bike Paths	20 years	no threshold
Bridges	90 years	no threshold
Culverts	75 years	no threshold
Curb, Gutter, Sidewalks and Median Curbs	20 years	no threshold
Drain Inlets	50 years	no threshold
Flood Control Improvements	75 years	no threshold
Soundwalls	35 years	no threshold
Stormdrains	75 years	no threshold
Traffic Signals	20 years	no threshold
Plants and Substations:		
Electric	10-120 years	no threshold
Sewer	15-60 years	no threshold
Water	15-75 years	no threshold
Distribution Systems:		
Electric	7-100 years	no threshold
Sewer	75 years	no threshold
Water	75 years	no threshold
Electric Generation	10-40 years	no threshold

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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. New Accounting Pronouncements

Effective in this Fiscal Year

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, and Statement No. 50, *Pension Disclosures*. The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. The City has implemented the requirements of this Statement as of July 1, 2016.

Effective in Future Fiscal Years

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. The City has not determined its effect on the financial statements.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement is effective for reporting periods beginning after December 15, 2016. The City has not determined the effect, if any, on the financial statements.

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to provide financial statement users with information about asset retirement obligations that were not addressed in GASB Standards by establishing uniform accounting and financial reporting requirements for these obligations. This Statement is effective for reporting periods beginning after June 15, 2018. The City has not determined the effect on the financial statements.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2018. The City has not determined the effect on the financial statements.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement is effective for reporting periods beginning after June 15, 2017. The City has not determined the effect on the financial statements.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. New Accounting Pronouncements (Continued)

Effective in Future Fiscal Years (Continued)

GASB Statement No. 86 – In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement is effective for reporting periods beginning after June 15, 2017. The City has not determined the effect on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after December 15, 2019. The City has not determined the effect on the financial statements.

NOTE 2 – 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 reported at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

A. Classification

Cash and investments are classified in the financial statements as shown below:

Cash and investments in City Treasury	\$ 544,443,307
Restricted cash and investments with fiscal agents	<u>48,339,390</u>
Total City cash and investments with primary government	592,782,697
 Fiduciary Funds (separate statement)	
Cash and investments in City Treasury	149,955,228
Restricted cash and investments with fiscal agents	<u>36,444,769</u>
Total Cash and Investments	<u><u>\$ 779,182,694</u></u>

Cash and investments as of June 30, 2017, consist of the following:

Cash in bank and on hand	\$ 37,198,594
Investments	<u>741,984,100</u>
Total Cash and Investments	<u><u>\$ 779,182,694</u></u>

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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	Maximum Percentage of Portfolio	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
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	\$65 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
Supranationals	5 Years	AA-	30%	None
Mortgage Pass-Through Securities	5 Years	AA	20%	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:

- City Pool, subject to 25%
- Citizens Benefit Permanent Fund
- Roseville Aquatics Complex Maintenance Permanent Fund
- Endowment Private-Purpose Trust Fund
- OPEB 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.

(C) Interest rate swaps may only be used in conjunction with enterprise fund debt or investments, not the General Fund. Pursuant to its function as custodian and investment manager of the South Placer Wastewater Authority (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 which may be obtained by contacting the City finance department at 311 Vernon Street, Roseville, California 95678.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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
Supranationals	N/A	None
Guaranteed Investment Contracts	N/A	None

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 – 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.

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)				Total
	12 months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months	
U.S Agency Securities	\$ 285,664,167	\$ 29,869,250	\$ 105,027,721	\$ 11,761,600	\$ 432,322,737
Forward Delivery Agreement	4,038,656				4,038,656
Corporate Notes	26,080,536	13,324,928	134,717,850		174,123,314
Municipal Bonds	100,022				100,022
Money Market Mutual Funds	55,574,324				55,574,324
Guaranteed Investment Contracts (GIC)				6,068,862	6,068,862
Negotiable CD's	9,569,195				9,569,195
Local Agency Investment Fund	58,017,776				58,017,776
California Asset Management Pool	2,169,214				2,169,214
Total	<u>\$ 441,213,890</u>	<u>\$ 43,194,178</u>	<u>\$ 239,745,571</u>	<u>\$ 17,830,462</u>	<u>\$ 741,984,100</u>

The City is a voluntary 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. 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, 2017, these investments matured in an average of 194 days. LAIF is not registered with the Securities Exchange Commission and is not rated.

The City is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (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, 2017, the fair value approximated is the City's cost, and these investments had an average maturity of 49 days.

Money market mutual funds were available for withdrawal on demand and at June 30, 2017 and had an average maturity of 17 days for the Dreyfus U.S. Treasury Money Market Fund and 34 days for the First American Money Market Fund.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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, 2017, for each investment type as provided by Standard and Poor's investment rating system:

	AAA / AAAm	AA+ / AA / AA-	A+ / A / A-	Total
Investments:				
Federal Agency Securities		\$ 431,879,228		\$ 431,879,228
Forward Purchase Agreement		4,038,656		4,038,656
Corporate Notes	\$ 1,459,109	70,146,344	\$ 102,517,861	174,123,314
Municipal Bonds		100,022		100,022
California Asset Management Program	2,169,214			2,169,214
Supranational	443,509			443,509
Total	<u>\$ 4,071,832</u>	<u>\$ 506,164,250</u>	<u>\$ 102,517,861</u>	612,753,943
Not Rated:				
Local Agency Investment Fund				58,017,776
Money Market Mutual Funds				55,574,324
Certificates of Deposit				9,569,195
Guaranteed Investment Contracts				6,068,862
Total Investments				<u>\$ 741,984,100</u>

F. Concentration of Credit Risk

Investments in any one issuer, other than U. S. Treasury securities, money market mutual funds, and investment pools that represent 5% or more of total entity-wide investments are as follows at June 30, 2017:

Issuer	Investment Type	Amount
Federal Home Loan Bank	Federal agency securities	\$ 118,930,694
Federal Home Loan Mortgage Corporation	Federal agency securities	154,391,843
Federal National Mortgage Association	Federal agency securities	146,460,996

Investments in any one issuer that represent 5% or more of total investments by individual funds were as follows at June 30, 2017:

Fund	Issuer	Investment Type	Amount
Major Enterprise Funds:			
Roseville Natural Gas Financing Authority	Wachovia Bank	Forward Purchase Agreement	\$ 4,038,656
Water	FSA Security Assurance	Guaranteed Investment Contract	3,918,125

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

G. Fair Value Measurements

The City's Pool categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted for identical assets in active markets;
- Level 2: Investments reflect prices that are based on a similar observable inputs;
- Level 3: Investments reflect prices based on unobservable inputs.

The Pool has the following recurring fair value measurements as of June 30, 2017:

Investments at fair value	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Federal Agency Securities	\$ 431,879,228		\$ 431,879,228	
Corporate (MTN) Securities	174,123,314		174,123,314	
Negotiated Certificates of Deposit	9,569,195		8,815,793	\$ 753,402
Foreign (Supra National) Securities	443,509		443,509	
Municipal Securities	100,022		100,022	
Forward Purchase Agreement	4,038,656			4,038,656
Mutual Funds	55,574,324		55,574,324	
Total Investments at fair value	675,728,248	\$ -	\$ 670,936,190	\$ 4,792,058
Investments Measured at Amortized Cost				
Guaranteed Investment Contracts (GICs)	6,068,862			
Investments with uncategorized inputs				
Local Agency Investment Fund	58,017,776			
California Asset Management Program	2,169,214			
Total Investments Measured uncategorized	60,186,990			
Total Investments	\$ 741,984,100			

The City held two types of investments that are measured using Level 3 inputs: Negotiated Certificates of Deposit and a Forward Purchase Agreement. Both items are valued utilizing discounted cash flows approach.

Deposits and withdrawals in governmental investment pools, such as LAIF and CAMP Investment Pools, are made on the basis of \$1 and not fair value. Accordingly, the City's measured fair value of its proportionate share in these types of investments is based on uncategorized inputs not defined as a Level 1, Level 2, or Level 3 input.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 3 – INTERFUND TRANSACTIONS

A. Transfers Among Funds

With City Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2017, were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred	
General Fund	Non-Major Governmental Funds	\$ 5,923,241	(A), (B), (C)
	Electric Enterprise Fund	11,980,825	(A), (B), (C)
	Water Enterprise Fund	3,387,787	(A), (B)
	Wastewater Enterprise Fund	2,487,806	(A), (B)
	Solid Waste Enterprise Fund	1,847,772	(A), (B)
	Non-Major Enterprise Funds	651,956	(A), (B)
	Internal Service Funds	1,058,262	(A), (B)
Non-Major Governmental Funds	General Fund	7,091,159	(A), (B)
	Non-Major Governmental Funds	3,968,697	(A), (B)
	Electric Enterprise Fund	1,037,229	(A), (B)
	Water Enterprise Fund	1,174,589	(A), (B), (C)
	Wastewater Enterprise Fund	1,135,805	(A), (B), (C)
	Solid Waste Enterprise Fund	688,980	(A), (B), (C)
	Non-Major Enterprise Funds	925,223	(B)
	Internal Service Funds	4,766	(B)
Electric Enterprise Fund	General Fund	130,000	(A)
	Internal Service Fund	8,407,744	(D)
Water Enterprise Fund	Non-Major Governmental Funds	5,293	(A), (B)
	Electric Enterprise Fund	303,649	(A)
	Wastewater Enterprise Fund	2,382,288	(A)
	Solid Waste Enterprise Fund	879,231	(A)
Wastewater Enterprise Fund	General Fund	130,000	(B)
	Water Enterprise Fund	1,289,400	(B)
	Solid Waste Enterprise Fund	386,539	(A)
Solid Waste Enterprise Fund	Water Enterprise Fund	10,000	(B)
Non-Major Enterprise Funds	General Fund	89,271	(A)
	Non-Major Governmental Funds	57,837	
Internal Service Funds	General Fund	5,769,281	(A)
	Non-Major Governmental Funds	36,822	(A)
	Electric Enterprise Fund	1,350,057	(A)
	Water Enterprise Fund	852,932	(A)
	Wastewater Enterprise Fund	935,793	(A)
	Solid Waste Enterprise Fund	670,792	(A)
	Non-Major Enterprise Funds	355,105	(A)
	Internal Service Funds	269,376	(A)
Total Interfund Transfers		<u>\$ 67,675,507</u>	

(A) To fund operations or indirect costs

(B) To fund various projects and/or pay debt service

(C) To transfer in-lieu franchise fees

(D) To transfer Electric Vehicles previously included in the Automotive Fund

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 3 – 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, 2017, interfund balances comprised the following:

Due to Other Funds	Due From Other Funds	Amount	
Public Facilities Fund	General Fund	\$ 409,041	(A)
Fire Facilities Fund		345,000	(A)
South Placer Animal Control Shelter Fund		693	(B)
Golf Course Fund		1,050,930	(B)
Technology Fee Replacement Fund	Public Facilities Fund	100,000	(A)
School Age Child Care Fund	Automotive Fund	50,000	(A)
Golf Course Fund		127,000	(A)
Public Facilities Fund		33,346	(A)
		<u>\$ 2,116,010</u>	

(A) Current portion of the advances mentioned in 3C below.

(B) To cover negative cash balances as of June 30.

C. Long-Term Interfund Advances

At June 30, 2017, the funds below had made advances which were not expected to be repaid within the next year.

Fund Receiving Advance	Fund Making Advance	Amount of Advance
Governmental Funds		
Special Revenue Funds:		
Roseville Community Development Corporation	General Fund	\$ 1,530,951
Downtown Parking Fund	General Fund	3,519,764
Fire Facilities Fund	General Fund	1,380,000
Public Facilities Fund	General Fund	3,681,373
Technology Replacement Fund	Public Facilities Fund	95,054
Capital Projects Fund:		
Public Facilities Fund	Automotive Fund	566,871
Enterprise Funds		
Golf Course Fund	Automotive Fund	2,369,000
School-Age Child Care Fund	Automotive Fund	455,000
	Total	<u>\$ 13,598,013</u>

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 3 – INTERFUND TRANSACTIONS (CONTINUED)

C. Long-Term Interfund Advances (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 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.

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 2036.

Public Facilities advance bears interest at simple interest, based on the City's annual interest rate plus ½%. It will be repaid over a period of 20 years beginning in FY 2016-17.

School-Age Child Care advances are comprised of two advances. The first advance was made in 2013 and will be repaid over a 6 year period beginning in 2017. A second amount was advanced in 2014 and will be repaid over a 2 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.

Downtown Parking advance bears interest at the City's pooled interest rate. It will be repaid over a period of 10 years beginning in fiscal year 2019.

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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 4 – NOTES RECEIVABLE

The City engages 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, homeowners or developers who agree to spend these funds in accordance with the City's terms. With the dissolution of the Redevelopment Agency, 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 the 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. Notes receivable were comprised of the following at June 30, 2017:

Flood Loan Notes	\$ 6,633
Water Meter Notes Receivable	81,703
Tenant Improvement Notes Receivable	341,303
Housing Rehabilitation and Affordable Housing Notes	16,136,143
First Time Home-Buyer Notes	10,277,048
Housing Elevation Notes	10,000
Due From Successor Agency	20,695,474
Total	<u><u>\$ 47,548,304</u></u>

A. Flood Loan Notes Receivable

The City has provided notes to various homeowners and businesses for rehabilitation due to flood damage. The maximum note amount is \$5,000 carrying various interest rates and payment dates. The balance of these notes receivable at June 30, 2017 was \$6,633.

B. Water Meter Notes Receivable

The City entered into an agreement with Stonesfair Management for Water Meter Installations at Windscape Apartments. The original note amount is payable in 120 monthly installments. The balance of note at June 30, 2017 was \$81,703.

C. Tenant Improvement Notes Receivable

The City entered into a tenant improvement notes receivable with the Sierra Joint Community College District for overages in their Tenant Improvement allowance for the 316 Vernon Street Office Building Project. The original note amount was for \$128,141 payable in 120 monthly installments. The balance of note at June 30, 2017 was \$123,868.

The City entered into a lease agreement with a Tenant at 238 Vernon. The First Amendment to the lease dated March 23, 2017 resulted in a note receivable to the City in the original amount of \$250,000 and a transfer of capital assets with a book value of \$242,650 to the Tenant. Additionally, the Tenant received a credit of \$26,042 for its funding of tenant improvements. Payments of \$2,174 are due monthly with the final payment scheduled in October 2025. There is no stated interest rate in the agreement. The balance of the note at June 30, 2017 is \$217,435.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 4 – NOTES RECEIVABLE (CONTINUED)

D. Housing Rehabilitation and Affordable Housing Notes Receivable

The City engages in programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or notes 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 notes are expected to be repaid in full, their balance has been offset with the liability, unavailable revenue, as they are not expected to be repaid during the next fiscal year 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. The balance of the notes receivable arising from these programs at June 30, 2017, was \$16,136,143.

E. First Time Home-Buyer Notes Receivable

The City engages in a first time home-buyer program designed to encourage home ownership among low-income persons. Under this program, grants are provided at no interest and are due upon sale or transfer of the property. Although these notes are expected to be repaid in full, their balance has been offset with the liability, unavailable revenue, as they are not expected to be repaid during the next fiscal year 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, 2016, was \$10,277,048.

F. 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 provided 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. As of June 30, 2017, two notes funded through the FEMA Hazard Mitigation Grant Program were outstanding with a total balance of \$10,000.

G. Successor Agency Loans

Prior to July 1, 2011, the former Redevelopment Agency had received various advances from various City funds. These advances bore 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.

With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the balance of the obligation to repay the advances in the amount of \$25,603,129 for principal and accrued interest and recorded a notes payable to the Low and Moderate Income Housing Asset Fund equal to twenty percent of the balance of the notes. During fiscal year 2013, the State Department of Finance denied the prepaid advance and required the return of \$7,309,447 to the Successor Agency. The General Fund returned the cash to the Successor Agency during fiscal year 2013. The Successor Agency received its Finding of Completion in August 2013 determining that notes are enforceable obligations.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 4 – NOTES RECEIVABLE (CONTINUED)

G. Successor Agency Loans (Continued)

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 notes 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.

During fiscal year 2014, the Department of Finance clarified how the interest is to be calculated on each note to the Successor Agency. The City recalculated the interest due on the notes using the revised guidance and as a result the interest receivable was reduced by \$3,030,067. The principal balance of the notes as of June 30, 2017 is \$20,695,474. Accrued interest on the notes as of June 30, 2017 is \$619,191 and has been included in accrued interest receivable.

NOTE 5 – 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. 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 reported as a current asset. The receivable was valued at \$476,554 at June 30, 2017.

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 balance of these receivables at June 30, 2017, was \$10,643,737.

NOTE 6 – DEVELOPMENT AGREEMENTS AND LAND HELD FOR RESALE

A. Development Agreements

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.

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 19, the City, as housing successor, assumed the low and moderate income housing set-aside-funded assets of the former Redevelopment Agency as of February 1, 2012, including 304 Washington Boulevard. As of June 30, 2017, the total fair value of the housing property held by the City amounted to \$861,245. These properties are held at fair value

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 7 – CAPITAL ASSETS

A. Capital Asset Additions, Retirements and Transfers

Capital asset activity for the year ended June 30, 2017, was as follows:

	Restated Balance at June 30, 2016	Additions	Retirements	Transfers	Balance at June 30, 2017
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 56,612,431	\$ 98,851		\$ (17,938,500)	\$ 38,772,782
Streets (modified)	305,458,923	4,748,886		9,037,656	319,245,465
Parks (modified)	98,208,978	39,781,069		18,237,950	156,227,997
Landscaping (modified)	47,553,642	749,699		4,024,798	52,328,139
Construction in progress	45,956,951	57,237,984	\$ (2,139,786)	(49,088,133)	51,967,016
Total capital assets not being depreciated	553,790,925	102,616,489	(2,139,786)	(35,726,229)	618,541,399
Capital assets, being depreciated:					
Buildings	133,742,597	1,453,554	(138,953)	24,172,382	159,229,580
Improvements	8,150,224	141,926		2,964,694	11,256,844
Vehicles & Equipment	83,020,568	4,680,174	(10,009,525)	(9,168,429)	68,522,788
Bike paths	9,044,060	771,660		22,317	9,838,037
Bridges	70,479,950			588,159	71,068,109
Culverts	20,746,285				20,746,285
Curb, gutter, sidewalk, and median curbs	161,814,303	1,777,994		2,503,828	166,096,125
Drain inlets	21,596,433			243,568	21,840,001
Flood control improvements	20,444,797			180,583	20,625,380
Soundwall	36,763,541	672,350		3,164,366	40,600,257
Storm drains	88,451,116	2,374,715		2,881,354	93,707,185
Total capital assets being depreciated	654,253,874	11,872,373	(10,148,478)	27,552,822	683,530,591
Less accumulated depreciation for:					
Buildings	(57,891,677)	(3,506,388)		(160,712)	(61,558,777)
Improvements	(2,451,845)	(419,991)		(1,510,786)	(4,382,622)
Vehicles & Equipment	(57,389,314)	(5,464,241)	9,010,873	6,074,132	(47,768,550)
Bike paths	(7,062,652)	(264,715)			(7,327,367)
Bridges	(11,942,220)	(786,922)			(12,729,142)
Culverts	(6,105,168)	(276,618)			(6,381,786)
Curb, gutter, sidewalk, and median curbs	(119,749,676)	(4,841,715)			(124,591,391)
Drain inlets	(9,471,094)	(437,520)			(9,908,614)
Flood control improvements	(3,780,614)	(278,549)			(4,059,163)
Soundwall	(12,522,687)	(1,175,168)			(13,697,855)
Storm Drains	(17,728,170)	(1,235,728)			(18,963,898)
Total accumulated depreciation	(306,095,117)	(18,687,555)	9,010,873	4,402,634	(311,369,165)
Net capital assets being depreciated	348,158,757	(6,815,183)	(1,137,605)	31,955,456	372,161,426
Governmental activities capital assets, net	\$ 901,949,682	\$ 95,801,306	\$ (3,277,391)	\$ (3,770,773)	\$ 990,702,825

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 7 – CAPITAL ASSETS (CONTINUED)

B. Capital Asset Additions, Retirements and Transfers (Continued)

	Restated Balance at June 30, 2016	Additions	Retirements	Transfers	Balance at June 30, 2017
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 17,035,347			\$ 74,030	\$ 17,109,377
Landscaping (modified)	576,843				576,843
Streets (modified)	24,914				24,914
Construction in progress	42,950,109	\$ 22,136,251	\$ (5,977,878)	(18,268,774)	40,839,708
Total capital assets not being depreciated	60,587,213	22,136,251	(5,977,878)	(18,194,744)	58,550,842
Capital assets, being depreciated:					
Buildings	26,934,013			481,014	27,415,027
Improvements	18,749,374	53,571	(34,513)	33,634	18,802,066
Vehicles & Equipment	26,804,779	2,504,587	(1,710,929)	7,183,255	34,781,692
Bike paths	5,385,455				5,385,455
Bridges	1,702,403				1,702,403
Culverts	356,961				356,961
Curb, gutter, sidewalk, and median curbs	463,996				463,996
Drain inlets	29,863				29,863
Flood control improvements	8,830,439				8,830,439
Storm drains	59,117				59,117
Traffic signals	49,049,530	1,056,466			50,105,996
Plants and substations	362,935,961		(664,633)	3,975,413	366,246,741
Distribution	1,332,411,758	30,617,189	(1,299,384)	14,694,835	1,376,424,398
Generation	202,826,487				202,826,487
Total capital assets being depreciated	2,036,540,136	34,231,813	(3,709,459)	26,368,151	2,093,430,641
Less accumulated depreciation for:					
Buildings	(9,592,260)	(673,346)		(202,733)	(10,468,339)
Improvements	(7,598,426)	(514,876)	20,357	(33,634)	(8,126,579)
Vehicles & Equipment	(18,288,822)	(2,729,904)	1,705,407	(4,166,267)	(23,479,586)
Bike paths	(1,875,911)	(266,939)			(2,142,850)
Bridges	(141,867)	(18,916)			(160,783)
Culverts	(35,171)	(4,760)			(39,931)
Curb, gutter, sidewalk, and median curbs	(55,161)	(23,198)			(78,359)
Drain inlets	(5,485)	(598)			(6,083)
Flood control improvements	(529,826)	(117,739)			(647,565)
Storm drains	(6,106)	(788)			(6,894)
Traffic signals	(25,707,556)	(1,990,724)			(27,698,280)
Plants and substations	(125,442,160)	(8,609,287)	556,844		(133,494,603)
Distribution	(309,403,358)	(23,906,433)	914,635		(332,395,156)
Generation	(89,311,160)	(10,777,759)			(100,088,919)
Total accumulated depreciation	(587,993,269)	(49,635,267)	3,197,243	(4,402,634)	(638,833,927)
Net capital assets being depreciated	1,448,546,867	(15,403,454)	(512,216)	21,965,517	1,454,596,714
Business-type activities capital assets, net	\$ 1,509,134,080	\$ 6,732,797	\$ (6,490,094)	\$ 3,770,773	\$ 1,513,147,556

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 7 – 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	\$ 1,623,460
Development & Operations	639,791
Public Works	9,972,823
Police	781,203
Fire	554,337
Library	444,667
Parks and recreation	668,709
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	4,002,564
Total Governmental Activities	<u><u>\$ 18,687,555</u></u>

Business-Type Activities

Electric	\$ 24,153,212
Water	10,284,766
Wastewater	13,161,146
Solid Waste	124,050
Golf Course	391,873
Local Transportation	1,450,534
School-age Child Care	69,686
Total Business-Type Activities	<u><u>\$ 49,635,267</u></u>

D. Streets, Parks and Landscaping Covered By the Modified Approach

The City has elected to use the modified approach 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 71 and residential roadways at an average PQI of 68, instead of providing depreciation. During fiscal year 2017 the City expended \$11,893,473 to preserve its roads. The City estimates that it will be required to expend approximately \$3,491,659 in fiscal year 2018 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 standards service level 3 by using service level standards using a combination of frequencies and outcomes based on National Park and Recreation Association maintenance management practices, instead of providing depreciation. During fiscal year 2017 the City expended \$5,670,408 to preserve its parks and landscaping. The City estimates that it will be required to expend approximately \$5,550,761 in fiscal year 2018 to maintain its parks at this condition level.

NOTE 8 – 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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 8 – LONG-TERM DEBT (CONTINUED)

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources 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 included, 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 and government-wide 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.

A. Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Current Portion
Governmental Activities Debt:						
Lease:						
2013 Public Facilities Refunding 2.15%, due 8/1/25	\$ 11,549,031	\$ 9,060,011		\$ (831,484)	\$ 8,228,527	\$ 846,038
2015 316 Vernon Street Project 2.00%-5.25%, due 2/1/34 Add: debt premium	14,425,000	14,425,000 862,056		(215,000) (27,808)	14,210,000 834,248	250,000
Capital Lease Obligations:						
Equipment	104,580	34,928		(34,928)		
Loans:						
Successor Agency	4,071,383	4,030,681		(17,057)	4,013,624	16,397
Total Governmental Activities Debt	\$ 30,149,994	\$ 28,412,676	\$ -	\$ (1,126,277)	\$ 27,286,399	\$ 1,112,435
Business-Type Activities Debt:						
Certificates of Participation						
2004 Electric System Revenue, 3.00%-5.25%, due 2/1/34 Less: bond discount	\$ 39,940,000 (728,254)	\$ 5,000			\$ 5,000	
2009 Electric System Revenue Refunding 2.00%-5.25%, due 2/1/24 Add: bond premium	27,010,000 396,611	16,050,000 211,524		\$ (11,300,000) (159,086)	4,750,000 52,438	\$ 1,740,000
2012 Electric System Revenue Refunding variable rate, due 2/1/35	90,000,000	90,000,000			90,000,000	
2015 Water Utility Revenue Refunding 2.00%-5.00%, due 12/1/29 Add: bond premium	42,565,000 6,899,891	39,915,000 6,467,501		(2,255,000) (461,964)	37,660,000 6,005,537	2,330,000
Total Certificates of Participation	206,083,248	152,649,025	-	(14,176,050)	138,472,975	4,070,000
Revenue Bonds						
2007 Gas Revenue Bonds 4.00%-5.00%, due 2/15/28 Add: bond premium	209,350,000 15,454,116	148,875,000 8,095,014		(9,345,000) (735,910)	139,530,000 7,359,104	9,780,000
2010 Electric System Revenue Refunding 2.0%-5.00%, due 2/1/37 Add: bond premium	55,845,000 2,764,207	54,075,000 2,149,939		(52,555,000) (2,104,242)	1,520,000 45,697	470,000
2013 Electric System Revenue Refunding 2.0%-5.00%, due 2/1/29 Add: bond premium	48,780,000 5,899,513	43,750,000 4,793,353		(4,345,000) (368,720)	39,405,000 4,424,633	4,515,000
2011 Refunding Wastewater Revenue Bonds, Series C 1.00%-5.25%, due 11/1/25 Add: bond premium	36,315,568 2,839,017	31,394,189 2,019,727		(2,457,151) (201,973)	28,937,038 1,817,754	2,635,965
2013 Refunding Wastewater Revenue Bonds variable rate, due 11/1/35	36,582,878	36,582,878			36,582,878	
2014 Refunding Wastewater Revenue Bonds variable rate, due 6/30/30	17,955,392	17,955,392			17,955,392	
2014 Refunding Electric System Revenue Bonds 5%, due 2/1/34 Add: bond premium	16,485,000	16,485,000 1,916,303		(106,460)	16,485,000 1,809,843	
2017A Electric System Revenue Refunding 3.0%-5.00%, due 2/1/37 Add: bond premium	56,210,000 5,069,937		\$ 56,210,000 5,069,937		56,210,000 4,828,512	
2017B Taxable Electric System Revenue Refunding 1.03%-2.41%, due 2/1/22	6,265,000		6,265,000		6,265,000	190,000
Total Revenue Bonds	515,815,628	368,091,795	67,544,937	(72,460,880)	363,175,852	17,590,965
Lease:						
2013 Public Facilities Refunding (Golf Course), 2.15%, due 8/1/25	4,775,578	3,538,160		(414,990)	3,123,170	421,224
Total Business-Type Activities Debt:	\$ 726,674,454	\$ 524,278,980	\$ 67,544,937	\$ (87,051,920)	\$ 504,771,997	\$ 22,082,189

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 8 – LONG-TERM DEBT (CONTINUED)

B. 2013 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. The amount outstanding as of June 30, 2017 was \$8,228,527 in governmental activities and \$3,123,170 in the Golf Course Enterprise Fund.

C. 2015 316 Vernon Street Project Lease

On July 14, 2015, the Roseville Finance Authority issued the Certificates of Participation, Series 2015 (316 Vernon Street Project), in the principal amount of \$14,425,000 to fund a portion of the acquisition and construction of an office building located at 316 Vernon Street. The Lease bears interest at 2.00% to 5.00% and are due semi-annually at February 1 and August 1 of each year. The Lease is repayable from any source of legally available funds of the City, including (but not limited to) amounts held by the City in its General Fund according to the Lease Agreement in the official statement. Principal payments are due annually on August 1 through 2032. The amount outstanding as of June 30, 2017 was \$14,210,000.

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 of the Redevelopment Agency continued to make disbursements related to the loan agreement after that date, because it had been approved by the Redevelopment 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 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 the dissolution of the redevelopment agency were not reversed in the current fiscal year and remain in the Corporation as of June 30, 2017.

Upon dissolution of the redevelopment agency, the note was transferred to the Successor Agency. The note accrues interest at a rate equal to the City's average interest earnings plus 1%, adjusted every five years. Principal and interest payments commence on June 30, 2021 and will be due annually with the final payment scheduled on June 30, 2030. As of June 30, 2017 the note bears interest of 1.978% with interest accrued of \$500,305. The principal amount outstanding as of June 30, 2017 was \$3,469,049.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 8 – LONG-TERM DEBT (CONTINUED)

D. Loans from the Successor Agency (Continued)

During fiscal year 2014, the Roseville Community Development Corporation assumed a loan made by the former Redevelopment Agency of the City of Roseville 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. The amount outstanding at June 30, 2017 is \$544,575.

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 9I below. In August 2014, the 2004 Electric System Revenue Certificates of Participation were partially refunded by the 2014 Electric System Revenue Refunding Bonds leaving a PAR amount of \$5,000.

F. 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. In February 2017, the 2009 Electric System Revenue Refunding Certificates of Participation were partially refunded by the 2017 A and 2017 B Electric System Revenue Refunding Bonds as discussed in Note 8R and Note 8S. Principal payments are due annually through fiscal year 2020. The balance outstanding as of June 30, 2017 is \$4,750,000.

G. 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. In February 2017, the 2010 Electric System Revenue Refunding Bonds were partially refunded by the 2017 A and 2017 B Electric System Revenue Refunding Bonds as discussed in Note 8P and Note 8Q. Principal payments are due annually on February 1 through 2020. The balance outstanding as of June 30, 2017 is \$1,520,000.

H. 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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 8 – LONG-TERM DEBT (CONTINUED)

H. 2012 Electric System Revenue Refunding Certificates of Participation (Continued)

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, 2017 was 0.739%.

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 2.119% at June 30, 2017. The COPs are subject to mandatory prepayment annually beginning February 1, 2023 through 2035.

I. 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% to 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 on February 1 through 2029.

As of June 30, 2017, the total principal and interest remaining to be paid on the 2004 Electric System Revenue COPs, 2012 Electric System Revenue Refunding COPs, 2009 Electric System Revenue Refunding COPs, 2010 Electric System Revenue Refunding Revenue Bonds, the 2013 Electric System Revenue Refunding Bonds, the 2014 Electric System Revenue Refunding bonds, the 2017A Electric System Revenue Refunding bonds and the 2017B Electric System Revenue Refunding bonds was \$214,640,000. 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 2017, net revenues amount to \$41,784,606 which represents coverage of 262% over the \$15,911,966 in debt service.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 8 – LONG-TERM DEBT (CONTINUED)

J. 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 on February 15 through 2028 and interest is payable semiannually on February 15 and August 15. As of June 30, 2017, the total principal and interest to be paid on the bonds was \$184,820,000. For fiscal year 2017, net revenues amounted to \$24,804,863 which represented coverage of 149% over the \$16,613,531 in debt service.

K. 2011 South Placer Wastewater Authority Refunding Revenue Bonds, Series A, B, C, and D

On April 7, 2011, the South Placer Wastewater Authority (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.

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 2011A and 2011B Bonds were refunded by the 2013 South Placer Wastewater Authority Refunding Wastewater Bonds. During fiscal year 2015, the 2011D Bonds were refunded by the Wastewater Revenue Refunding Bonds, Series 2014.

The Series 2011C Bonds bear interest at 1.00%-5.25% and are due semi-annually on May 1 and November 1 of each year. The Bonds are repayable solely from the Authority Revenues. Principal payments are due annually November 1 through 2025.

L. 2013 South Placer Wastewater Authority Refunding 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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 8 – LONG-TERM DEBT (CONTINUED)

L. 2013 South Placer Wastewater Authority Refunding Revenue Bonds (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, 2017 was 1.291%. 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 2011C, 2013 Bonds, and the 2014 Bonds at June 30, 2017 was 4.824%.

M. South Placer Wastewater Authority 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 City's share of the obligation is 61.66%, or \$17,955,392.

The 2014 Bonds were issued as SIFMA Index Bonds and the interest rate is the rate of the SIFMA index, adjusted weekly, plus a spread of .33%. The SIFMA Municipal Swap Index, represents 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. SIFMA Index Rate is defined as the per annum rate equal to the weighted average of the SIFMA Index in effect for each day in the Interest Period, which is the period from and including each interest payment date for such Series 2014 Bonds.

Interest on the Series 2014 Bonds is payable on the first business day of each month, commencing September 2, 2014. Principal payments are due annually beginning November 3, 2025 through 2029.

The Series 2014 Bonds are secured by a pledge of Authority Revenues, which include all amounts received by, or entitled to be received by, the Authority from the Participants (consist of the City, SPMUD and Placer County) under provisions of the Funding Agreement. The Authority Revenues generally exclude Regional Connection Fees and amount held in the Rate Stabilization Fund, unless certain conditions are met.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 8 – LONG-TERM DEBT (CONTINUED)

M. South Placer Wastewater Authority Revenue Refunding Bonds, Series 2014 (Continued)

As of June 30, 2017, the total principal and interest remaining to be paid on the 2011 Series C, the 2013 Bonds and the 2014 Bonds was \$102,532,426. 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 2017, \$5,747,905 in debt service was paid from the Rate Stabilization Account.

N. Roseville Finance Authority Electric System Revenue Refunding Bonds, Series 2014

On July 24, 2014, the Roseville Finance Authority issued 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 beginning in 2030. Interest payments are due semi-annually on each August 1 and February 1, commencing on February 1, 2015 through February 1, 2034.

O. 2015 Water Utility Revenue Refunding Certificates of Participation

On August 20, 2015, the Roseville Finance Authority issued the Water Revenue Certificates of Participation, Series 2015, in the principal amount of \$42,565,000 to refund the 2007 Water Utility Certificates of Participation. The Bonds bear interest at 2.00% to 5.00% and are due semi-annually on December 1 and June 1 of each year. The Bonds are repayable by a pledge of net revenue from the Water Utility System. Principal payments are due annually on December 1 through 2030. The refunding resulted in an overall debt service savings of \$3,915,638. The net present value of the debt service savings is called an economic gain and amounted to \$2,791,937. The refunding resulted in a deferred gain on refunding of \$1,940,826 that is recorded as a deferred outflow of resources and will be amortized over the life of the refunded bonds.

As of June 30, 2017, the total principal and interest remaining to be paid on the bonds was \$50,078,350. 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 2017 net revenues amounted to \$14,209,358 which represented coverage of 345% over the \$4,123,192 in debt service.

P. 2017A Electric System Revenue Refunding Bonds

On February 8, 2017, the City issued Revenue Bonds in the original principal amount of \$56,210,000. The Bonds were issued to refund a portion of the 2009 Electric System Revenue Refunding Certificates of Participation and the 2010 Electric System Revenue Refunding Bonds. The Revenue Bonds 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 on February 1 through 2037. The balance outstanding as of June 30, 2017 is \$56,210,000.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Q. 2017B Taxable Electric System Revenue Refunding Bonds

On February 8, 2017, the City issued Taxable Revenue Bonds in the original principal amount of \$6,265,000. The Bonds were issued to refund a portion of the 2009 Electric System Revenue Refunding Certificates of Participation and the 2010 Electric System Revenue Refunding Bonds. The Revenue Bonds bear interest at 1.03%-2.41% and are due semi-annually on February 1 and August 1 of each year. Principal payments are due annually on February 1 through 2037. The balance outstanding as of June 30, 2017 is \$6,265,000.

R. 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.

Terms. The terms, including the counterparty credit ratings of the outstanding swaps, as of June 30, 2017, 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	Nominal Amount	Effective Date	Counterparty	Credit Rating	Fixed Rate Paid	Variable Rate Received	Termination Date
2012 Electric System Revenue Refunding COP (based on nominal 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)	39,940,265 ^(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
	<u>\$ 129,940,265</u>						

(A) The Authority's swap agreement is based on the notional amount of \$64,775,000 related to the 2008B Bonds. The City's share of these underlying Bonds is 61.66%, or \$39,940,265. 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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 8 – LONG-TERM DEBT (CONTINUED)

R. Interest Rate Swap Agreements (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. Hedging derivative instruments are classified as Level 2 and are valued using a discounted cash flow technique, which calculates the future net settlement payments, assuming that current forward rates implied by the yield curve correctly anticipate future spot interest rates (LIBOR or SIMFA). The payments are then discounted using the spot rates (LIBOR or SIMFA) implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. As of June 30, 2017, the fair value of the swaps was not in favor of the City as follows:

Related Bond Issue	Fair Value	
	2017	2016
2012 Electric System Revenue Refunding COP (based on notional amount of 2008 Electric System Revenue COP, Series A)		
Bank of America N.A.	\$ (6,407,766)	\$ (10,211,595)
Morgan Stanley Capital Services Inc.	(9,378,282)	(15,036,848)
	<u>(15,786,048)</u>	<u>(25,248,443)</u>
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)		
	<u>(4,570,757)</u>	<u>(7,105,783)</u>
	<u>\$ (20,356,805)</u>	<u>\$ (32,354,226)</u>

(A) The Authority's swap agreement is based on the notional amount of \$64,775,000 equivalent to the notional balance on the 2008B Bonds. The City's share of these underlying Bonds was 61.66%, or \$39,940,265. 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, 2013 and 2014 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.

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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 8 – LONG-TERM DEBT (CONTINUED)

R. Interest Rate Swap Agreements (Continued)

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 Refunding Wastewater Revenue Bonds, the 2013 Refunding Wastewater Revenue Bonds and the 2014 Revenue Refunding 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 2013 Bonds mature on November 1, 2035 and the 2014 Bonds mature November 1, 2029.

Swap payments and associated debt. Using rates as of June 30, 2017, 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, 2017:

For the Year Ending June 30	Variable-Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2018		\$ 1,224,157	\$ 4,203,315	\$ 5,427,472
2019		1,224,157	4,107,405	5,331,562
2020		1,224,157	4,007,857	5,232,014
2021		1,224,157	3,904,837	5,128,994
2022		1,224,157	3,798,013	5,022,170
2023-2027	\$ 36,723,587	5,545,456	6,495,867	48,764,910
2028-2032	60,116,629	3,419,297	7,128,815	70,664,741
2033-2036	47,698,054	734,884	1,293,544	49,726,482
Totals	\$ 144,538,270	\$ 15,820,422	\$ 34,939,653	\$ 195,298,345

S. Debt Service Requirements

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
2018	\$ 1,111,134	\$ 887,381	\$ 22,082,189	\$ 17,478,017
2019	1,131,803	859,600	23,099,771	16,513,836
2020	1,160,454	829,924	24,291,848	15,387,985
2021	1,187,260	798,068	25,583,355	14,545,034
2022	1,568,986	763,870	26,799,977	13,043,758
2023-2027	7,714,894	3,126,207	155,645,353	46,766,496
2028-2032	3,532,620	2,321,858	106,972,933	21,847,260
2033-2037	2,650,000	1,763,963	93,953,057	10,864,217
2038-2042	3,230,000	1,162,631		
2043-2046	3,165,000	326,125		
Totals	26,452,151	\$ 12,839,626	478,428,481	\$ 156,446,603
Reconciliation of long-term debt				
Add deferred bond premium	834,248		26,343,516	
Net long-term debt	\$ 27,286,399		\$ 504,771,997	

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 8 – LONG-TERM DEBT (CONTINUED)

T. 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, 2017, is as follows:

North Central Roseville Community Facilities District #1, Series 2010	\$ 3,415,000
Stone Point Community Facilities District #1	6,420,000
Fiddymment Ranch Community Facilities District #1, Series 2017	45,845,000
Fiddymment Ranch Community Facilities District #5, Series 2017	23,845,000
Roseville Finance Authority Revenue Bonds, Series 2016	18,555,000
Stone Point Community Facilities District #5, Series 2006	4,915,000
Diamond Creek Community Facilities District #1, Series 2007	6,640,000
Special Tax Revenue Refunding Bonds, Series 2007 A Senior Lien Bonds	32,350,000
Special Tax Revenue Refunding Bonds, Series 2007 B Junior Lien Bonds	7,595,000
Fountains Community Facilities District No. 1 Special Tax Bonds Series 2016	11,405,000
Roseville Automall Community Facilities District #1 Special Tax Bonds	520,000
Roseville Finance Authority Special Tax Revenue Refunding Bonds, Series 2012	11,520,000
Longmeadow Parkside Community Facilities District #1 Special Tax Refunding Bonds, Series 2013	7,445,000
Westbrook Community Facilities District #1 Special Tax Bonds, Series 2014	14,305,000
Woodcreek West Community Facilities District #1 Refunding Bonds, Series 2015	13,005,000
North Roseville Community Facilities District #1 Refunding Bonds, Series 2015	9,235,000
Westpark Community Facilities District #1 Special Tax Refunding Bonds, Series 2015	67,860,000
HP Campus Oaks Community Facilities District #1 Special Tax Bonds, Series 2016	23,000,000
Total	<u><u>\$ 307,875,000</u></u>

NOTE 9 – 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 inflow or outflow of resources on the statement of net position. For the reporting period, all of the City's derivatives are considered effective hedges.

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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 9 – DERIVATIVE INSTRUMENTS (CONTINUED)

A. Summary of Notional Amounts and Fair Values (Continued)

The following is a summary of the fair values and notional amounts of derivative instruments outstanding as of June 30, 2017.

	2017 Change in Fair Value		Fair Value, End of Fiscal Year 2017		Notional	Level
	Classification	Amount	Classification	Amount		
Effective Cash Flow Hedges						
Electric Fund						
Pay Fixed SWAP, Natural Gas	Deferred Outflow	\$ (1,542,710)	Derivative	<u>\$ (367,483)</u>	8,687,000 mmBtu	2
Pay Fixed SWAP, Natural Gas	Deferred Outflow	199,534	Derivative	<u><u>\$ (130,098)</u></u>	552,000 mmBtu	2
Roseville Natural Gas Financing Authority						
Pay Fixed SWAP, Natural Gas	Deferred Inflow	\$ (485,308)	Derivative	\$ 15,538,659	34,513,500 mmBtu	2
Receive Fixed SWAP, Natural Gas	Deferred Inflow	1,685,860	Derivative	96,416,509	76,000-372,000	2
				<u>\$ 111,955,168</u>	monthly mmBtu	

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, 2017, 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, 2017 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	620,000 mmBtu	6/1/2017	3/31/2019	Pay \$3.99; Receive NGI PG&E citygate price	BP Energy	A-
Hedge Cash Flows on PG&E citygate Gas	305,000 mmBtu	11/1/2016	9/30/2017	Pay \$3.69; Receive NGI PG&E citygate price	J Aron & Company	BBB+
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+

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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 9 – DERIVATIVE INSTRUMENTS (CONTINUED)

C. Risks of Derivative Instruments (Continued)

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 10 – NET POSITION AND FUND BALANCES

A. Fund Balance and Net Position Deficits

The City reported the following deficit net position and fund balances:

The School-Age Child Care Fund had a deficit net position of at June 30, 2017 of \$2,287,074. The City is evaluating the operations of this fund to ensure that service rates are sufficient to cover operations.

The Roseville Community Development Corporation had a deficit fund balance as of June 30, 2017 of \$447,550. The deficit is primarily a result of a loan due to the successor agency.

Downtown Parking had a deficit fund balance at June 30, 2017 of \$1,500,610. The City is expecting to eliminate this through future receipts.

South Placer Animal Control Shelter had a deficit fund balance at June 30, 2017 of \$420. The City is expecting to eliminate this through future receipts.

Roadway Capital Projects Fund had a deficit fund balance at June 30, 2017 of \$130,614. The City is expecting to eliminate this through future receipts.

The Post Retirement Internal Service Fund had deficit net position at June 30, 2017 of \$49,789,613. Future increases in contribution rates will eliminate this deficit.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 10 – NET POSITION AND FUND BALANCES

B. Classifications

Detailed classifications of the City's Fund Balances, as of June 30, 2017, are below:

Fund Balance Classifications	General Fund	Nonmajor Governmental Funds	Total
Nonspendable:			
Items not in spendable form:			
Prepays	\$ 84,393		\$ 84,393
Notes receivable	13,764,621		13,764,621
Inventories	373,831		373,831
Subtotal	14,222,845		14,222,845
Amounts required to be maintained intact:			
Permanent funds		\$ 16,964,800	16,964,800
Total Nonspendable Fund Balances	14,222,845	16,964,800	31,187,645
Restricted for:			
Community facilities districts		14,973,567	14,973,567
Debt Service		285,678	285,678
Landscape and lighting		11,407,625	11,407,625
Street projects		10,286,459	10,286,459
Affordable housing		12,635,081	12,635,081
Technology replacement		699,039	699,039
Library services and projects		903,606	903,606
Public safety services and projects		5,840,509	5,840,509
Bike trail/open space maintenance		862,665	862,665
Traffic projects		33,388,213	33,388,213
Public facilities		5,234,937	5,234,937
Park development		36,811,111	36,811,111
Pleasant Grove drain basin		10,260,334	10,260,334
Tree propagation		1,604,280	1,604,280
Aquatics Complex Maintenance		15,380	15,380
Citizen's Benefits		406,542	406,542
Other capital projects		1,542,269	1,542,269
Total Restricted Fund Balances		147,157,295	147,157,295
Committed to:			
Utility exploration center	133,396		133,396
Park services and projects	593,759		593,759
Building projects		147,222	147,222
Total Committed Fund Balances	727,155	147,222	874,377
Assigned to:			
Annual construction and maintenance contracts	739,680		739,680
Information systems upgrades and improvements	191,197		191,197
Annual park and maintenance repairs	93,428		93,428
Police patrol supplies	164,247		164,247
Fire operations and supplies	68,809		68,809
Development services	2,540,934		2,540,934
Public works projects	72,595		72,595
Various contracts	639,635		639,635
Building and general rehabilitation projects		16,369,206	16,369,206
Total Assigned Fund Balances	4,510,525	16,369,206	20,879,731
Unassigned:			
General fund	41,115,763		41,115,763
Other governmental fund deficit residuals		(2,079,194)	(2,079,194)
Total Unassigned Fund Balances	41,115,763	(2,079,194)	39,036,569
Total Fund Balances	\$ 60,576,288	\$ 178,559,329	\$ 239,135,617

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 11 – PENSION PLAN

Plan Descriptions – Substantially all City employees are eligible to participate in the City’s separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple employer defined benefit pension plans administered by the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and may be amended by City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Safety	
	Prior to January 1, 2013	After January 1, 2013
Hire date		
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	3.000%	2.0% - 2.7%
Required employee contribution rates	9.000%	12.250%
Required employer contribution rates	39.056%	39.056%
	Miscellaneous	
	Prior to January 1, 2013	After January 1, 2013
Hire date		
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	8.000%	6.250%
Required employer contribution rates	24.666%	24.666%

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 11 – PENSION PLAN (CONTINUED)

Employees Covered – At June 30, 2017, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	662	191
Inactive employees entitled to but not yet receiving benefits	644	70
Active employees	960	225
Total	<u>2,266</u>	<u>486</u>

Contributions – Section 20814(c) of the California Public Employees’ Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rates of employees. The City made contributions of \$19,896,723 to the miscellaneous plan and \$11,655,656 to the safety plan during the year ended June 30, 2017.

Net Pension Liability

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.65%
Mortality	Derived using CalPERS membership data

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

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 11 – PENSION PLAN (CONTINUED)

Net Pension Liability (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period of 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	Target Allocation	Real Return Years	Real Return Years
		1 - 10 ¹	11+ ²
Global Equity	51%	5.25%	5.71%
Global Fixed Income	20%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and forestland	2%	4.50%	5.09%
Liquidity	1%	-0.55%	-1.05%
Total	100%		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

Discount rate - The discount rate used to measure the total pension liability was 7.65% for each plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the district's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 11 – PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan as of the measurement date of June 30, 2016 follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Miscellaneous Plan:			
Balance at June 30, 2016	<u>\$ 532,751,723</u>	<u>\$ 356,786,987</u>	<u>\$ 175,964,736</u>
Changes in the year:			
Service Cost	\$ 12,872,902		\$ 12,872,902
Interest on the total pension liability	40,468,522		40,468,522
Differences between expected and actual experience	316,698		316,698
Plan to Plan Resource Movement		\$ (386)	386
Contribution - employer		17,491,938	(17,491,938)
Contribution - employee		6,323,610	(6,323,610)
Projected earnings on investments		27,323,028	(27,323,028)
Differences between projected and actual earnings on plan investments		(25,447,499)	25,447,499
Benefit payments, including refunds of employee contributions	(21,009,168)	(21,009,168)	
Administrative expenses		(217,443)	217,443
Net changes	<u>32,648,954</u>	<u>4,464,080</u>	<u>28,184,874</u>
Balance at June 30, 2017	<u><u>\$ 565,400,677</u></u>	<u><u>\$ 361,251,067</u></u>	<u><u>\$ 204,149,610</u></u>
Safety Plan:			
Balance at June 30, 2016	<u>\$ 264,152,805</u>	<u>\$ 187,300,145</u>	<u>\$ 76,852,660</u>
Changes in the year:			
Service Cost	\$ 7,764,644		\$ 7,764,644
Interest on the total pension liability	20,340,470		20,340,470
Differences between expected and actual experience	3,415,651		3,415,651
Contribution - employer		\$ 9,590,596	(9,590,596)
Contribution - employee		2,418,065	(2,418,065)
Projected earnings on investments		14,354,043	(14,354,043)
Differences between projected and actual earnings on plan investments		(13,447,773)	13,447,773
Benefit payments, including refunds of employee contributions	(11,124,582)	(11,124,582)	
Administrative expenses		(114,150)	114,150
Net changes	<u>20,396,183</u>	<u>1,676,199</u>	<u>18,719,984</u>
Balance at June 30, 2017	<u><u>\$ 284,548,988</u></u>	<u><u>\$ 188,976,344</u></u>	<u><u>\$ 95,572,644</u></u>
Totals of both miscellaneous and safety plans	<u><u>\$ 849,949,665</u></u>	<u><u>\$ 550,227,411</u></u>	<u><u>\$ 299,722,254</u></u>

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 11 – PENSION PLAN (CONTINUED)

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

	Miscellaneous	Safety	Total
1% Decrease	6.65%	6.65%	6.65%
Net Pension Liability	\$ 282,335,837	\$ 138,443,822	\$ 420,779,659
Current Discount Rate	7.65%	7.65%	7.65%
Net Pension Liability	\$ 204,149,610	\$ 95,572,644	\$ 299,722,254
1% Increase	8.65%	8.65%	8.65%
Net Pension Liability	\$ 139,505,624	\$ 60,796,512	\$ 200,302,136

Pension Plan Fiduciary Net Position – Detailed information about each pension plans’ fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the City recognized pension expense of \$19,998,585 in the Miscellaneous Plan and \$11,987,280 in the Safety Plan. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 19,896,723	
Changes of assumptions		\$ 4,724,373
Differences between expected and actual experience	235,493	875,409
Net difference between projected and actual earnings on plan investments	19,811,102	
Total	<u>\$ 39,943,318</u>	<u>\$ 5,599,782</u>

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 11,655,656	
Changes of assumptions		\$ 3,382,254
Differences between expected and actual experience	2,816,414	2,849,041
Net difference between projected and actual earnings on plan investments	10,511,058	
Total	<u>\$ 24,983,128</u>	<u>\$ 6,231,295</u>

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 11 – PENSION PLAN (CONTINUED)

The amount of \$19,896,723 in the miscellaneous plan and \$11,655,656 in the safety plan reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	Miscellaneous	Safety
2018	\$ 85,970	\$ 540,124
2019	380,693	540,123
2020	8,890,651	3,619,527
2021	5,089,499	1,976,937
2022	-	419,466
	\$ 14,446,813	\$ 7,096,177

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 12 – POST-EMPLOYMENT BENEFITS

A. Plan Description

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 financial statements can be obtained by contacting the City of Roseville Finance Division at 311 Vernon Street, Roseville, California 95678. As of June 30, 2017, there were 596 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 (a) and 5 years of CalPERS service or disability retirement)	
Benefit	Tier 1	Tier 2
	Hired prior to January 1, 2004	Hired on or after January 1, 2004
	City paid premium, subject to the following caps:	Management/Confidential
	Group	Roseville Police Association
	Management/Confidential	Roseville Firefighters Association
	2017	International Brotherhood of Electrical Workers
	\$ 1,296	
	1,296	
	1,296	
	1,296	
Benefit (continued)	Hired prior to January 1, 2005	Hired on or after January 1, 2005
	City paid premium, subject to the following caps:	Stationary Engineers Local 39
	Group	Roseville Police Officers Association
	2017	
	\$ 1,296	Subject to vesting schedule
	1,296	CalPERS service
		Percent of Cap
		Less than 10 years 0% (b)
		10 years 50%
		11 years 55%
Benefit (continued)	Tier 3 RFF	12 years 60%
	Hired after January 1, 2012 and before August 15, 2015	13 years 65%
	\$720/month - subject to Tier 2 vesting schedule based on City Service	14 years 70%
	Employees contribute percent of payroll to the City Trust starting 2012:	15 years 75%
	Years of City Service	16 years 80%
	1 1%	17 years 85%
	2 2%	18 years 90%
	3 3%	19 years 95%
	4 4%	20+ years 100%
	5+ 5%	
Benefit (continued)	Tier 3 Non-RFF	Five years City service required
	Hired on or after January 1, 2014 (c)	100% vested if disabled
	Stationary Engineers Local 39	Must retire from City to receive City health savings account contributions
	Management/Confidential	
	International Brotherhood of Electrical Workers	Tier 4 RFF
	Roseville Police Officers Association	Hired after August 15, 2015
	Hired on or after October 1, 2013 (c)	
	Roseville Police Association	PEMHCA minimum
	PEMHCA minimum	Roseville Health Savings Account:
	Roseville Health Savings Account:	Employees contribute percent of payroll to health savings account
Non-Represented	Employees contribute percent of payroll to health saving account	Years of City Service
	Years of City Service	Payroll %
	1 1%	1 1%
	2 2%	2 2%
	3 3%	3 3%
	4 4%	4 4%
	5+ 5%	5+ 5%
	City contribution of \$100/month after 5 years City Service	City contribution of \$100/month after 5 years City service.
	10 years of City Service required	10 years of City Service required.
Dental, Vision and Life	None	
Surviving Spouse Continuation	Retiree medical benefit continues to surviving spouse if retire elects CalPERS survivor annuity.	
	(a) Age 52 for Miscellaneous PEPRA employees. (b) City must pay at least the PEMHCA minimum (c) Eligible for PEMHCA minimum only	

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 12 – POST-EMPLOYMENT BENEFITS (CONTINUED)

B. Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a June 30, 2015, 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 7.00% to 7.20% in 2017 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 26 years remaining.

During the fiscal year ended June 30, 2017, 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 (ARC)	\$ 16,740,000
Interest on net OPEB obligation	3,226,159
Adjustment to annual required contribution	<u>(4,910,920)</u>
Annual OPEB cost	15,055,239
Contributions:	
Pay-as-you-go premiums	(8,474,935)
Contribution to Trust	<u>(5,242,340)</u>
Total contributions	(13,717,275)
Change in net OPEB obligation	1,337,964
Net OPEB obligation at June 30, 2016	<u>49,633,184</u>
Net OPEB Obligation at June 30, 2017	<u>\$ 50,971,148</u>
Percentage of annual OPEB cost contributed	<u>91%</u>

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 12 – POST-EMPLOYMENT BENEFITS (CONTINUED)

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
6/30/2015	\$ 14,092,818	\$ 8,994,201	64%	\$ 44,461,929
6/30/2016	16,643,000	11,471,000	69%	49,633,184
6/30/2017	15,055,239	13,717,275	91%	50,971,148

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]
6/30/2015	\$ 53,826,000	\$ 206,344,000	\$ (152,518,000)	26.09%	\$ 93,480,000	-163.16%

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 Post Retirement internal service fund.

NOTE 13 – POST-EMPLOYMENT BENEFITS TRUST

A. Plan Description

Plan administration –The City of Roseville Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan that is used to provide postemployment benefits other than pensions (OPEB), including medical, dental and vision insurance benefits to eligible retirees. Management of the plan is vested with the Trust Investment Review Committee (Committee). The Committee consists of nine members appointed by the City Manager. It includes one member from each of the city of Roseville’s employee labor bargaining groups (5), one retiree, one investment professional, the city Human Resource Director, and the City Treasurer. The City has delegated authority of the OPEB trust to PFM Asset Management LLC (PFM), per the trust agreement. Upon signing the agreement, PFM has been deemed to have executed the Trust and during the term of this Agreement, PFM further agreed to serve as a discretionary trustee, with fiduciary oversight and authority over the operations and management of the Trust.

Plan membership – At June 30, 2017, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	666
Inactive employees entitled to but not yet receiving benefits	42
Active employees	1,252
Total	<u>1,960</u>

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 13 – POST-EMPLOYMENT BENEFITS TRUST (CONTINUED)

A. Plan Description (Continued)

Benefits Provided – The Plan provides medical, dental, and vision insurance benefits to eligible retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the Plan. Benefit provisions are established and may be amended by City labor agreements, which are approved by the City Council.

Contributions – The contribution requirements of plan members and the City are established and may be amended by the City Council. The Council establishes rates based on an actuarially determined rate. For the year ended June 30, 2017, the City contributed \$13,717,275 to the plan, for current premiums. Plan members receiving benefits contributed \$0.

B. Investments Authorized for the Other Post-Employment Benefits Trust Fund

The authorized investments for the Other Post-Employment Benefits 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.

	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Mutual Funds - Equity	45%	28%
Mutual Funds - Fixed Income	50%	17%
REITs	5.0%	2.5%
	<u>100%</u>	

Rate of return – For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 9.4 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 13 – POST-EMPLOYMENT BENEFITS TRUST (CONTINUED)

C. Net OPEB Liability of The City

The components of the net OPEB liability of the City at June 30, 2017, were as follows:

Total OPEB Liability	\$ 232,271,000
Plan fiduciary net position	<u>(72,663,626)</u>
City's net OPEB liability	<u><u>\$ 159,607,374</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 31.28%

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuations as of June 30, 2017, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.50%
Investment Rate of Return	6.50%
General Inflation	3.0%
Retirement Age	Varies by bargaining unit
Mortality	CalPERS 1997-2011 Experience Study
Mortality Improvement	ultimate improvement rates in 2022

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 (see the discussion of the Plan's investment policy).

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current discount rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net OPEB Liability	\$ 195,554,000	\$ 159,574,000	\$ 130,612,000

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 13 – POST-EMPLOYMENT BENEFITS TRUST (CONTINUED)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00 percent decreasing to 4.00 percent) or 1-percentage-point higher (8.00 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	1% Decrease (6% decreasing to 4%)	Healthcare Cost Trend Rates (7% decreasing to 5%)	1% Increase (8% decreasing to 6%)
Net OPEB Liability	\$ 124,127,000	\$ 159,574,000	\$ 204,376,000

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, California 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 \$703,317.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 14 – RISK MANAGEMENT (CONTINUED)

A. Risk Coverage (Continued)

Property Coverage

CJPRMA has purchased commercial insurance against property damage, boiler and machinery claims. The City has a SIR of \$25,000 per claim up to a \$400,000,000 limit. The City's premium for coverage is \$217,418.

Roseville Energy Park Property Coverage

The City purchased commercial property insurance specifically to cover the Roseville Energy Park. The City has a SIR of \$250,000 per claim up to a \$200,000,000 limit. The City's premium for coverage is \$369,668.

Fiduciary Coverage

The City purchased fiduciary insurance specifically to cover the OPEB Trust. The SIR is \$25,000 per claim up to a \$3,000,000 limit. The City's premium for coverage is \$34,056.

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 SIR of \$500,000 per claim. The total premium charged to the City was \$604,079.

Financial statements for the risk pool and more information may be obtained from LAWCX, 1750 Creekside Oaks Drive, Suite 200, Sacramento, California 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.

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:

	2017	2016
Claims liability, beginning of year	\$ 7,448,942	\$ 8,096,298
Current year claims	2,252,000	2,867,000
Change in prior year claims	(942,708)	(1,527,352)
Claims paid, current year claims	(391,222)	(514,941)
Claims paid, prior year claims	(1,396,244)	(1,472,063)
Claims liability, end of year	<u>\$ 6,970,768</u>	<u>\$ 7,448,942</u>
Current claims liabilities	<u>\$ 1,324,446</u>	<u>\$ 1,400,094</u>

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 14 – RISK MANAGEMENT (CONTINUED)

B. Insurance Internal Service Funds (Continued)

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:

	2017	2016
Claims liability, beginning of year	\$ 1,821,283	\$ 2,046,933
Current year claims	877,000	1,200,000
Change in prior year claims	(266,474)	(652,172)
Claims paid, current year claims	(112,090)	(94,651)
Claims paid, prior year claims	(139,715)	(678,827)
Claims liability, end of year	<u>\$ 2,180,004</u>	<u>\$ 1,821,283</u>
Current claims liabilities	<u>\$ 588,601</u>	<u>\$ 660,351</u>

Claims have not exceeded coverage during the last three years.

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.

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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 15 – NORTHERN CALIFORNIA POWER AGENCY (NCPA) (CONTINUED)

A. General (Continued)

During the year ended June 30, 2017, the City incurred expenses totaling \$7,349,647 for purchased power, regulatory and legislature assessments, association dues 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.

	<u>June 30, 2017</u>
General operating reserve (including advances)	\$ 1,510,616
Associated member services (including advances)	76,879
Undivided equity interest, at cost, in certain NCPA power projects:	
Geothermal projects	1,030,712
Calveras hydroelectric project	1,655,590
Combustion turbine project no. 2	279,447
	<u><u>\$ 4,553,244</u></u>

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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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, 2017, the book value of this Project's plant, equipment and other assets was \$90,776,615 while its long-term debt totaled \$32,765,001 and other liabilities totaled \$44,938,357. The City's share of the Project's long-term debt amounted to \$2,897,791 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, 2017, the City paid in full.

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, 2017, the book value of this Project's plant, equipment and other assets was \$412,237,290, while its long-term debt totaled \$354,298,371, and other liabilities totaled \$44,142,333. The City's share of the Project's long-term debt amounted to \$36,912,642 at that date.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 15 – NORTHERN CALIFORNIA POWER AGENCY (NCPA) (CONTINUED)

B. Projects (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, 2017, the book value of this Project's plant, equipment and other assets was \$41,211,265, while its long-term debt totaled \$38,163,048 and other liabilities totaled \$2,282,609. The City's share of the Project's long-term debt amounted to \$13,929,513 at that date.

C. NCPA Financial Information

NCPA's financial statements can be obtained from NCPA, 651 Commerce Drive, Roseville, California 95678.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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, construction and operation of the Regional Wastewater Facilities.

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. On August 13, 2014, the Series 2011D SIFMA Index Bonds were refunded into the Series 2014 SIFMA Index Bonds in the principal amount of \$29,120,000. The three agencies are responsible for the repayment of all the 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 8.

During the year ended June 30, 2017, the City paid \$13,234,296 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%. The City's investment in SPWA Reserves at June 30, 2017, was \$77,176,911.

SPWA's financial statements can be obtained from the City of Roseville, 311 Vernon Street, Roseville, California, 95678.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 16 – 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 2017, the changes of landfill closure liabilities were as follows:

Beginning Balance	\$ 1,999,776
Deductions	<u>(240,339)</u>
Ending Balance	<u><u>\$ 1,759,437</u></u>

NOTE 17 – COMMITMENTS AND CONTINGENT LIABILITIES

A. *NCPA, Transmission Agency of Northern California, 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 14. The City's estimated share of such debt outstanding at June 30, 2017, was \$53,425,020. 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.

The City is a member of the Transmission Agency of Northern California (TANC), a joint powers agency. The City is entitled to 2.1119% of TANC's share of transfer capability in the California-Oregon Transmission Project (approximately 29.35MW). The City is responsible for a share of debt service on debt issued by TANC under a take-or-pay agreement, approximately \$400,000 annually through 2039. The City's estimated share of debt outstanding at June 30, 2017, was \$4,829,498.

In addition, the City has a long-term obligation to the United States Department of Energy, Western Area Power Administration, for 4.58533% 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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 17 – COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

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.

D. 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 re-appropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2017, by individual major funds and non-major funds in total were as follows:

Major Governmental Funds:	
General Fund	\$ 4,598,646
Non-Major Governmental Funds	<u>26,771,247</u>
Total Encumbrances	<u><u>\$ 31,369,893</u></u>

E. Other Commitments

The City had the following outstanding significant commitments at June 30, 2017:

<u>Projects</u>	<u>(in millions)</u>
Roseville Energy Park long-term service agreement	\$ 29.5
Net power purchase contracts	36.1
Natural Gas Forward Obligations	77.6
Renewable power purchase obligations	60.3

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 18 – GAS SUPPLY ACQUISITIONS 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 former City of Roseville Redevelopment Agency formed the Roseville Natural Gas Financing Authority (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 18 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, 2017, the book value of prepaid gas under this agreement amounted to \$149,206,977.

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, 2017.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 18 – GAS SUPPLY ACQUISITIONS 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 9.

NOTE 19 – 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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

**NOTE 19 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(CONTINUED)**

A. Redevelopment Dissolution (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 were remitted to the County in August 2013. The Successor Agency received a Finding of Completion on August 30, 2013.

B. Cash and Investments

Cash and investments of the Successor Agency as of June 30, 2017 are included in the pooled cash and investments discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2017.

C. 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 \$4,177,337 at June 30, 2017.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

**NOTE 19 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(CONTINUED)**

C. Notes Receivable (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 the dissolution were not reversed in the current fiscal year and remain as payable from the Corporation as of June 30, 2017.

Also included in the notes receivable above are two loans to one owner of two commercial businesses on Vernon Street for tenant improvements. These loans were made in 2011 by the former Redevelopment Agency and were assumed by the Successor Agency. The balance of the two loans as of June 30, 2017 was \$708,288.

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.

Capital assets as of June 30, 2017 were comprised of land in the amount of \$74,369.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

**NOTE 19 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(CONTINUED)**

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, 2016	Additions	Reductions	Balance June 30, 2017	Current Portion
Tax Allocation Bonds:					
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	2,225,000		(2,225,000)		
2006 Redevelopment Project Taxable Tax Allocation Housing Bonds, Series H-T 5.31%-6.07%, due 9/1/40	5,700,000		(5,700,000)		
2014 Redevelopment Project Taxable Tax Allocation 2.00%-5.00%, due 9/1/33	10,305,000		(435,000)	\$ 9,870,000	\$ 445,000
Add: bond premium	515,250		(28,625)	486,625	
2016-T Redevelopment Project Taxable Tax Allocation 2.00%-5.00%, due 9/1/40		\$ 21,520,000		21,520,000	340,000
Total Tax Allocation Bonds	31,900,250	21,520,000	(21,543,625)	31,876,625	785,000
Advances from the City of Roseville					
Loans from the City	22,218,977		(1,523,503)	20,695,474	1,216,466
Total	\$ 54,119,227	\$ 21,520,000	\$ (23,067,128)	\$ 52,572,099	\$ 2,001,466

2. Debt Service Requirements

Debt service requirements are shown below for all long-term debt except the advance made to the Successor Agency, 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
2018	\$ 785,000	\$ 1,196,884
2019	860,000	1,088,671
2020	895,000	1,060,098
2021	920,000	1,034,358
2022	940,000	1,007,433
2023-2027	5,190,000	4,574,121
2028-2032	6,250,000	3,614,510
2033-2037	9,720,000	2,452,525
2038-2041	5,830,000	790,430
Total	\$ 31,390,000	\$ 16,819,030

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

**NOTE 19 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(CONTINUED)**

E. Long-Term Obligations (Continued)

3. 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. These bonds were refunded through the issuance of the 2016-T bonds on July 19, 2016.

4. 2014 Roseville Redevelopment Project Tax Allocation Refunding Bonds

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.

5. 2016-T Roseville Redevelopment Project Tax Allocation Bonds

On July 19, 2016, the Roseville Successor Agency issued the Series 2016-T Refunding Bonds, in the amount of \$21,520,000 for the purpose of refunding the 2006 Series A, 2006 Series A-T and 2006 Series H-T Tax Allocation Bonds. The Bonds bear interest at rates ranging from 1.021% to 4.066%. 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, 2017 through September 1, 2040.

6. Loans from the City

Prior to July 1, 2011, the former Redevelopment Agency had received various advances from various City funds. These advances bore 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.

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

**NOTE 19 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(CONTINUED)**

E. Long-Term Obligations (Continued)

6. Loans from the City (Continued)

With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the balance of the obligation to repay the advances in the amount of \$25,603,129 for principal and accrued interest and recorded a notes payable to the Low and Moderate Income Housing Asset Fund equal to twenty percent of the balance of the notes. During fiscal year 2013, the State Department of Finance denied the prepaid advance and required the return of \$7,309,447 to the Successor Agency. The General Fund returned the cash to the Successor Agency during fiscal year 2013. The Successor Agency received its Finding of Completion in August 2013 determining that notes are enforceable obligations.

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 notes 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.

During fiscal year 2014, the Department of Finance clarified how the interest is to be calculated on each note to the Successor Agency. The City recalculated the interest due on the notes using the revised guidance and as a result the interest receivable was reduced by \$3,030,067. The principal balance of the notes as of June 30, 2017 is \$20,695,474. Accrued interest on the notes as of June 30, 2017 is \$619,191.

NOTE 20 – RESTATEMENT

A. Capital Asset Adjustments

The beginning net position of the Electric, Water, Wastewater, Solid Waste, and Automotive Funds have been restated to properly account for a large project that was completed however not properly placed in service and to remove residential garbage cans that were previously capitalized under the capitalization threshold.

B. Loan Adjustments

The beginning net position of the General Fund, State Gasoline Tax Fund, Low/Mod Income Housing Asset Fund, and Automotive Funds have been restated to adjust unavailable revenue previously recorded to offset loans from the Successor to the Redevelopment Agency and properly record the twenty percent of the outstanding loan balances at the time of the Redevelopment Agency dissolution that need to be repaid to the Low/Mod Income Housing Asset Fund in accordance with AB1484 Section 31491.4(C).

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 20 – RESTATEMENT (CONTINUED)

C. Fund Reclassifications

The City reclassified certain funds for more appropriate presentation in the financial statements. The beginning fund balance of the Stormwater, Miscellaneous Fire, Miscellaneous Library, and Miscellaneous Park Funds have been reclassified into the General Fund. The beginning fund balance of the Miscellaneous Police Fund has been reclassified into the Police Evidence (new fund) and General Fund. The beginning fund balance of the Law Enforcement Block Grants and Community Development Block Grant/HOME Funds have been reclassified into the Grants Fund. The beginning net position of the Utility Exploration Center Fund has been reclassified to the Water Fund. In addition, the Roadway Fund has been reclassified from a Special Revenue to a Capital Project Fund, Miscellaneous General Government Fund has been renamed as the Cable TV Peg Fund and the Automotive Services and Automotive Replacement Funds have been combined into a single Automotive Fund. The amounts from the Internal Service Funds that were previously combined with the business-type activities were transferred to the Governmental Activities as these amounts were determined to be primarily related to the governmental funds.

Net Position/Fund Balance as of June 30, 2017 have been restated as follows:

	Beginning Net Position/Fund Balance (as previously reported)	Loan Adjustments	Capital Asset Adjustments	Fund Reclassifications	Beginning Net Position/Fund Balance (restated)
Government Wide:					
Governmental Activities	\$ 952,973,464	\$ 7,147,249	\$ (1,430,706)	\$ (96,135)	\$ 958,593,872
Business-type Activities	1,446,214,849		(8,992,144)	96,135	1,437,318,840
Governmental Funds:					
General	60,577,457	3,579,712		1,127,569	65,284,738
State Gasoline Tax	11,276,513	(584,725)			10,691,788
Low/Mod Income Housing Asset	1,745,714	4,345,095			6,090,809
Grants				593,729	593,729
Police Evidence				162,997	162,997
Affordable Housing	5,497,431	(29,888)		98,799	5,566,342
Stormwater	314,583			(314,583)	
Home Improvement	98,799			(98,799)	
Law Enforcement Block Grants	249,670			(249,670)	
Community Development Block					
Grant/HOME	165,600			(165,600)	
Miscellaneous Fire	27,469			(27,469)	
Miscellaneous Library	248,968			(248,968)	
Miscellaneous Police	341,456			(341,456)	
Miscellaneous Park	508,516			(508,516)	
Utility Exploration Center	96,135			(96,135)	
Roseville Financing Authority					
Debt Service Fund	827,834			(658,361)	169,473
RFA Capital Projects Fund				658,361	658,361
Enterprise Funds:					
Electric	322,313,153		(3,316,492)		318,996,661
Water	493,460,017		(1,581,280)	96,135	491,974,872
Wastewater	587,311,942		(2,098,441)		585,213,501
Solid Waste	18,391,677		(1,995,931)		16,395,746
Internal Service Funds:					
Automotive		(165,840)	(375,945)	53,248,992	52,707,207
Automotive Services	(2,981,831)			2,981,831	
Automotive Replacement	56,230,823			(56,230,823)	
Central Stores	28,033			(28,033)	

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 21 – SUBSEQUENT EVENTS

On July 12, 2017, the Roseville Financing Authority issued Refunding Bonds Series 2017A in the amount of \$30,820,000. The purpose of the issuance is to refund the 2007 Revenue Bonds, Series A and B.

On July 27, 2017, the Roseville Financing Authority issued Refunding Bonds Series 2017B on behalf of Stone Point Community Facilities District No 1-2003 and Stone Point Community Facilities District No. 50-2006 in the amount of \$10,420,000. The purpose of the issuance is to refund the community facilities districts' outstanding bonds.

On September 28, 2017, the South Placer Wastewater Authority issued bonds in the amount of \$74,780,000. These bonds were issued to finance the expansion and construction of the wastewater treatment plant.

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF ROSEVILLE, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
				Positive (Negative)
REVENUES:				
Taxes	\$ 97,185,175	\$ 96,902,860	\$ 97,631,472	\$ 728,612
Licenses and permits	2,434,850	2,646,550	3,268,160	621,610
Charges for services	16,991,724	18,521,293	17,163,588	(1,357,705)
Subventions and grants	729,708	1,063,261	535,818	(527,443)
Use of money and property	1,281,373	1,281,373	1,048,480	(232,893)
Fines, forfeitures and penalties	867,700	867,700	898,594	30,894
Contribution from developers	1,100,000	2,100,000	737,999	(1,362,001)
Miscellaneous revenues	1,691,255	2,429,743	3,312,181	882,438
TOTAL REVENUES	122,281,785	125,812,780	124,596,292	(1,216,488)
EXPENDITURES:				
Current:				
Salaries and Benefits				
General Government				
City Council	36,600	38,824	38,824	
City Manager - Administration	1,074,495	1,005,253	1,005,253	
Communications - Government Relations	654,093	644,537	644,537	
City Attorney	1,646,892	1,676,578	1,676,578	
Human Resources - Administration	1,285,724	1,297,710	1,297,710	
Risk Mgmt - Administration	105,251	59,000	59,000	
IT Administration	1,047,748	990,937	990,937	
IT - Data Center	529,685	523,109	523,109	
IT - Communications	1,079,003	1,212,110	1,212,110	
IT - Public Safety	830,493	738,546	738,546	
IT - GIS/Web	557,243	547,725	547,725	
IT - Customer Service	843,987	798,063	798,063	
IT - Applications	606,201	591,206	591,206	
City Clerk - Administration	806,237	797,382	797,382	
Central Services - Administration	512,308	521,102	521,102	
Purchasing	645,841	534,588	534,588	
Central Stores	262,943	289,752	289,752	
Building Maintenance	1,062,126	1,021,155	1,021,155	
Janitorial	504,911	477,473	477,473	
Finance Administration	515,990	450,157	450,157	
Budget	604,543	604,685	604,685	
Payroll	663,455	629,715	629,715	
Accounts Payable	406,331	426,187	426,187	
Cash management	264,228	256,449	256,449	
Util Billing & Services - Admin	202,170	(63,583)	(63,583)	
Util Billing & Services - Field Services	972,990	774,921	774,921	
Util Billing & Services - Billing	540,648	376,105	376,105	
Util Billing & Services - Services	1,349,441	1,236,533	1,236,533	
Gen Acct - Administration	445,510	327,279	327,279	
Gen Acct - Accounting	441,540	327,389	327,389	
Development & Operations				
Development & Operations - Admin	554,683	552,841	552,841	
Housing Admin	133,998	130,694	130,693	1
Economic Development & Housing	453,043	466,062	466,062	
Planning	1,344,981	1,241,932	1,241,931	1
Development Services - Admin	692,841	727,843	727,843	
Development Services - Permit Center	1,283,743	1,147,072	1,147,070	2
Development Services - Building Inspection	1,914,137	1,704,472	1,704,472	
Development Services - Code Enforcement	534,594	485,043	485,042	1
Development Services - Engineering	1,395,294	1,504,203	1,504,203	

(Continued)

**CITY OF ROSEVILLE, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
				Positive (Negative)
Public Works				
Public Works - Administration	\$ 336,792	\$ 332,338	\$ 332,338	
Engineering	1,871,979	1,549,938	1,549,938	
Flood Alert	137,759	44,839	44,839	
Streets - Administration	720,096	704,446	704,445	\$ 1
Street Drainage	172,941	203,868	203,867	1
Paving	1,317,036	1,256,064	1,256,064	
Street Signs	291,733	293,762	293,762	
Street Markings	322,938	189,287	189,286	1
Storm Water Management EU	505,218	496,327	460,903	35,424
Public Safety				
Police				
Police - Administration	2,228,143	2,253,396	2,251,301	2,095
Records - Property	1,812,777	1,746,154	1,745,887	267
Police Communications	3,017,439	2,879,614	2,879,527	87
Community Services	1,874,137	2,280,865	2,280,552	313
Patrol	15,910,981	14,593,298	14,543,317	49,981
Investigations	4,191,572	4,266,658	4,266,658	
Animal Control	307,975	314,625	314,624	1
Police Traffic	1,408,180	1,506,436	1,506,235	201
Fire				
Fire - Administration	696,395	557,161	557,161	
Fire Prevention	1,555,679	1,554,377	1,554,377	
Fire Operations	21,803,677	23,827,569	23,825,742	1,827
Fire Training	418,491	471,593	471,592	1
Fire Logistics	551,072	574,830	574,518	312
Emergency Preparedness	232,909	240,033	240,033	
Library				
Library - Admin/Tech Services	3,016,518	2,939,185	2,939,184	1
Maidu Museum - Historic Site	423,117	364,773	364,772	1
Parks and Recreation				
Parks & Rec - Administration	1,225,959	1,147,837	1,147,837	
Park Development	435,076	428,358	428,358	
Adult Sports	235,391	233,168	233,168	
Adult & Senior Activities	177,912	176,170	176,169	1
Cultural Arts & Entertainment	50,081	50,356	50,355	1
Youth & Teen Services	216,243	196,521	196,520	1
Youth Classes	399,127	400,171	400,171	
Community Special Events	134,517	130,673	130,673	
Maidu Park	285,224	284,890	284,890	
Mahany Park	650,761	610,576	610,575	1
Town Square	203,875	191,228	191,228	
Aquatics	1,468,105	1,425,899	1,425,899	
Park Operations - Admin	744,924	732,537	732,536	1
Open Space/Tree Maintenance	744,693	747,719	545,265	202,454
Parks - Maintenance	2,729,396	2,685,625	2,685,625	
Operating Services and Supplies				
General Government				
City Council	358,022	378,642	302,712	75,930
Community Contributions	53,500	69,508	37,668	31,840
Strategic Improvements	60,000	160,000	12,035	147,965
City Manager - Administration	50,358	86,455	73,679	12,776
Public Affairs/Communication	70,075	96,699	78,151	18,548
City Attorney	174,795	209,675	147,327	62,348
Litigation Reserve	250,000	250,000		250,000
Human Resources - Admin	474,150	565,736	453,354	112,382
Risk Mgmt - Administration	341,785	345,637	197,636	148,001
IT Administration	632,295	708,876	622,152	86,724
IT - Data Center	133,120	177,733	122,802	54,931
IT - Communication	536,377	554,039	505,622	48,417

(Continued)

**CITY OF ROSEVILLE, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget
				Positive (Negative)
IT - Public Safety	\$ 53,573	\$ 61,992	\$ 59,667	\$ 2,325
IT - GIS/Web	98,933	159,918	159,916	2
IT - Customer Service	333,547	398,206	358,421	39,785
IT- Application	206,124	266,143	211,336	54,807
City Clerk - Administration	76,450	93,007	92,643	364
Elections	100,000	125,435	109,378	16,057
Central Services - Administration	27,413	43,883	32,632	11,251
Purchasing	51,057	58,222	53,390	4,832
Central Stores	76,847	81,983	80,435	1,548
Building Maintenance	1,333,882	1,477,983	1,427,328	50,655
Janitorial	471,217	536,526	495,593	40,933
Finance Administration	168,288	211,766	186,697	25,069
316 Vernon	125,000	-	-	-
Budget	59,744	68,873	58,577	10,296
Payroll	52,645	251,044	50,247	200,797
Accounts Payable	23,006	33,636	33,635	1
Licensing				
Cash Management	60,263	67,789	58,346	9,443
Utility Billing & Services - Admin	3,683	7,572	7,572	
Utility Billing & Services - Field Services	134,022	161,837	138,989	22,848
Utility Billing & Services - Billing	978,193	940,833	899,480	41,353
Utility Billing & Services - Services	33,145	62,251	62,250	1
General Accounting - Administration	161,276	167,949	124,849	43,100
General Accounting - Accounts Payable				
General Accounting - Accounting	8,774	18,068	16,717	1,351
City Special Assessments	84,560	84,560	111,661	(27,101)
Development & Operations-Admin				
Merchant Parking Program	600	600		600
Development & Operations - Admin	74,992	106,583	70,756	35,827
Housing Admin	14,865	34,473	30,086	4,387
Economic Development & Housing	238,408	254,630	243,119	11,511
Planning	93,780	136,625	129,867	6,758
Development Services - Admin	56,000	64,174	47,694	16,480
Development Services - Permit Center	76,720	88,281	61,785	26,496
Development Services - Building Inspection	597,000	1,050,559	907,548	143,011
Development Services - Code Enforcement	87,506	130,112	66,287	63,825
Development Services - Engineering	172,500	234,001	163,999	70,002
Sierra Vista Specific Plan		1		1
Placer Ranch		43,159		43,159
Amoruso/Brookfield	150,000	150,000	97,577	52,423
Traffic Study	500,000	103,396	102,082	1,314
Building Plan Check Services	50,000	250,000	73,068	176,932
Development Full Cost Recovery	5,000	5,000		5,000
Planning - Full Cost Projects	3,912,750	6,339,856	3,251,682	3,088,174
Public Works				
Public Works - Administration	9,070	18,357	17,999	358
Engineering	115,354	167,034	150,907	16,127
Flood Alert	83,974	87,095	82,366	4,729
Streets - Administration	93,738	115,779	104,270	11,509
Street Drainage	330,714	368,045	343,079	24,966
Paving	860,860	907,357	815,249	92,108
Street Signs	111,810	131,363	125,739	5,624
Street Markings	127,610	145,647	145,300	347
Storm Water Management	259,009	287,779	231,974	55,805
Flood Pain Management			43	(43)

(Continued)

**CITY OF ROSEVILLE, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
Public Safety				
Police				
Police - Administration	\$ 824,598	\$ 899,851	\$ 845,535	\$ 54,316
Records - Property	108,781	146,623	145,051	1,572
Police Communications	105,976	189,695	186,918	2,777
Community Services	32,954	72,645	69,948	2,697
Patrol	1,086,836	1,788,845	1,715,475	73,370
Investigations	114,596	227,990	227,055	935
Animal Control	796,732	898,486	818,447	80,039
Police Traffic	45,144	89,703	87,156	2,547
Police - Vehicles	1,939,481	1,950,708	1,841,574	109,134
Fire				
Buckle-Up Baby Fund	9,500	9,500	1,609	7,891
Fire - Administration	41,985	68,341	68,235	106
Fire Prevention	110,399	216,612	209,144	7,468
Fire Operations	344,989	891,398	874,532	16,866
Fire Training	151,245	183,691	183,467	224
Fire Logistics	1,788,883	1,821,676	1,734,902	86,774
Fire Grants		5,500	5,500	
Emergency Preparedness	64,600	69,153	56,211	12,942
Library				
Harrigan Trust-Adult Literacy	20,000	20,000		
Library - Admin/Tech Services	673,801	744,465	743,713	752
Maidu Museum - Historic Site	99,737	107,963	107,488	475
Parks and Recreation				
Parks & Rec - Administration	229,760	251,815	245,290	6,525
Park Development	93,657	114,307	69,917	44,390
Adult Sports	153,199	151,624	143,800	7,824
Adult & Senior Activities	58,626	65,252	63,205	2,047
Cultural Arts & Entertainment	8,150	6,314	5,730	584
Youth & Teen Services	66,081	80,719	80,207	512
Youth Classes	169,037	180,648	171,528	9,120
Community Special Events	210,353	222,590	215,505	7,085
Maidu Community Center/Sports Courts	76,320	83,859	64,009	19,850
Mahany Park	264,516	280,236	240,005	40,231
Town Square	180,435	179,933	176,563	3,370
Aquatics	705,511	740,475	695,558	44,917
Park Operations - Admin	68,092	80,049	79,648	401
Open Space/Tree Maintenance	644,910	761,265	708,830	52,435
Parks - Maintenance	3,102,134	3,238,740	3,129,069	109,671
Annexation payments	4,300,000	4,750,000	4,734,193	15,807
Debt Service:				
Principal retirement	1,081,615	1,081,615	1,081,412	203
Interest and fiscal charges	846,480	846,480	848,120	(1,640)
TOTAL EXPENDITURES	140,280,271	145,825,361	139,006,480	6,798,881
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,998,486)	(20,012,581)	(14,410,188)	5,602,393
OTHER FINANCING SOURCES (USES)				
Transfers In	43,128,022	48,109,487	27,337,649	(20,771,838)
Transfers (Out)	(20,753,610)	(28,002,905)	(13,209,711)	14,793,194
Total Other Financing Sources (Uses)	22,374,412	20,106,582	14,127,938	(5,978,644)
NET CHANGE IN FUND BALANCE	\$ 4,375,927	\$ 94,001	(282,250)	\$ (376,251)
Adjustment to budgetary basis:				
Capital outlay			4,426,200	
FUND BALANCE - BEGINNING			65,284,738	
FUND BALANCE - ENDING			\$ 60,576,288	

CITY OF ROSEVILLE, CALIFORNIA
SCHEDULE OF CHANGES IN THE NET PENSION
LIABILITY AND RELATED RATIOS
LAST TEN YEARS*

	2015		2016		2017	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
Total pension liability						
Service cost	\$ 12,410,363	\$ 7,979,496	\$ 12,377,311	\$ 7,650,925	\$ 12,872,902	\$ 7,764,644
Interest on total pension liability	35,999,301	17,970,776	38,106,634	18,851,867	40,468,522	20,340,470
Differences between expected and actual experience			(1,796,891)	(4,348,535)	316,698	3,415,651
Changes in assumptions			(9,697,397)	(5,162,388)		
Benefit payments, including refunds of employee contributions	(18,188,166)	(9,003,224)	(19,339,004)	(9,908,333)	(21,009,168)	(11,124,582)
Net change in total pension liability	30,221,498	16,947,048	19,650,653	7,083,536	32,648,954	20,396,183
Total pension liability -- beginning	482,879,572	240,122,220	513,101,070	257,069,269	532,751,723	264,152,805
Total pension liability -- ending (a)	\$ 513,101,070	\$ 257,069,268	\$ 532,751,723	\$ 264,152,805	\$ 565,400,677	\$ 284,548,988
Plan fiduciary net position						
Plan to plan resource movement			\$ 3,810	\$ (26,514)	\$ (386)	
Contributions - employer	\$ 14,691,280	\$ 8,482,557	15,901,790	9,010,440	17,491,938	\$ 9,590,596
Contributions - employee	5,879,856	2,321,899	5,785,312	2,299,042	6,323,610	2,418,065
Net investment income	51,318,939	26,953,304	7,885,768	4,110,266	1,875,529	906,270
Benefit payments	(18,188,166)	(9,003,224)	(19,339,004)	(9,908,333)	(21,009,168)	(11,124,582)
Administrative expenses			(401,772)	(210,832)	(217,443)	(114,150)
Net change in fiduciary net position	53,701,909	28,754,536	9,835,904	5,274,069	4,464,080	1,676,199
Plan fiduciary net position -- beginning	293,249,174	153,271,540	346,951,083	182,026,076	356,786,987	187,300,145
Plan fiduciary net position -- ending (b)	346,951,083	182,026,076	356,786,987	187,300,145	361,251,067	188,976,344
Net pension liability -- ending (a) - (b)	\$ 166,149,987	\$ 75,043,192	\$ 175,964,736	\$ 76,852,660	\$ 204,149,610	\$ 95,572,644
Plan fiduciary net position as a percentage of the total pension liability	67.62%	70.81%	66.97%	70.91%	63.89%	66.41%
Covered payroll	\$ 67,642,462	\$ 25,304,421	\$ 70,574,246	\$ 25,172,485	\$ 74,134,013	\$ 26,276,305
Net pension liability as a percentage of covered payroll	245.63%	296.56%	249.33%	305.30%	275.38%	363.72%
Measurement date	June 30, 2014	June 30, 2014	June 30, 2015	June 30, 2015	June 30, 2016	June 30, 2016

* Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

**CITY OF ROSEVILLE, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS – PENSIONS
LAST TEN YEARS***

	2015		2016		2017	
	Miscellaneous	Safety	Miscellaneous	Safety	Miscellaneous	Safety
Actuarially determined contributions	\$ 15,872,491	\$ 9,015,161	\$ 17,564,085	\$ 9,409,229	\$ 19,896,723	\$ 11,655,656
Contributions in relation to the actuarially determined contribution	15,872,491	9,015,161	17,564,085	9,409,229	19,896,723	11,655,656
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 70,574,246	\$ 25,172,485	\$ 74,134,013	\$ 26,276,305	\$ 74,964,348	\$ 26,613,359
Contributions as a percentage of covered-employee payroll	22.49%	35.81%	23.69%	35.81%	26.54%	43.80%

Notes to Schedule

Valuation date:	6/30/2012	6/30/2012	6/30/2013	6/30/2013	6/30/2014	6/30/2014
Methods and assumptions used to determine contribution rates:						
Actuarial cost method	Entry age normal cost method		Entry age normal cost method		Entry age normal cost method	
Amortization method	Level percentage of payroll		Level percentage of payroll		Level percentage of payroll	
Asset valuation method	Market value		Market value		Market value	
Inflation	2.75%		2.75%		2.75%	
Salary Increase	3.3% to 14.2% depending on age, service, and type of employment		3.3% to 14.2% depending on age, service, and type of employment		3.3% to 14.2% depending on age, service, and type of employment	
Discount rate	7.50%		7.65%		7.65%	
Retirement age	50-57 for Safety; 50-67 for Miscellaneous		50-57 for Safety; 50-67 for Miscellaneous		50-57 for Safety; 50-67 for Miscellaneous	
Mortality	Derived using CalPERS membership data		Derived using CalPERS membership data		Derived using CalPERS membership data	

* Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

**CITY OF ROSEVILLE, CALIFORNIA
MODIFIED APPROACH TO REPORTING STREET PAVEMENT COSTS AND
PARKS AND LANDSCAPING COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

GASB Statement No. 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 100 for pavement with perfect condition. The condition index is used to classify pavement in good or better condition (70-100), fair condition (55-69), and substandard condition (less than 55).

The City's maintenance costs are budgeted to be \$3,491,659 in fiscal year 2018. The Pavement Quality Index (PQI) for the City's street pavement for the last five years is as follows:

Fiscal Year	PQI		Maintenance Budget	Actual Maintenance
	Arterial/ Collector	Residential		
2013	78	74	\$ 5,185,511	\$ 4,980,690
2014	81	70	4,570,018	6,918,584
2015	72	70	6,295,490	5,009,404
2016	71	70	15,242,792	6,220,458
2017	72	69	14,379,921	11,893,473

The City's policy based on current funding is to maintain arterial and collector roadways at an average Pavement Quality Index (PQI) of 71 and residential roadways at an average PQI of 68. 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 \$11,893,473 for street preservation in fiscal year 2017.

**CITY OF ROSEVILLE, CALIFORNIA
MODIFIED APPROACH TO REPORTING STREET PAVEMENT COSTS AND
PARKS AND LANDSCAPING COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Parks and Landscaping

The City uses maintenance service level standards along with tracking systems to oversee parks and landscape funds. Through an enterprise asset management system the department manages service requests, work orders and preventative maintenance functions to maintain the established service levels within the parks system.

The City determines the service level standards by using a combination of frequencies and outcomes. Quality assurance inspections are completed on a monthly basis to determine current conditions of the parks and landscapes that are measured against the five designated service levels. The service levels are classified into five categories: "Rushmore"- High-level maintenance (=1 on the index scale), "Yosemite"- moderate level maintenance (=2), "Sequoia" -moderate-to lower level maintenance (=3), "Mojave"- minimum level maintenance (=4), and natural area- not developed (=5). The levels are defined based on National Park and Recreation Association maintenance management practices, as well as, city staff input to determine frequencies and desired outcomes.

The City's maintenance costs are budgeted to be \$5,550,761 in fiscal year 2018. The Ground Management Index (GMI) for the City's parks and landscaping maintenance for the last five years is as follows:

Fiscal Year	GMI (Level)		Actual Maintenance
	Parks and Landscaping	Maintenance Budget	
2013	3	\$ 4,853,428	\$ 4,868,908
2014	3	5,012,552	4,879,463
2015	3	5,538,641	5,179,924
2016	3	5,438,071	5,514,512
2017	3	5,563,349	5,670,408

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 \$5,670,408 for maintenance in fiscal year 2017.

CITY OF ROSEVILLE, CALIFORNIA
OTHER POST-EMPLOYMENT BENEFITS – SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2017

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]
6/30/2015	\$ 53,826,000	\$ 206,344,000	\$ (152,518,000)	26.09%	\$ 93,480,000	(163.16)%
6/30/2013	41,493,000	184,532,000	(143,039,000)	22.49%	86,402,000	(165.55)%
6/30/2011	34,626,000	176,733,000	(142,107,000)	19.59%	74,535,000	(190.66)%

CITY OF ROSEVILLE, CALIFORNIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

A. Budgeting Procedures

The City follows these procedures in establishing the budgetary data:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating 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 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 fund 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. A formal budgetary process is employed as a management control device during the year.
7. Budgets are adopted for all governmental funds. In addition, the 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.

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 carried forward to be reappropriated in the following year.

NON-MAJOR GOVERNMENTAL FUNDS

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.

Landscape and Lighting 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.

Downtown Benefit Fee Fund. To account for revenue collected for the benefit of downtown Roseville.

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.

Downtown Parking Fund. To account for fees assessed and expended on additional parking in Downtown Roseville.

Technology Replacement Fund. To account for the activities related to the City's permit system funded by a 3% technology fee on permits.

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.

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.

Traffic Signal Coordination Fund. To fund the maintenance of optimized traffic flow through signalized intersections.

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.

Grants 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 Housing Choice Voucher 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.

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

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.

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.

Cable TV PEG Fund. To account for activity related to Public, Educational, and Governmental Access TV Channels.

Parks and Recreation Fee Fund. To account for recreation fee revenues for Parks and Recreation facilities.

Police Evidence Fund. To account for confiscated property and evidence funds for the Police department.

Roseville Community Development Corporation Fund. To account for revenues and expenditures of the Corporation for economic development, affordable housing and other community programs.

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.

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

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.

South Placer Animal Control Shelter Fund. To account for the collection of fees for the construction of an animal shelter.

Traffic Mitigation Fund. To account for revenues and expenditures related to major roadways and related structures such as bridges or interchanges.

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.

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.

Roadway Fund. To account for non-Gas Tax grants and other restricted revenues to construct and or maintain City streets.

Building Fund. To account for approved capital projects within the City funded by various fees and other sources.

General Capital Improvement Projects Rehabilitation Fund. To account for the approved rehabilitation of existing City property funded by the General Fund.

RFA Capital Projects Fund. To account for specific public improvements such as streets, sewers, storm drains, sidewalks or other amenities funded by special assessments against benefited properties.

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.

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.

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.

CITY OF ROSEVILLE, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	SPECIAL REVENUE FUNDS			
	Landscape and Lighting and Service Districts	State Gasoline Tax	Downtown Benefit Fee	Traffic Safety
ASSETS:				
Cash and investments	\$ 11,741,018	\$ 8,028,555	\$ 19,969	\$ 372,960
Cash with fiscal agents				
Receivables:				
Accounts receivable	152,237			5,506
Accrued interest	42,718	32,226	11	
Due from other government agencies				57,190
Due from other funds				
Advances to other funds				
Developer permit fees receivable				
Notes receivable		2,258,900		
Land held for resale				
Total Assets	<u>\$ 11,935,973</u>	<u>\$ 10,319,681</u>	<u>\$ 19,980</u>	<u>\$ 435,656</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 492,688	\$ 31,922		\$ 2,082
Accrued liabilities				
Due to other funds				
Due to other government agencies				
Advances from other funds				
Deposits	35,660	1,300		
Unearned revenue				
Total Liabilities	<u>528,348</u>	<u>33,222</u>		<u>2,082</u>
Deferred Inflows of Resources:				
Unavailable revenue				
Fund Balances:				
Nonspendable				
Restricted	11,407,625	10,286,459	\$ 19,980	433,574
Committed				
Assigned				
Unassigned				
Total Fund Balances (Deficit)	<u>11,407,625</u>	<u>10,286,459</u>	<u>19,980</u>	<u>433,574</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,935,973</u>	<u>\$ 10,319,681</u>	<u>\$ 19,980</u>	<u>\$ 435,656</u>

SPECIAL REVENUE FUNDS

<u>Trench Cut Recovery Fund</u>	<u>Downtown Parking</u>	<u>Technology Replacement</u>	<u>Bike Trail/ Open Space Maintenance</u>	<u>Fire Facilities</u>	<u>Traffic Signal Coordination</u>
\$ 149,676	\$ 2,005,990	\$ 903,353	\$ 925,679	\$ 6,920,546	\$ 2,302,452
		92		387,618	16,900
605	13,164	1,289	3,906	23,459	9,327
<u>\$ 150,281</u>	<u>\$ 2,019,154</u>	<u>\$ 904,734</u>	<u>\$ 929,585</u>	<u>\$ 7,331,623</u>	<u>\$ 2,328,679</u>
		\$ 8,129	\$ 66,920	\$ 365,462	
		2,512		8,332	
		100,000		345,000	
	\$ 3,519,764	95,054		1,380,000	
	<u>3,519,764</u>	<u>205,695</u>	<u>66,920</u>	<u>2,098,794</u>	
\$ 150,281		699,039	862,665	5,232,829	\$ 2,328,679
	(1,500,610)				
<u>150,281</u>	<u>(1,500,610)</u>	<u>699,039</u>	<u>862,665</u>	<u>5,232,829</u>	<u>2,328,679</u>
<u>\$ 150,281</u>	<u>\$ 2,019,154</u>	<u>\$ 904,734</u>	<u>\$ 929,585</u>	<u>\$ 7,331,623</u>	<u>\$ 2,328,679</u>

(Continued)

CITY OF ROSEVILLE, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	SPECIAL REVENUE FUNDS			
	Tree Propagation	Air Quality Mitigation	Grants	Housing Authority Housing Choice Voucher
ASSETS:				
Cash and investments	\$ 1,599,322	\$ 371,404	\$ 1,103,935	\$ 672,421
Cash with fiscal agents				14,344
Receivables:				
Accounts receivable		15,352		
Accrued interest	6,902	1,539	3,653	
Due from other government agencies			158,552	
Due from other funds				
Advances to other funds				
Developer permit fees receivable				
Notes receivable			12,594,891	
Land held for resale				
Total Assets	<u>\$ 1,606,224</u>	<u>\$ 388,295</u>	<u>\$ 13,861,031</u>	<u>\$ 686,765</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 1,944		\$ 86,923	\$ 61,828
Accrued liabilities				19,378
Due to other funds				
Due to other government agencies				
Advances from other funds				
Deposits				
Unearned revenue			275,422	
Total Liabilities	<u>1,944</u>		<u>362,345</u>	<u>81,206</u>
Deferred Inflows of Resources:				
Unavailable revenue			12,595,080	
Fund Balances:				
Nonspendable				
Restricted	1,604,280	\$ 388,295	903,606	605,559
Committed				
Assigned				
Unassigned				
Total Fund Balances (Deficit)	<u>1,604,280</u>	<u>388,295</u>	<u>903,606</u>	<u>605,559</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,606,224</u>	<u>\$ 388,295</u>	<u>\$ 13,861,031</u>	<u>\$ 686,765</u>

SPECIAL REVENUE FUNDS

Affordable Housing	Low/Mod Income Housing Asset	Cable TV PEG	Parks and Recreation Fee	Police Evidence	Roseville Community Development Corporation
\$ 6,174,519	\$ 856,819	\$ 870,924	\$ 15,239	\$ 173,820	\$ 1,139,225
		59,162			
384,119	752,723	3,639		685	
3,253,975	14,713,418				217,435
	861,245				
<u>\$ 9,812,613</u>	<u>\$ 17,184,205</u>	<u>\$ 933,725</u>	<u>\$ 15,239</u>	<u>\$ 174,505</u>	<u>\$ 1,356,660</u>
\$ 30,000		\$ 37,665		\$ 399	\$ 27,420
316,423	\$ 235,728				
					1,530,951
					23,204
					5,200
<u>346,423</u>	<u>235,728</u>	<u>37,665</u>		<u>399</u>	<u>1,586,775</u>
<u>3,297,552</u>	<u>\$ 11,087,593</u>				<u>217,435</u>
6,168,638	5,860,884	896,060	\$ 15,239	174,106	
					(447,550)
<u>6,168,638</u>	<u>5,860,884</u>	<u>896,060</u>	<u>15,239</u>	<u>174,106</u>	<u>(447,550)</u>
<u>\$ 9,812,613</u>	<u>\$ 17,184,205</u>	<u>\$ 933,725</u>	<u>\$ 15,239</u>	<u>\$ 174,505</u>	<u>\$ 1,356,660</u>

(Continued)

CITY OF ROSEVILLE, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		
	Roseville Finance Authority	South Placer Animal Control Shelter	Traffic Mitigation	Public Facilities
ASSETS:				
Cash and investments	\$ 239,584		\$ 28,545,493	\$ 8,870,870
Cash with fiscal agents	114,984			
Receivables:				
Accounts receivable		\$ 196	1,186,738	987,662
Accrued interest	565	77	102,272	53,096
Due from other government agencies			9,611,183	
Due from other funds				100,000
Advances to other funds				95,054
Developer permit fees receivable				
Notes receivable				
Land held for resale				
Total Assets	<u>\$ 355,133</u>	<u>\$ 273</u>	<u>\$ 39,445,686</u>	<u>\$ 10,106,682</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts payable			\$ 651,010	\$ 170,382
Accrued liabilities	\$ 11,988			10,732
Due to other funds		\$ 693		442,387
Due to other government agencies				
Advances from other funds				4,248,244
Deposits	57,467			
Unearned revenue				
Total Liabilities	<u>69,455</u>	<u>693</u>	<u>651,010</u>	<u>4,871,745</u>
Deferred Inflows of Resources:				
Unavailable revenue			7,735,142	
Fund Balances:				
Nonspendable				
Restricted	285,678		31,059,534	5,234,937
Committed				
Assigned				
Unassigned		(420)		
Total Fund Balances (Deficit)	<u>285,678</u>	<u>(420)</u>	<u>31,059,534</u>	<u>5,234,937</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 355,133</u>	<u>\$ 273</u>	<u>\$ 39,445,686</u>	<u>\$ 10,106,682</u>

CAPITAL PROJECTS FUNDS

<u>Park Development</u>	<u>Pleasant Grove Drain Basin</u>	<u>Community Facilities District Projects</u>	<u>Roadway</u>	<u>Building</u>	<u>General Capital Improvement Projects Rehabilitation</u>
\$ 35,060,708	\$ 10,231,290	\$ 1,334,133 13,633,493	\$ 44,022	\$ 176,105	\$ 16,962,275
1,681,445					
135,464	34,218	5,941	6,523	685	54,329
239,443					
<u>\$ 37,117,060</u>	<u>\$ 10,265,508</u>	<u>\$ 14,973,567</u>	<u>\$ 50,545</u>	<u>\$ 176,790</u>	<u>\$ 17,016,604</u>
\$ 33,649	\$ 5,174		\$ 181,159	\$ 29,568	\$ 647,398
33,649	5,174		181,159	29,568	647,398
272,300					
36,811,111	10,260,334	\$ 14,973,567		147,222	16,369,206
			(130,614)		
36,811,111	10,260,334	14,973,567	(130,614)	147,222	16,369,206
<u>\$ 37,117,060</u>	<u>\$ 10,265,508</u>	<u>\$ 14,973,567</u>	<u>\$ 50,545</u>	<u>\$ 176,790</u>	<u>\$ 17,016,604</u>
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**CITY OF ROSEVILLE, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017**

	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS		
	RFA Capital Projects	Citizens' Benefit	Roseville Aquatics Complex Maintenance	Total Non-Major Governmental Funds
ASSETS:				
Cash and investments	\$ 72,406	\$ 17,272,680	\$ 611,930	\$ 165,769,322
Cash with fiscal agents	8			13,762,829
Receivables:				
Accounts receivable				4,492,908
Accrued interest		99,193	3,450	1,775,778
Due from other government agencies				9,826,925
Due from other funds				100,000
Advances to other funds				95,054
Developer permit fees receivable				239,443
Notes receivable				33,038,619
Land held for resale				861,245
Total Assets	<u>\$ 72,414</u>	<u>\$ 17,371,873</u>	<u>\$ 615,380</u>	<u>\$ 229,962,123</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts payable				\$ 2,931,722
Accrued liabilities				52,942
Due to other funds				888,080
Due to other government agencies				552,151
Advances from other funds				10,774,013
Deposits		\$ 531	\$ 600,000	718,162
Unearned revenue				280,622
Total Liabilities		<u>531</u>	<u>600,000</u>	<u>16,197,692</u>
Deferred Inflows of Resources:				
Unavailable revenue				<u>35,205,102</u>
Fund Balances:				
Nonspendable		16,964,800		16,964,800
Restricted	\$ 72,414	406,542	15,380	147,157,295
Committed				147,222
Assigned				16,369,206
Unassigned				(2,079,194)
Total Fund Balances (Deficit)	<u>72,414</u>	<u>17,371,342</u>	<u>15,380</u>	<u>178,559,329</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 72,414</u>	<u>\$ 17,371,873</u>	<u>\$ 615,380</u>	<u>\$ 229,962,123</u>

**CITY OF ROSEVILLE, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	SPECIAL REVENUE FUNDS			
	Landscape and Lighting and Service Districts	State Gasoline Tax	Downtown Benefit Fee	Traffic Safety
REVENUES:				
Taxes	\$ 9,251,128			
Charges for services			\$ 20,000	
Subventions and grants		\$ 2,571,665		
Use of money and property	7,089	12,945	(20)	
Fines, forfeitures and penalties				\$ 318,156
Contributions from developers and others				
Miscellaneous revenues				
Total Revenues	9,258,217	2,584,610	19,980	318,156
EXPENDITURES:				
Current:				
General government				
Development and operations				
Public works		6,634		
Public safety:				
Police				
Parks and recreation	5,138,191			
Housing assistance payments				
Capital outlay		2,247,875		
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total Expenditures	5,138,191	2,254,509		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,120,026	330,101	19,980	318,156
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out	(3,325,995)	(735,430)		
Total Other Financing Sources (Uses)	(3,325,995)	(735,430)		
Net change in fund balance	794,031	(405,329)	19,980	318,156
Fund Balances (Deficit) - Beginning, as restated	10,613,594	10,691,788		115,418
Fund Balances - Ending	\$ 11,407,625	\$ 10,286,459	\$ 19,980	\$ 433,574

SPECIAL REVENUE FUNDS

Trench Cut Recovery Fund	Downtown Parking	Technology Replacement	Bike Trail/ Open Space Maintenance	Fire Facilities	Traffic Signal Coordination
\$ 3,758		\$ 595,453		\$ 1,624,028	\$ 2,570
143	\$ 6,931	497	\$ 239	4,431	2,349
					62,863
			34,495		
3,901	6,931	595,950	34,734	1,628,459	67,782
		87,819			
	44,759	44,914			1,141
			715,029		
		36,035		1,263,750	
				8,331	
	44,759	168,768	715,029	1,272,081	1,141
3,901	(37,828)	427,182	(680,295)	356,378	66,641
(108)	(1,468,942)	29,329	630,096	(3,683)	(2,471)
(108)	(1,468,942)	29,329	612,657	(3,683)	(2,471)
3,793	(1,506,770)	456,511	(67,638)	352,695	64,170
146,488	6,160	242,528	930,303	4,880,134	2,264,509
\$ 150,281	\$ (1,500,610)	\$ 699,039	\$ 862,665	\$ 5,232,829	\$ 2,328,679

(Continued)

**CITY OF ROSEVILLE, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	SPECIAL REVENUE FUNDS			
	Tree Propagation	Air Quality Mitigation	Grants	Housing Authority Housing Choice Voucher
REVENUES:				
Taxes				
Charges for services	\$ 32,332	\$ 56,441		
Subventions and grants			\$ 855,260	\$ 4,908,945
Use of money and property	1,761	473	6,127	
Fines, forfeitures and penalties				
Contributions from developers and others				
Miscellaneous revenues	560		586,654	70,094
Total Revenues	34,653	56,914	1,448,041	4,979,039
EXPENDITURES:				
Current:				
General government				
Development and operations		2,002	608,895	636,975
Public works				
Public safety:				
Police			60,531	
Parks and recreation	159,013			
Housing assistance payments				4,216,417
Capital outlay		1,400	168,363	
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total Expenditures	159,013	3,402	837,789	4,853,392
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(124,360)	53,512	610,252	125,647
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out	(6,209)	(37,039)	(300,375)	(30,882)
Total Other Financing Sources (Uses)	(6,209)	(37,039)	(300,375)	(30,882)
Net change in fund balance	(130,569)	16,473	309,877	94,765
Fund Balances (Deficit) - Beginning, as restated	1,734,849	371,822	593,729	510,794
Fund Balances - Ending	\$ 1,604,280	\$ 388,295	\$ 903,606	\$ 605,559

SPECIAL REVENUE FUNDS

Affordable Housing	Low/Mod Income Housing Asset	Cable TV PEG	Parks and Recreation Fee	Police Evidence	Roseville Community Development Corporation
\$ 500,000					\$ 92,500
52,697	\$ 3,420	\$ 1,180		\$ 161	333,161
			\$ 15,239		
675,278	5,500				
77,957	5,789,628	232,783		10,948	49,521
1,305,932	5,798,548	233,963	15,239	11,109	475,182
		272,721			
699,970	6,028,473				413,950
					352,405
					17,097
					23,245
699,970	6,028,473	272,721			806,697
605,962	(229,925)	(38,758)	15,239	11,109	(331,515)
(3,666)					
(3,666)					
602,296	(229,925)	(38,758)	15,239	11,109	(331,515)
5,566,342	6,090,809	934,818		162,997	(116,035)
\$ 6,168,638	\$ 5,860,884	\$ 896,060	\$ 15,239	\$ 174,106	\$ (447,550)

(Continued)

**CITY OF ROSEVILLE, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		
	Roseville Finance Authority	South Placer Animal Control Shelter	Traffic Mitigation	Public Facilities
REVENUES:				
Taxes				
Charges for services		\$ (213)	\$ 6,623,733	\$ 3,645,368
Subventions and grants			4,226,032	
Use of money and property	\$ 6,544,798	24	29,676	40,639
Fines, forfeitures and penalties				
Contributions from developers and others			775,034	
Miscellaneous revenues			2,570,210	3,053,418
Total Revenues	6,544,798	(189)	14,224,685	6,739,425
EXPENDITURES:				
Current:				
General government	3,086,643			62,747
Development and operations				
Public works			16	
Public safety:				
Police				
Parks and recreation				
Housing assistance payments				
Capital outlay			9,619,442	17,080,153
Debt service:				
Principal retirement				
Interest and fiscal charges	3,341,950			
Total Expenditures	6,428,593		9,619,458	17,142,900
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	116,205	(189)	4,605,227	(10,403,475)
OTHER FINANCING SOURCES (USES):				
Transfers in			14,382	2,288,160
Transfers out		(29,884)	(78,551)	(1,249,556)
Total Other Financing Sources (Uses)		(29,884)	(64,169)	1,038,604
Net change in fund balance	116,205	(30,073)	4,541,058	(9,364,871)
Fund Balances (Deficit) - Beginning, as restated	169,473	29,653	26,518,476	14,599,808
Fund Balances - Ending	\$ 285,678	\$ (420)	\$ 31,059,534	\$ 5,234,937

CAPITAL PROJECTS FUNDS

<u>Park Development</u>	<u>Pleasant Grove Drain Basin</u>	<u>Community Facilities District Projects</u>	<u>Roadway</u>	<u>Building</u>	<u>General Capital Improvement Projects Rehabilitation</u>
\$ 5,855,758	\$ 647,245				
175,000			\$ 3,949,161		
32,112	89,206	\$ 60,515	(2,392)	\$ (2,219)	\$ (3,302)
<u>5,000</u>		<u>8,922,744</u>			<u>70,587</u>
<u>6,067,870</u>	<u>736,451</u>	<u>8,983,259</u>	<u>3,946,769</u>	<u>(2,219)</u>	<u>67,285</u>
					1,080,632
		379,465			85
5,408	8,279				
1,550,997	108,817	12,207,265	7,884,714	308,090	2,002,972
<u>1,556,405</u>	<u>117,096</u>	<u>12,586,730</u>	<u>7,884,714</u>	<u>308,090</u>	<u>3,083,689</u>
<u>4,511,465</u>	<u>619,355</u>	<u>(3,603,471)</u>	<u>(3,937,945)</u>	<u>(310,309)</u>	<u>(3,016,404)</u>
85,548			3,232,019	273,809	9,473,105
(84,717)	(46,027)		(1,338,954)	(6,555)	(612,648)
<u>831</u>	<u>(46,027)</u>		<u>1,893,065</u>	<u>267,254</u>	<u>8,860,457</u>
4,512,296	573,328	(3,603,471)	(2,044,880)	(43,055)	5,844,053
<u>32,298,815</u>	<u>9,687,006</u>	<u>18,577,038</u>	<u>1,914,266</u>	<u>190,277</u>	<u>10,525,153</u>
<u>\$ 36,811,111</u>	<u>\$ 10,260,334</u>	<u>\$ 14,973,567</u>	<u>\$ (130,614)</u>	<u>\$ 147,222</u>	<u>\$ 16,369,206</u>

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**CITY OF ROSEVILLE, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	CAPITAL PROJECTS FUNDS		PERMANENT FUNDS	
	RFA Capital Projects	Citizens' Benefit	Roseville Aquatics Complex Maintenance	Total Non-Major Governmental Funds
REVENUES:				
Taxes				\$ 9,251,128
Charges for services				19,106,473
Subventions and grants				17,278,563
Use of money and property	\$ 26,812	\$ (224,941)	\$ (9,966)	7,014,546
Fines, forfeitures and penalties				333,395
Contributions from developers and others				1,518,675
Miscellaneous revenues		12,823		21,487,422
Total Revenues	26,812	(212,118)	(9,966)	75,990,202
EXPENDITURES:				
Current:				
General government		409,714		5,000,276
Development and operations				8,859,403
Public works				7,876
Public safety:				
Police				60,531
Parks and recreation				6,025,920
Housing assistance payments				4,216,417
Capital outlay				54,832,278
Debt service:				
Principal retirement				17,097
Interest and fiscal charges				3,373,526
Total Expenditures		409,714		82,393,324
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	26,812	(621,832)	(9,966)	(6,403,122)
OTHER FINANCING SOURCES (USES):				
Transfers in				16,026,448
Transfers out	(612,759)			(9,991,890)
Total Other Financing Sources (Uses)	(612,759)			6,034,558
Net change in fund balance	(585,947)	(621,832)	(9,966)	(368,564)
Fund Balances (Deficit) - Beginning, as restated	658,361	17,993,174	25,346	178,927,893
Fund Balances - Ending	\$ 72,414	\$ 17,371,342	\$ 15,380	\$ 178,559,329

CITY OF ROSEVILLE, CALIFORNIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	LANDSCAPE AND LIGHTING SERVICE DISTRICTS			STATE GASOLINE TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Taxes	\$ 9,167,110	\$ 9,251,128	\$ 84,018			
Charges for services						
Subventions and grants				\$ 2,624,286	\$ 2,571,665	\$ (52,621)
Use of money and property	94,912	7,089	(87,823)	40,000	12,945	(27,055)
Fines, forfeitures and penalties						
Total Revenues	9,262,022	9,258,217	(3,805)	2,664,286	2,584,610	(79,676)
EXPENDITURES:						
Current:						
Operating services and supplies						
Planning						
Highway Users Tax Operations				22,377	6,634	15,743
Olympus Pointe Lld Zone A	173,165	140,622	32,543			
Olympus Pointe Lld Zone D	56,652	53,427	3,225			
Nwrld Zone A	479,967	477,701	2,266			
Nwrld Zone B	20,245	18,098	2,147			
Johnson Ranch Lld Zone A	4,199	3,838	361			
Johnson Ranch Lld Zone B	1,725	1,472	253			
Johnson Ranch Lld Zone C	2,222	1,984	238			
Johnson Ranch Lld Zone D	289	136	153			
Johnson Ranch Lld Zone E	2,792	2,522	270			
Ncrld Zone A	420,751	409,706	11,045			
Ncrld Zone B	131,986	121,357	10,629			
Ncrld Zone F	20,388	14,962	5,426			
Ncrld Zone G	13,027	9,726	3,301			
Infill Lld Zone A	19,847	14,447	5,400			
Infill Lld Zone B	26,348	11,545	14,803			
Infill Lld Zone C	35,303	12,069	23,234			
Nrcfd 2 Sd Zone A	63,858	31,665	32,193			
Nrcfd 2 Sd Zone B	90,439	62,071	28,368			
Nrcfd 2 Sd Zone C	187,242	145,847	41,395			
Nrcfd 2 Sd Zone E	17,700	13,454	4,246			
Historic District Lld	46,796	33,996	12,800			
Riverside District Lld	46,774	33,296	13,478			
Stone Point Cfd #4 (Sd)	26,276	10,548	15,728			
Infill Cfd4-Wdcrk Oaks Preser	11,422	11,299	123			
Westbrook SRV Dist CFDA	96,980	62,338	34,642			
Stoneridge Cfd #1 Srv Dist	489,269	438,986	50,283			
Stoneridge Parcel 1 Cfd #2 Sd	24,016	23,409	607			
Woodcrk West - Services District	518,786	312,087	206,699			
Crocker Ranch Services District	272,869	247,235	25,634			
Highland Res north Srv Dist	476,926	462,175	14,751			
Vernon St Lighting/Landscape	58,663	29,725	28,938			
Woodcreek East Services Dist	124,151	107,716	16,435			
Stone Point Cfd #2 Srv Dist	43,396	40,532	2,864			
Westpark Cfd #2 Services Dist	804,064	763,502	40,562			
Fiddymont Ranch Cfd #2 Sd	806,811	765,764	41,047			
Municipal Services Cfd #3	131,998	130,209	1,789			
Longmeadow Cfd #2 Sd	102,165	91,378	10,787			
Infill Services Cfd	31,437	27,347	4,090			
Total Expenditures	5,880,944	5,138,191	742,753	22,377	6,634	15,743
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,381,078	4,120,026	738,948	2,641,909	2,577,976	(63,933)
OTHER FINANCING SOURCES (USES):						
Transfers in				897,256		(897,256)
Transfers out	(3,341,068)	(3,325,995)	15,073	(740,861)	(735,430)	5,431
Total Other Financing Sources (Uses)	(3,341,068)	(3,325,995)	15,073	156,395	(735,430)	(891,825)
NET CHANGE IN FUND BALANCE	\$ 40,010	794,031	\$ 754,021	2,798,304	1,842,546	\$ (955,758)
Adjustment to Budgetary Basis:						
Capital Outlay					(2,247,875)	
Fund Balance (Deficit) - Beginning, as restated		10,613,594			10,691,788	
Fund Balance - Ending	\$ 11,407,625				\$ 10,286,459	

DOWNTOWN BENEFIT FEE			TRAFFIC SAFETY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$ 20,000	\$ 20,000			
	(20)	(20)			
	19,980	19,980	\$ 210,000	\$ 318,156	\$ 108,156
			210,000	318,156	108,156

	19,980	19,980	210,000	318,156	108,156
			(210,000)		210,000
			(210,000)		210,000
	19,980	\$ 19,980	\$ -	318,156	\$ 318,156
	-			115,418	
	\$ 19,980			\$ 433,574	

(Continued)

**CITY OF ROSEVILLE, CALIFORNIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	TRENCH CUT RECOVERY		
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
Charges for services	\$ 5,000	\$ 3,758	\$ (1,242)
Use of money and property	1,814	143	(1,671)
Total Revenues	6,814	3,901	(2,913)
EXPENDITURES:			
Current:			
General Government			
Planning			
Operating services and supplies			
Development and Operations			
Capital outlay			
Debt Service:			
Interest and fiscal charges			
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,814	3,901	(2,913)
OTHER FINANCING SOURCES (USES):			
Proceeds from the sale of property			
Transfers in			
Transfers out	(108)	(108)	
Total Other Financing Sources (Uses)	(108)	(108)	
NET CHANGE IN FUND BALANCE	\$ 6,706	3,793	\$ (2,913)
Adjustment to Budgetary Basis:			
Capital Outlay			
Fund Balance (Deficit) - Beginning		146,488	
Fund Balance - Ending		\$ 150,281	

DOWNTOWN PARKING			TECHNOLOGY REPLACEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 111	6,931	6,820	\$ 570,000	\$ 595,453	\$ 25,453
111	6,931	6,820	2,549	497	(2,052)
			572,549	595,950	23,401
				87,819	(87,819)
	44,759	(44,759)	435,000	44,914	390,086
				36,035	(36,035)
			2,650		2,650
-	44,759	(44,759)	437,650	168,768	268,882
111	(37,828)	(37,939)	134,899	427,182	292,283
1,500,000		(1,500,000)	65,230	29,329	(35,901)
(3,467,137)	(1,468,942)	1,998,195	(100,000)		100,000
(1,967,137)	(1,468,942)	498,195	(34,770)	29,329	64,099
\$ (1,967,026)	(1,506,770)	\$ 460,256	\$ 100,129	456,511	\$ 356,382
	6,160			242,528	
\$ (1,500,610)			\$ 699,039		

(Continued)

CITY OF ROSEVILLE, CALIFORNIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	BIKE TRAIL / OPEN SPACE MAINTENANCE			FIRE FACILITIES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Charges for services				\$ 1,250,000	\$ 1,624,028	374,028
Subventions and grants						
Use of money and property						
Contributions from developers	\$ 9,388	\$ 239	\$ (9,149)	53,328	4,431	(48,897)
Miscellaneous revenues		34,495	34,495			
Total Revenues	9,388	34,734	25,346	1,303,328	1,628,459	325,131
EXPENDITURES:						
Current:						
Operating services and supplies						
Parks and Recreation						
Native Tree Projects						
Non-Native Tree Projects						
Facilities Rehab Project						
Bike Trail Maintenance	767,350	715,029	52,321			
Total Expenditures	767,350	715,029	52,321	471	8,331	(7,860)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(757,962)	(680,295)	77,667	1,302,857	1,620,128	317,271
OTHER FINANCING SOURCES (USES):						
Proceeds from the sale of property						
Transfers in	664,605	630,096	(34,509)	2,050,000		(2,050,000)
Transfers out	(17,439)	(17,439)		(20,817)	(3,683)	17,134
Total Other Financing Sources (Uses)	647,166	612,657	(34,509)	2,029,183	(3,683)	(2,032,866)
NET CHANGE IN FUND BALANCE	\$ (110,796)	(67,638)	\$ 43,158	\$ 3,332,040	1,616,445	\$ (1,715,595)
Adjustment to Budgetary Basis:						
Capital Outlay					(1,263,750)	
Fund Balance (Deficit) - Beginning		930,303			4,880,134	
Fund Balance - Ending		\$ 862,665			\$ 5,232,829	

TRAFFIC SIGNAL COORDINATION			TREE PROPOGATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$ 2,570	\$ 2,570	\$ 25,000	\$ 32,332	\$ 7,332
\$ 27,018	2,349	(24,669)	22,539	1,761	(20,778)
50,000	62,863	12,863		560	560
77,018	67,782	(9,236)	47,539	34,653	(12,886)
	1,141	(1,141)	246,300	91,104	155,196
			233,575	67,909	165,666
	1,141	(1,141)	479,875	159,013	320,862
77,018	66,641	(10,377)	(432,336)	(124,360)	307,976
(2,471)	(2,471)		(6,290)	(6,209)	81
(2,471)	(2,471)		(6,290)	(6,209)	81
\$ 74,547	64,170	\$ (10,377)	\$ (438,626)	(130,569)	\$ 308,057
	2,264,509			1,734,849	
	\$ 2,328,679			\$ 1,604,280	

**CITY OF ROSEVILLE, CALIFORNIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	AIR QUALITY MITIGATION			GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Charges for services	\$ 60,000	\$ 56,441	\$ (3,559)	\$ 1,580,929	\$ 855,260	\$ (725,669)
Subventions and grants				16,052	6,127	(9,925)
Use of money and property	3,941	473	(3,468)			
Contributions from developers				454,440	586,654	132,214
Miscellaneous revenues						
Total Revenues	63,941	56,914	(7,027)	2,051,421	1,448,041	(603,380)
EXPENDITURES:						
Current:						
Salaries and benefits						
Planning						
Housing Authority						
Operating services and supplies						
Planning						
Air Quality Mitigation	4,500	2,002	2,498		(90,208)	90,208
Rehabilitation Account				300,000		300,000
CDBG				830,311	343,537	486,774
HOME Program				634,937	192,138	442,799
Cal/Home				124,000	81,460	42,540
Begin Program				123,400	81,968	41,432
Housing Trsut Fund						
Home Improvement						
Affordable Housing						
Low & Moderate Income Housing						
Public safety:						
Police						
Forfeited property				62,681	60,531	2,150
Police evidence funds				7,788		7,788
Housing Assistance Payments						
Total Expenditures	4,500	2,002	2,498	2,083,117	669,426	1,413,691
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	59,441	54,912	(4,529)	(31,696)	778,615	810,311
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out	(38,217)	(37,039)	1,178	(300,375)	(300,375)	
Total Other Financing Sources (Uses)	(38,217)	(37,039)	1,178	(300,375)	(300,375)	
NET CHANGE IN FUND BALANCE	\$ 21,224	17,873	\$ (3,351)	\$ (332,071)	478,240	\$ 810,311
Adjustment to Budgetary Basis:						
Capital Outlay		(1,400)			(168,363)	
Fund Balance (Deficit) - Beginning, as restated		371,822			593,729	
Fund Balance - Ending		\$ 388,295			\$ 903,606	

HOUSING AUTHORITY HOUSING CHOICE VOUCHERS			AFFORDABLE HOUSING			HOUSING SUCCESSOR FUND / LOW/MOD INCOME HOUSING ASSET		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 5,298,238 22	\$ 4,908,945	\$ (389,293) (22)	\$ 500,000	\$ 500,000		\$ 9,900	\$ 3,420	\$ (6,480)
			85,050	52,697	\$ (32,353)	5,500	5,500	
	70,094	70,094	474,864	675,278	200,414	5,993,927	5,789,628	(204,299)
			117,957	77,957	(40,000)			
<u>5,298,260</u>	<u>4,979,039</u>	<u>(319,221)</u>	<u>1,177,871</u>	<u>1,305,932</u>	<u>128,061</u>	<u>6,009,327</u>	<u>5,798,548</u>	<u>(210,779)</u>
	636,975	(636,975)						
			761,000	500,400	260,600			
			63,000	44,549	18,451			
			339,763	155,021	184,742			
						6,085,496	6,028,473	57,023
	4,216,417	(4,216,417)						
	<u>4,853,392</u>	<u>(4,853,392)</u>	<u>1,163,763</u>	<u>699,970</u>	<u>463,793</u>	<u>6,085,496</u>	<u>6,028,473</u>	<u>57,023</u>
<u>5,298,260</u>	<u>125,647</u>	<u>(5,172,613)</u>	<u>14,108</u>	<u>605,962</u>	<u>591,854</u>	<u>(76,169)</u>	<u>(229,925)</u>	<u>(153,756)</u>
	(30,882)	(30,882)	(3,666)	(3,666)				
	<u>(30,882)</u>	<u>(30,882)</u>	<u>(3,666)</u>	<u>(3,666)</u>				
<u>\$ 5,298,260</u>	<u>94,765</u>	<u>\$ (5,203,495)</u>	<u>\$ 10,442</u>	<u>602,296</u>	<u>\$ 591,854</u>	<u>\$ (76,169)</u>	<u>(229,925)</u>	<u>\$ (153,756)</u>
	510,794			5,566,342			6,090,809	
	<u>\$ 605,559</u>			<u>\$ 6,168,638</u>			<u>\$ 5,860,884</u>	

(Continued)

**CITY OF ROSEVILLE, CALIFORNIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	CABLE TV PEG			PARKS AND RECREATION FEE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Subventions and grants						
Use of money and property	\$ 9,694	\$ 1,180	\$ (8,514)			
Fines and forfeitures					\$ 15,239	15,239
Miscellaneous revenues	205,160	232,783	27,623			
Total Revenues	214,854	233,963	19,109		15,239	15,239
EXPENDITURES:						
Current:						
Operating services and supplies						
General Government						
Cable TV Peg Funds	375,778	272,721	103,057			
Special Districts						
Public Safety:						
Police						
Forfeited property						
Planning:						
Roseville Community						
Development Corporation						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	375,778	272,721	103,057			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(160,924)	(38,758)	122,166		15,239	15,239
OTHER FINANCING SOURCES (USES):						
Transfers in						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCE	\$ (160,924)	(38,758)	\$ 122,166		15,239	\$ 15,239
Adjustment to Budgetary Basis:						
Capital Outlay						
Fund Balance (Deficit) - Beginning, as restated		934,818				
Fund Balance - Ending		\$ 896,060			\$ 15,239	

(Continued)

**CITY OF ROSEVILLE, CALIFORNIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	CITIZENS BENEFIT			ROSEVILLE AQUATICS COMPLEX MAINTENANCE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES:						
Subventions and grants						
Use of money and property	\$ 450,710	\$ (224,941)	\$ (675,651)		\$ (9,966)	\$ (9,966)
Miscellaneous revenues	250,000	12,823	(237,177)			
Total Revenues	700,710	(212,118)	(912,828)		(9,966)	(9,966)
EXPENDITURES:						
Current:						
Roadway operations						
Operating services and supplies						
General government						
Special Districts						
Citizens benefits	428,852	409,714	19,138			
Debt Service:						
Principal retirement						
Interest and fiscal charges						
Total Expenditures	428,852	409,714	19,138			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	271,858	(621,832)	(893,690)		(9,966)	(9,966)
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out	(364)		364			
Total Other Financing Sources (Uses)	(364)		364			
NET CHANGE IN FUND BALANCE	\$ 271,494	(621,832)	\$ (893,326)		(9,966)	\$ (9,966)
Adjustment to Budgetary Basis:						
Capital Outlay						
Fund Balance (Deficit) - Beginning		17,993,174			25,346	
Fund Balance - Ending		\$ 17,371,342			\$ 15,380	

NON-MAJOR ENTERPRISE FUNDS

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, CALIFORNIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	Enterprise Funds			
	Non-Major Golf Course	Non-Major Local Transportation	Non-Major School-Age Child Care	Totals
ASSETS:				
Current Assets:				
Cash and investments in City Treasury		\$ 12,910,620	\$ 646,488	\$ 13,557,108
Receivables:				
Accounts, net of allowance for doubtful accounts	\$ 415,204	43,760	133,220	592,184
Accrued interest	26,302	57,353	2,811	86,466
Due from other government agencies		6,567,437	71,228	6,638,665
Total Current Assets	441,506	19,579,170	853,747	20,874,423
Non-Current Assets:				
Land and construction in progress	6,007,666	5,618,948		11,626,614
Capital assets being depreciated, net	7,476,565	12,555,266	2,052,890	22,084,721
Total Non-Current Assets	13,484,231	18,174,214	2,052,890	33,711,335
Total Assets	13,925,737	37,753,384	2,906,637	54,585,758
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pensions		559,019	1,935,893	2,494,912
Total Deferred outflows of resources		559,019	1,935,893	2,494,912
LIABILITIES:				
Current Liabilities:				
Accounts payable	26,688	1,054,612	52,843	1,134,143
Accrued liabilities	2,192,890	35,827	101,630	2,330,347
Due to other funds	1,177,930		50,000	1,227,930
Current portion of compensated absences		64,035	139,327	203,362
Current portion of long-term debt	421,224			421,224
Deposits		60		60
Unearned revenue		15,038,810	23,506	15,062,316
Total Current Liabilities	3,818,732	16,193,344	367,306	20,379,382
Long-term liabilities:				
Advances from other funds	2,369,000		455,000	2,824,000
Long-term debt, non-current portion	2,701,947			2,701,947
Compensated absences		131,252	273,297	404,549
Net pension liability		2,429,381	5,879,509	8,308,890
Total Long-Term Liabilities	5,070,947	2,560,633	6,607,806	14,239,386
Total Liabilities	8,889,679	18,753,977	6,975,112	34,618,768
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pensions		63,835	154,492	218,327
Total Deferred inflows of resources		63,835	154,492	218,327
NET POSITION:				
Net investment in capital assets	10,361,060	18,174,214	2,052,890	30,588,164
Restricted for local transportation		1,320,377		1,320,377
Unrestricted	(5,325,002)		(4,339,964)	(9,664,966)
Total Net Position (Deficit)	\$ 5,036,058	\$ 19,494,591	\$ (2,287,074)	\$ 22,243,575

CITY OF ROSEVILLE, CALIFORNIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES
IN FUND NET POSTION
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			Totals
	Non-Major Golf Course	Non-Major Local Transportation	Non-Major School-Age Child Care	
OPERATING REVENUES				
Charges for services	\$ 1,925,550	\$ 1,016,447	\$ 5,454,334	\$ 8,396,331
Other	6,000	380,510	225,903	612,413
Total Operating Revenues	1,931,550	1,396,957	5,680,237	9,008,744
OPERATING EXPENSES				
Operations	1,972,784	6,409,689	5,482,810	13,865,283
Administration		327,171	235,023	562,194
Depreciation and amortization	391,873	1,450,533	69,685	1,912,091
Total Operating Expenses	2,364,657	8,187,393	5,787,518	16,339,568
Operating Income (Loss)	(433,107)	(6,790,436)	(107,281)	(7,330,824)
NON-OPERATING REVENUES (EXPENSES):				
Interest and rents revenue	(79,467)	28,781	2,786	(47,900)
Interest and fiscal charges (expenses)	(102,271)		(6,504)	(108,775)
Subventions and grants		10,191,675	324,413	10,516,088
Gain (loss) from sale of property		(8,306)		(8,306)
Total Nonoperating Revenues (Expenses)	(181,738)	10,212,150	320,695	10,351,107
Income (Loss) Before Contributions and Transfers	(614,845)	3,421,714	213,414	3,020,283
Transfer in		147,108		147,108
Transfer out	(93,389)	(1,395,993)	(442,902)	(1,932,284)
Change in net position	(708,234)	2,172,829	(229,488)	1,235,107
Total Net Position (Deficit) - Beginning	5,744,292	17,321,762	(2,057,586)	21,008,468
Total Net Position (Deficit) - Ending	\$ 5,036,058	\$ 19,494,591	\$ (2,287,074)	\$ 22,243,575

CITY OF ROSEVILLE, CALIFORNIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Non-Major Golf Course	Non-Major Local Transportation	Non-Major School-Age Child Care	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,722,745	\$ 1,108,499	\$ 5,604,139	\$ 8,435,383
Payments to suppliers	(1,936,760)	(4,407,101)	(609,780)	(6,953,641)
Payments to employees		(1,579,128)	(4,999,638)	(6,578,766)
Other receipts	6,000	380,510		386,510
Net Cash provided by/(used for) Operating Activities	(208,015)	(4,497,220)	(5,279)	(4,710,514)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Subventions and grants		12,734,065	550,316	13,284,381
Transfers from other funds for short-term cash borrowings	1,019,561		30,000	1,049,561
Payments to other funds for long-term cash borrowings	(127,000)		(50,000)	(177,000)
Transfers in		147,108		147,108
Transfers out	(93,389)	(1,395,993)	(442,902)	(1,932,284)
Net cash provided by/(used for) Noncapital Financing Activities	799,172	11,485,180	87,414	12,371,766
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets		(3,565,047)		(3,565,047)
Principal payments on capital debt	(414,990)			(414,990)
Interest paid on capital debt	(102,271)		(11,411)	(113,682)
Net cash provided by/(used for) Capital and Related Financing Activities	(517,261)	(3,565,047)	(11,411)	(4,093,719)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and rents received	(91,122)	(6,404)	2,786	(94,740)
Net cash provided by/(used for) Investing Activities	(91,122)	(6,404)	2,786	(94,740)
Net increase (decrease) in cash and cash equivalents	(17,226)	3,416,509	73,510	3,472,793
Cash and investments at beginning of period	17,226	9,494,111	572,978	10,084,315
Cash and investments at end of period	\$ -	\$ 12,910,620	\$ 646,488	\$ 13,557,108
Reconciliation of Operating Income (Loss)				
to Net Cash provided by/(used for) Operating Activities:				
Operating Income (Loss)	\$ (433,107)	\$ (6,790,436)	\$ (107,281)	\$ (7,330,824)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and amortization	391,873	1,450,533	69,685	1,912,091
Pension expense		(67,780)	(5,774)	(73,554)
Change in Assets and Liabilities:				
Receivables, Net	(202,805)	(7,788)	184,842	(25,751)
Accounts payable and other liabilities	36,024	918,251	(146,751)	807,524
Net Cash Provided by (Used for) Operating Activities	\$ (208,015)	\$ (4,497,220)	\$ (5,279)	\$ (4,710,514)

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 Fund. To account for the maintenance and replacement of vehicles used by City departments. Funds are received by means of a rental fee charged to the various departments.

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.

CITY OF ROSEVILLE, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

		Self Insurance Funds	
	Automotive	Workers' Compensation	General Liability
ASSETS			
Current Assets:			
Cash and Investments in City Treasury	\$ 25,230,468	\$ 11,936,006	\$ 4,986,209
Receivables:			
Accounts	42,607	2,223	993
Accrued interest	2,369,188	46,974	17,697
Due from other government agencies	8,256		
Due from other funds	210,346		
Prepays	1,200,169		
Notes receivable	663,361		
Inventories	780,760		
Total Current Assets	30,505,155	11,985,203	5,004,899
Non Current Assets:			
Advances to other funds	3,390,871		
Capital assets:			
Construction in progress	824,285		
Capital assets being depreciated, net	16,492,524		
Total Assets	51,212,835	11,985,203	5,004,899
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	712,203	83,048	47,950
LIABILITIES			
Current Liabilities:			
Accounts payable	406,477	2,537	49,234
Accrued liabilities	37,902	3,549	3,292
Compensated Absences	116,272	11,613	10,486
Self-insurance claims payable		1,324,446	588,601
Total Current Liabilities	560,651	1,342,145	651,613
Non-Current Liabilities:			
Compensated absences	199,071	21,511	17,503
Net OPEB obligation			
Self-insurance claims payable		5,646,322	1,591,403
Net pension liability	3,794,787	429,383	369,227
Total Liabilities	4,554,509	7,439,361	2,629,746
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	152,292	11,757	19,374
NET POSITION			
Net investment in capital assets	17,316,809		
Unrestricted	29,901,428	4,617,133	2,403,729
Total Net Position (Deficit)	\$ 47,218,237	\$ 4,617,133	\$ 2,403,729

Self Insurance Funds					
Unemployment Reserve	Vision	Dental	Section 125	Post Retirement	Total
\$ 907,311	\$ 289,051	\$ 743,882	\$ 68,769	\$ 1,179,345	\$ 45,341,041
	349	3,406	208		49,786
3,776	1,170	2,789	219	2,190	2,444,003
					8,256
					210,346
		169,800	63,263		1,433,232
					663,361
					780,760
911,087	290,570	919,877	132,459	1,181,535	50,930,785
					3,390,871
					824,285
					16,492,524
911,087	290,570	919,877	132,459	1,181,535	71,638,465
					843,201
		137,417	10,861		606,526
					44,743
					138,371
					1,913,047
		137,417	10,861		2,702,687
					238,085
				50,971,148	50,971,148
					7,237,725
					4,593,397
		137,417	10,861	50,971,148	65,743,042
					183,423
911,087	290,570	782,460	121,598	(49,789,613)	17,316,809
					(10,761,608)
\$ 911,087	\$ 290,570	\$ 782,460	\$ 121,598	\$ (49,789,613)	\$ 6,555,201

CITY OF ROSEVILLE, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

		Self Insurance Funds	
	Automotive	Workers' Compensation	General Liability
OPERATING REVENUES			
Charges for services	\$ 12,301,311	\$ 49	
Other	98,930	3,953,811	\$ 2,816,140
Total Operating Revenues	12,400,241	3,953,860	2,816,140
OPERATING EXPENSES			
Operations and maintenance	6,194,471	3,154,015	1,241,224
Depreciation and amortization	4,002,564		
Claims expense		(478,174)	839,461
Total Operating Expenses	10,197,035	2,675,841	2,080,685
Operating Income (Loss)	2,203,206	1,278,019	735,455
NON-OPERATING REVENUE (EXPENSES)			
Interest and rents revenue	135,237	12,407	4,849
Gain (loss) on disposal	234,821		
Total Non-Operating Revenue	370,058	12,407	4,849
Income (Loss) Before Contributions and transfers	2,573,264	1,290,426	740,304
Transfers In	1,307,993		
Transfers Out	(9,370,227)	(144,810)	(176,930)
Changes in Net Position	(5,488,970)	1,145,616	563,374
Net Position (Deficit) - Beginning, as Restated	52,707,207	3,471,517	1,840,355
Net Position - Ending	\$ 47,218,237	\$ 4,617,133	\$ 2,403,729

Self Insurance Funds					
Unemployment Reserve	Vision	Dental	Section 125	Post Retirement	Total
					\$ 12,301,360
\$ 157,117	\$ 160,921	\$ 1,495,429	\$ 423,439	\$ 4,255,498	13,361,285
157,117	160,921	1,495,429	423,439	4,255,498	25,662,645
111,758	163,294	134,836		15,551,184	26,550,782
		1,357,684	395,648		4,002,564
					2,114,619
111,758	163,294	1,492,520	395,648	15,551,184	32,667,965
45,359	(2,373)	2,909	27,791	(11,295,686)	(7,005,320)
1,507	314	653	109	3,742	158,818
					234,821
1,507	314	653	109	3,742	393,639
46,866	(2,059)	3,562	27,900	(11,291,944)	(6,611,681)
(7,408)	(1,632)	(2,618)	(633)	8,932,165	10,240,158
				(35,890)	(9,740,148)
39,458	(3,691)	944	27,267	(2,395,669)	(6,111,671)
871,629	294,261	781,516	94,331	(47,393,944)	12,666,872
\$ 911,087	\$ 290,570	\$ 782,460	\$ 121,598	\$ (49,789,613)	\$ 6,555,201

CITY OF ROSEVILLE, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

		Self Insurance Funds	
	Automotive	Workers' Compensation	General Liability
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 12,449,548	\$ 195,983	\$ (993)
Payments to suppliers	(3,713,811)	(1,201,776)	(847,434)
Payments to employees	(2,171,991)	(227,521)	(614,179)
Payments to OPEB trust			
Claims paid		(1,787,466)	(251,805)
Other receipts (payments)	98,930	3,953,811	2,816,140
Net Cash Provided by (Used for) Operating Activities	6,662,676	933,031	1,101,729
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Payments from other governmental agencies	15,845		
Receipt of payments on notes receivables	366,251		
Increase (decrease) in due to other funds	(146,860)		
Increase (decrease) in advances to other funds	210,345		
Transfer in	1,307,993		
Transfer out	(9,370,227)	(144,810)	(176,930)
Net Cash Provided by (used for) Non-Capital Financing Activities	(7,616,653)	(144,810)	(176,930)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets, net	(1,727,871)		
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received (paid)	69,130	(6,757)	(2,367)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,612,718)	781,464	922,432
Cash and Investments at Beginning of Period	27,843,186	11,154,542	4,063,777
Cash and Investments at End of Period	\$ 25,230,468	\$ 11,936,006	\$ 4,986,209
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 2,203,206	\$ 1,278,019	\$ 735,455
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	4,002,564		
Pension expense	(1,342)	817	(27)
Change in Assets and Liabilities:			
Receivables, Net	148,237	195,934	(993)
Prepays	266,488		
Inventories	(46,469)		
Net OPEB obligation			
Accounts payable and other liabilities	89,992	(541,739)	367,294
Net Cash Provided by (Used for) Operating Activities	\$ 6,662,676	\$ 933,031	\$ 1,101,729

Self Insurance Funds					
Unemployment Reserve	Vision	Dental	Section 125	Post Retirement	Total
	\$ (215)	\$ (1,432)	\$ (208)		\$ 12,642,683
\$ (111,758)	(163,294)	(130,632)	(5,706)	\$ (1,050)	(6,175,461)
		(1,357,684)	(395,648)		(4,767,023)
				(14,213,245)	(14,213,245)
					(2,039,271)
157,117	160,921	1,495,429	423,439	4,255,498	13,361,285
45,359	(2,588)	5,681	21,877	(9,958,797)	(1,191,032)
					15,845
					366,251
					(146,860)
					210,345
				8,932,165	10,240,158
(7,408)	(1,632)	(2,618)	(633)	(35,890)	(9,740,148)
(7,408)	(1,632)	(2,618)	(633)	8,896,275	945,591
					(1,727,871)
(819)	(215)	(488)	(36)	4,152	62,600
37,132	(4,435)	2,575	21,208	(1,058,370)	(1,910,712)
870,179	293,486	741,307	47,561	2,237,715	47,251,753
\$ 907,311	\$ 289,051	\$ 743,882	\$ 68,769	\$ 1,179,345	\$ 45,341,041
\$ 45,359	\$ (2,373)	\$ 2,909	\$ 27,791	\$ (11,295,686)	\$ (7,005,320)
					4,002,564
					(552)
	(215)	(1,432)	(208)		341,323
					266,488
					(46,469)
				1,337,939	1,337,939
		4,204	(5,706)	(1,050)	(87,005)
\$ 45,359	\$ (2,588)	\$ 5,681	\$ 21,877	\$ (9,958,797)	\$ (1,191,032)

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.

Endowment Private-Purpose Trust Fund. To account for trust arrangements under which principal and income benefit private organizations.

Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund. Established to account for the activities of the Successor Agency to the former Redevelopment Agency of the City of Roseville.

CITY OF ROSEVILLE, CALIFORNIA
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	Endowment Private-Purpose Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Total
ASSETS:			
Cash and investments in Treasury	\$ 1,882,324	\$ 5,486,428	\$ 7,368,752
Restricted cash and investments with fiscal agents		238,103	238,103
Accrued interest receivable	8,818	492,551	501,369
Notes receivable		4,177,337	4,177,337
Capital assets:			
Land		74,369	74,369
Total Assets	<u>1,891,142</u>	<u>10,468,788</u>	<u>12,359,930</u>
LIABILITIES:			
Accrued liabilities		905,918	905,918
Long-term liabilities:			
Due in one year		2,001,466	2,001,466
Due in more than one year		50,570,633	50,570,633
Total Liabilities		<u>53,478,017</u>	<u>53,478,017</u>
NET POSITION (DEFICIT)			
Held in trust for private purposes or for other governments	<u>\$ 1,891,142</u>	<u>\$ (43,009,229)</u>	<u>\$ (41,118,087)</u>

**CITY OF ROSEVILLE, CALIFORNIA
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

	Endowment Private-Purpose Trust Fund	Successor Agency to the Redevelopment Agency Private-Purpose Trust	Total
ADDITIONS			
Property taxes		\$ 4,846,548	\$ 4,846,548
Investment income	\$ 757	413,913	414,670
Total Additions	757	5,260,461	5,261,218
DEDUCTIONS			
General government	34,495		34,495
Community services		288,769	288,769
Debt service:			
Interest and fiscal charges		10,791,494	10,791,494
Total Liabilities	34,495	11,080,263	11,114,758
Change in net position	(33,738)	(5,819,802)	(5,853,540)
Net Position (Deficit) - Beginning	1,924,880	(37,189,427)	(35,264,547)
Net Position (Deficit) - Ending	\$ 1,891,142	\$ (43,009,229)	\$ (41,118,087)

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.

AGENCY FUNDS (CONTINUED)

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 fees 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.

Placer 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.

Special Assessment Collection Fees

To account for fees collected for Placer County's administration of the City's Special Assessments.

WRSP Reimbursements

To account for developer reimbursements in the West Roseville Specific Plan.

Sierra Vista Reimbursements

To account for developer reimbursements in the Sierra Vista Specific Plan.

HP Campus Oaks Reimbursements

To account for developer reimbursements in the HP Campus Oaks Specific Plan

Downtown Roseville PBID

To account for fees collected for the benefit of downtown Roseville.

CITY OF ROSEVILLE, CALIFORNIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Special Assessments and Community Services Districts				
Cash and investments in City Treasury	\$ 24,697,735	\$ 22,979,186	\$ 26,573,070	\$ 21,103,851
Restricted cash and investments with fiscal agents	34,964,338	5,633,949	12,671,633	27,926,654
Taxes receivable	885,068	853,442	885,068	853,442
Accrued interest receivable	29,491	72,676	29,491	72,676
Total Assets	<u>\$ 60,576,632</u>	<u>\$ 29,539,253</u>	<u>\$ 40,159,262</u>	<u>\$ 49,956,623</u>
Accounts payable	\$ 2,942,821	\$ 633	\$ 2,942,821	\$ 633
Accrued Liabilities	4,871	279,166	4,871	279,166
Due to bondholders	57,628,940	29,259,454	37,211,570	49,676,824
Total Liabilities	<u>\$ 60,576,632</u>	<u>\$ 29,539,253</u>	<u>\$ 40,159,262</u>	<u>\$ 49,956,623</u>
Payroll Revolving				
Cash and investments in City Treasury	<u>\$ 1,128,940</u>	<u>\$ 2,659,257</u>	<u>\$ 1,128,940</u>	<u>\$ 2,659,257</u>
Accounts payable	<u>\$ 1,128,940</u>	<u>\$ 2,659,257</u>	<u>\$ 1,128,940</u>	<u>\$ 2,659,257</u>
Highway 65 JPA				
Cash and investments in City Treasury	\$ 2,576,892	\$ 1,179,046	\$ 739,318	\$ 3,016,620
Accrued interest receivable	4,680	11,738	4,680	11,738
Accounts receivable	487		487	
Due from other government agencies	293,448	182,754	293,448	182,754
Total Assets	<u>\$ 2,875,507</u>	<u>\$ 1,373,538</u>	<u>\$ 1,037,933</u>	<u>\$ 3,211,112</u>
Accounts payable	\$ 24,437	\$ 737,619	\$ 762,056	
Due to member agencies	2,851,070	635,919	275,877	\$ 3,211,112
Total Liabilities	<u>\$ 2,875,507</u>	<u>\$ 1,373,538</u>	<u>\$ 1,037,933</u>	<u>\$ 3,211,112</u>
Dry Creek Drainage Basin				
Cash and investments in City Treasury	\$ 47,260	\$ 70,408	\$ 47,727	\$ 69,941
Accrued interest receivable	78	158	78	158
Total Assets	<u>\$ 47,338</u>	<u>\$ 70,566</u>	<u>\$ 47,805</u>	<u>\$ 70,099</u>
Accounts payable	\$ 47,130		\$ 47,130	
Due to others	208	70,566	675	\$ 70,099
Total Liabilities	<u>\$ 47,338</u>	<u>\$ 70,566</u>	<u>\$ 47,805</u>	<u>\$ 70,099</u>
County Capital Facilities Fee				
Cash and investments in City Treasury	\$ 595,704	\$ 1,433,691	\$ 600,377	\$ 1,429,018
Accounts receivable		3,948		3,948
Accrued interest receivable	727	1,797	727	1,797
Total Assets	<u>\$ 596,431</u>	<u>\$ 1,439,436</u>	<u>\$ 601,104</u>	<u>\$ 1,434,763</u>
Accounts payable	\$ 595,535	\$ 1,434,763	\$ 595,535	\$ 1,434,763
Due to others	896	4,673	5,569	
Total Liabilities	<u>\$ 596,431</u>	<u>\$ 1,439,436</u>	<u>\$ 601,104</u>	<u>\$ 1,434,763</u>

(Continued)

CITY OF ROSEVILLE, CALIFORNIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
South Placer Wastewater Authority				
Cash and investments in City Treasury	\$ 107,761,589	\$ 19,649,417	\$ 15,483,864	\$ 111,927,142
Restricted cash and investments with fiscal agents	8,253,714	26,298		8,280,012
Accounts receivable	1,595,200	2,534,030	1,595,200	2,534,030
Accrued interest receivable	252,760	411,785	252,760	411,785
Due from other government agencies	1,697,894		1,697,894	
Total Assets	<u>\$ 119,561,157</u>	<u>\$ 22,621,530</u>	<u>\$ 19,029,718</u>	<u>\$ 123,152,969</u>
Accounts payable	\$ 240,190	\$ 582,480	\$ 240,190	\$ 582,480
Accrued liabilities	471,711	593,026	471,711	593,026
Due to member agencies	118,849,256	21,446,024	18,317,817	121,977,463
Total Liabilities	<u>\$ 119,561,157</u>	<u>\$ 22,621,530</u>	<u>\$ 19,029,718</u>	<u>\$ 123,152,969</u>
Special Sewer Benefit Area #3				
Cash and investments in City Treasury	\$ 62	\$ 1,767		\$ 1,829
Permit fees receivable	1,751		\$ 1,751	
Total Assets	<u>\$ 1,813</u>	<u>\$ 1,767</u>	<u>\$ 1,751</u>	<u>\$ 1,829</u>
Due to others	<u>\$ 1,814</u>	<u>\$ 1,829</u>	<u>\$ 1,814</u>	<u>\$ 1,829</u>
Special Sewer Benefit Area #4				
Cash and investments in City Treasury	\$ 186,765	\$ 199	\$ 353	\$ 186,611
Accrued interest receivable	412	766	412	766
Total Assets	<u>\$ 187,177</u>	<u>\$ 965</u>	<u>\$ 765</u>	<u>\$ 187,377</u>
Due to others	<u>\$ 187,177</u>	<u>\$ 965</u>	<u>\$ 765</u>	<u>\$ 187,377</u>
South Placer County Tourism Business Improvement District (SPCTBID)				
Cash and investments in City Treasury	\$ 21,091	\$ 3,059,487	\$ 3,059,992	\$ 20,586
Accounts Receivable	688,539	1,040,242	688,539	1,040,242
Accrued interest receivable	325	779	325	779
Total Assets	<u>\$ 709,955</u>	<u>\$ 4,100,508</u>	<u>\$ 3,748,856</u>	<u>\$ 1,061,607</u>
Accounts payable		\$ 1,061,607		1,061,607
Due to others	<u>\$ 709,955</u>		<u>\$ 709,955</u>	
Total Liabilities	<u>\$ 709,955</u>	<u>\$ 1,061,607</u>	<u>\$ 709,955</u>	<u>\$ 1,061,607</u>
South Placer County Safe Kids Coalition				
Cash and investments in City Treasury	\$ 4,269			\$ 4,269
Accrued interest receivable	11	\$ 18	\$ 11	18
Total Assets	<u>\$ 4,280</u>	<u>\$ 18</u>	<u>\$ 11</u>	<u>\$ 4,287</u>
Due to others	<u>\$ 4,280</u>	<u>\$ 18</u>	<u>\$ 11</u>	<u>\$ 4,287</u>

(Continued)

CITY OF ROSEVILLE, CALIFORNIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
South Placer Regional Traffic Fee				
Cash and investments in City Treasury	\$ 679,939	\$ 1,251,966	\$ 679,819	\$ 1,252,086
Accounts Receivable	98,150	920,073	98,150	920,073
Accrued interest receivable	516	1,565	516	1,565
Total Assets	<u>\$ 778,605</u>	<u>\$ 2,173,604</u>	<u>\$ 778,485</u>	<u>\$ 2,173,724</u>
Accounts payable	\$ 679,819	1,257,088	679,819	1,257,088
Due to others	98,786	916,516	98,666	916,636
Total Liabilities	<u>\$ 778,605</u>	<u>\$ 2,173,604</u>	<u>\$ 778,485</u>	<u>\$ 2,173,724</u>
Placer County TMF				
Cash and investments in City Treasury	<u>\$ 20,950</u>	<u>\$ 64,979</u>		<u>\$ 85,929</u>
Due to others	<u>\$ 20,950</u>	<u>\$ 64,979</u>		<u>\$ 85,929</u>
Placer County Air Pollution Control				
Cash and investments in City Treasury	<u>\$ 36,743</u>	<u>\$ 51,629</u>		<u>\$ 88,372</u>
Due to others	<u>\$ 36,743</u>	<u>\$ 51,629</u>		<u>\$ 88,372</u>
Sierra College Boulevard				
Cash and investments in City Treasury	<u>\$ 20,400</u>	<u>\$ 29,025</u>		<u>\$ 49,425</u>
Due to others	<u>\$ 20,400</u>	<u>\$ 29,025</u>		<u>\$ 49,425</u>
Special Assessment Collection Fees				
Cash and investments in City Treasury	<u>\$ 13,122</u>	<u>\$ -</u>		<u>\$ 13,122</u>
Due to other governmental agencies	<u>\$ 13,122</u>	<u>\$ -</u>		<u>\$ 13,122</u>
WRSP Reimbursements				
Cash and investments in City Treasury	\$ 10,617	\$ 10,956	\$ 646	\$ 20,927
Accrued interest receivable	221	288	221	288
Total Assets	<u>\$ 10,838</u>	<u>\$ 11,244</u>	<u>\$ 867</u>	<u>\$ 21,215</u>
Due to others		\$ 9,433		9,433
Due to other governmental agencies	<u>\$ 10,838</u>	<u>1,811</u>	<u>\$ 867</u>	<u>\$ 11,782</u>
Total Liabilities	<u>\$ 10,838</u>	<u>\$ 11,244</u>	<u>\$ 867</u>	<u>\$ 21,215</u>
Sierra Vista Reimbursements				
Cash and investments in City Treasury	\$ 169,410	\$ 258,973	\$ 1,218	\$ 427,165
Accrued interest receivable	368	1,587	368	1,587
Total Assets	<u>\$ 169,778</u>	<u>\$ 260,560</u>	<u>\$ 1,586</u>	<u>\$ 428,752</u>
Due to others		\$ 212,750		\$ 212,750
Due to other governmental agencies	<u>\$ 169,778</u>	<u>47,810</u>	<u>\$ 1,586</u>	<u>216,002</u>
Total Liabilities	<u>\$ 169,778</u>	<u>\$ 260,560</u>	<u>\$ 1,586</u>	<u>\$ 428,752</u>

(Continued)

CITY OF ROSEVILLE, CALIFORNIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
HP Campus Oaks reimbursements				
Cash and investments in City Treasury		\$ 128,481		\$ 128,481
Accrued interest receivable		3		3
Total Assets		<u>\$ 128,484</u>		<u>\$ 128,484</u>
Due to bondholders		<u>\$ 128,484</u>		<u>\$ 128,484</u>
	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Downtown Roseville PBID				
Cash and investments in City Treasury	\$ (7,267)	\$ 247,517	\$ 138,405	\$ 101,845
Taxes receivable		7,437		7,437
Total Assets	<u>\$ (7,267)</u>	<u>\$ 254,954</u>	<u>\$ 138,405</u>	<u>\$ 109,282</u>
Due to others	<u>\$ (7,267)</u>	<u>\$ 254,954</u>	<u>\$ 138,405</u>	<u>\$ 109,282</u>
Total Agency Funds				
Cash and investments in City Treasury	\$ 137,964,221	\$ 53,075,984	\$ 48,453,729	\$ 142,586,476
Restricted cash and investments with fiscal agents	43,218,052	5,660,247	12,671,633	36,206,666
Accounts receivable	2,382,376	4,498,293	2,382,376	4,498,293
Taxes receivable	885,068	860,879	885,068	860,879
Accrued interest receivable	289,589	503,160	289,590	503,159
Permit fees receivable	1,751		1,751	
Due from other government agencies	1,991,342	182,754	1,991,342	182,754
Total Assets	<u>\$ 186,732,399</u>	<u>\$ 64,781,317</u>	<u>\$ 66,675,489</u>	<u>\$ 184,838,227</u>
Accounts payable	\$ 5,658,871	\$ 7,733,447	\$ 6,396,491	\$ 6,995,827
Accrued liabilities	476,582	872,192	476,582	872,192
Due to other governmental agencies	193,738	49,621	2,453	240,906
Due to member agencies	121,700,326	22,081,943	18,593,694	125,188,575
Due to bondholders	57,628,940	29,387,938	37,211,570	49,805,308
Due to others	1,073,942	1,617,337	955,860	1,735,419
Total Liabilities	<u>\$ 186,732,399</u>	<u>\$ 61,742,478</u>	<u>\$ 63,636,650</u>	<u>\$ 184,838,227</u>

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 – 2014 Wastewater Revenue Refunding Bonds
5. Bonded Debt Pledged Revenue Coverage –2014 Redevelopment Tax Allocation Bonds
6. Bonded Debt Pledged Revenue Coverage –2016 Redevelopment Tax Allocation Bonds
7. 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

STATISTICAL SECTION (Continued)

Operating Information

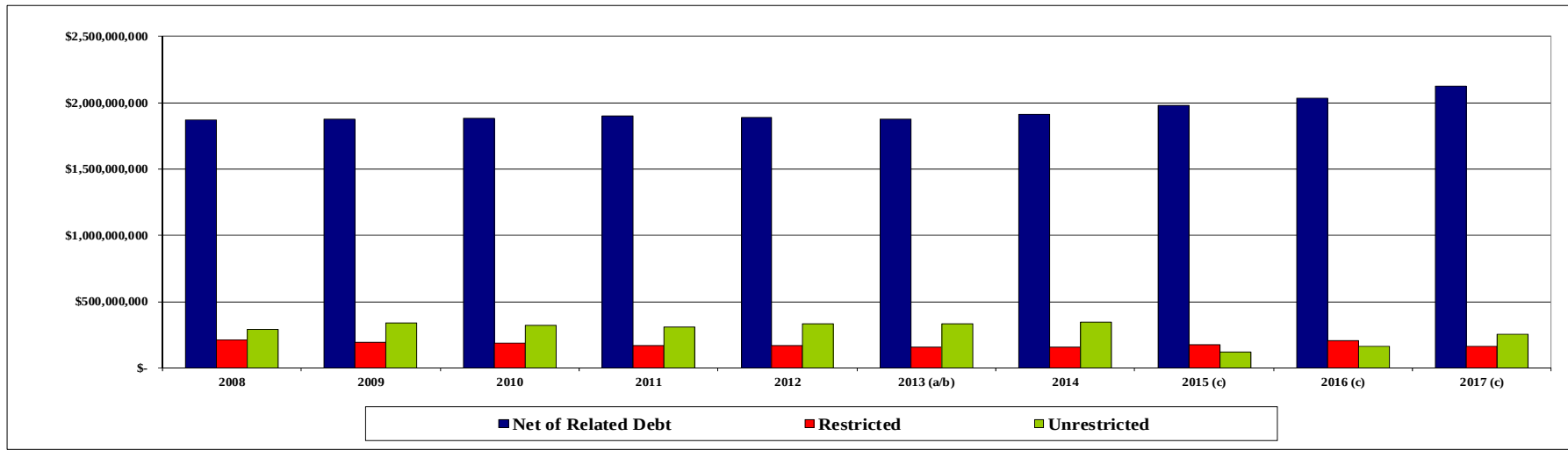
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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,									
	2008	2009	2010	2011	2012	2013 (a/b)	2014	2015 (c)	2016 (c)	2017 (c)
Governmental activities										
Net investment in capital assets	\$775,922,473	\$809,874,186	\$821,029,885	\$827,793,866	\$834,840,748	\$837,323,692	\$828,800,273	\$844,036,089	\$874,967,712	\$963,416,426
Restricted	165,833,165	149,364,179	141,943,254	144,584,184	140,299,702	131,372,528	123,592,373	139,686,598	171,581,599	128,500,453
Unrestricted	131,434,721	114,855,293	100,170,093	84,860,426	94,429,280	90,617,991	75,908,251	(94,115,158)	(93,575,847)	(42,897,806)
Total governmental activities net position	\$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	\$889,607,529	\$952,973,464	\$1,049,019,073
Business-type activities										
Net investment in capital assets	\$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	1,137,488,311	1,156,762,308	1,164,442,267
Restricted	44,622,022	43,873,415	43,565,544	26,825,766	28,837,472	27,217,358	31,557,118	33,974,831	33,300,330	35,568,403
Unrestricted	159,481,947	225,358,784	219,151,174	224,337,296	241,020,358	243,176,781	270,348,547	214,253,723	255,100,345	298,014,583
Total business-type activities net position	\$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	\$1,385,716,865	\$1,445,162,983	\$1,498,025,253
Primary government										
Net investment in capital assets	\$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	\$1,981,524,400	\$2,031,730,020	\$2,127,858,693
Restricted	210,455,187	193,237,594	185,508,798	171,409,950	169,137,174	158,589,886	155,149,491	173,661,429	\$204,881,929	\$164,068,856
Unrestricted	290,916,668	340,214,077	319,321,267	309,197,722	335,449,638	333,794,772	346,256,798	120,138,565	\$161,524,498	\$255,116,777
Total primary government net position	\$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	\$2,275,324,394	\$2,398,136,447	\$2,547,044,326

(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 fiscal year 2014; the statistics prior to 2014 have not been restated.

(c) The City implemented the provisions of GASB Statements 68 and 71 in fiscal year 2015; the statistics prior to 2015 have not been restated.

**CITY OF ROSEVILLE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	2008	2009	2010	2011	2012	2013 (a)	2014	2015 (b)	2016 (b)	2017 (b)
Expenses										
Governmental Activities:										
General Government	\$34,826,790	\$35,306,470	\$31,596,121	\$30,387,717	\$35,564,864	\$36,146,055	\$42,359,074	\$33,259,988	\$24,156,228	\$23,477,949
Development and Operations	16,004,720	16,399,001	20,004,902	13,441,264	11,625,120	6,070,940	14,194,087	20,677,108	21,661,632	22,387,337
Public Works	33,682,426	35,299,262	33,143,591	30,932,981	32,524,417	42,655,128	26,482,643	17,191,405	12,786,495	15,499,737
Police	33,717,164	36,257,952	34,190,552	31,720,789	31,262,454	33,163,354	34,443,258	33,815,163	34,215,809	27,989,234
Fire	26,372,987	27,405,634	27,543,494	25,191,924	25,282,596	26,611,217	28,183,501	28,710,164	28,336,652	21,870,763
Library	5,506,954	5,184,868	4,692,455	3,933,549	4,631,691	4,537,528	4,634,502	4,728,411	4,675,146	3,356,937
Parks and recreation	20,021,127	20,607,763	18,358,870	17,664,088	20,209,935	22,032,310	13,939,153	21,676,006	21,289,788	19,273,481
Housing assistance payments	3,399,145	3,530,527	3,628,510	3,643,394	4,232,695	4,049,279	3,858,070	4,046,250	4,077,451	4,216,417
Interest on long-term debt	6,858,207	5,847,054	7,131,216	3,181,266	999,436	1,274,294	740,975	543,336	1,170,785	4,285,329
Total Governmental Activities Expenses	\$180,389,520	\$185,838,531	\$180,289,711	\$160,096,972	\$166,333,208	\$176,540,105	\$168,835,263	\$164,647,830	\$152,369,986	\$142,357,184
Business-Type Activities:										
Electric	\$155,579,953	\$163,739,748	\$172,512,453	\$148,271,687	\$144,985,608	\$144,141,500	\$144,616,552	\$139,307,833	\$141,831,457	\$150,984,130
Water	25,826,409	21,842,893	23,025,281	22,335,757	24,311,517	24,569,405	25,300,949	25,123,587	26,723,627	30,074,999
Wastewater	37,098,813	28,512,359	29,169,860	29,516,033	34,587,583	33,820,510	36,129,357	34,558,191	34,569,588	40,370,531
Solid Waste	15,743,209	14,914,734	15,172,092	14,979,891	15,855,280	16,173,643	16,113,470	17,028,218	17,778,385	18,307,460
Natural Gas	15,123,490	27,665,056	27,398,886	27,106,564	26,792,658	26,383,130	25,984,715	25,574,327	25,179,279	24,685,497
Golf Course	2,883,713	3,003,690	2,814,274	2,828,099	2,487,080	2,617,733	2,501,897	2,598,524	2,502,782	2,466,928
Local Transportation	5,872,368	6,221,260	7,084,490	6,609,048	6,727,985	7,909,058	7,482,689	8,918,391	7,985,912	8,195,699
School-age Child Care	5,575,761	4,649,458	4,258,304	4,277,245	4,461,275	4,691,235	4,496,871	3,664,376	5,251,976	5,794,022
Total Business-Type Activities Expenses	263,703,716	270,549,198	281,435,640	255,924,324	260,208,986	260,306,214	262,626,500	256,773,447	261,823,007	280,879,266
Total Primary Government Expenses	\$444,093,236	\$456,387,729	\$461,725,351	\$416,021,296	\$426,542,194	\$436,846,319	\$431,461,763	\$421,421,277	\$414,192,993	\$423,236,450
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$2,658,458	\$3,780,716	\$2,655,834	\$2,914,657	\$2,778,080	\$2,650,873	\$2,519,443	\$4,151,967	\$4,097,453	\$5,153,373
Development and Operations	3,386,649	1,903,124	2,704,794	2,564,206	1,983,989	1,691,318	7,131,093	9,016,571	8,941,215	10,370,206
Public Works	5,843,426	3,327,869	2,841,931	2,913,603	3,124,557	2,919,180	224,389	207,635	30,618	518,117
Police	1,845,245	2,346,230	2,088,346	1,525,433	1,319,271	1,504,357	1,541,641	1,384,407	1,354,837	1,322,994
Fire	1,402,158	1,362,379	1,185,742	1,203,109	1,009,954	821,543	1,326,015	1,525,539	1,704,523	2,377,309
Library	272,057	230,290	216,064	228,343	339,589	297,467	332,387	137,575	128,689	24,085
Parks and recreation	9,986,005	9,728,400	9,843,940	10,057,346	10,242,291	12,574,853	11,391,414	13,361,020	13,093,192	14,657,957
Operating Grants and Contributions	9,514,427	12,465,557	12,354,931	10,943,019	2,984,979	9,609,400	10,996,049	12,420,283	18,730,677	21,033,377
Capital Grants and Contributions	59,279,903	22,813,349	27,053,063	11,716,689	19,862,713	21,787,386	22,489,470	29,838,252	38,641,052	35,523,510
Total Government Activities Program Revenues	94,188,328	57,957,914	60,944,645	44,066,405	43,440,046	54,061,754	57,951,901	72,043,249	86,722,256	90,980,928
Business-Type Activities:										
Charges for Services:										
Electric	143,898,715	155,843,041	163,315,149	163,234,969	160,141,372	159,002,035	162,182,048	168,349,951	167,160,777	166,006,839
Water	16,925,351	17,765,674	17,473,099	17,967,074	19,954,068	22,899,867	23,212,495	23,511,499	22,960,518	27,983,419
Wastewater	24,014,362	27,087,117	24,961,516	30,472,704	28,088,503	27,693,272	30,398,896	31,786,319	34,411,404	39,000,990
Solid Waste	19,562,798	19,951,063	20,082,492	20,682,638	20,903,993	21,437,536	21,806,830	22,002,869	22,403,352	23,111,497
Natural Gas	4,059,943	16,528,513	16,557,517	16,528,513	16,563,722	16,530,605	16,529,666	16,528,513	16,572,034	16,528,513
Golf Course	3,182,357	2,953,223	2,801,963	2,415,583	2,702,741	2,460,509	2,392,702	2,386,188	2,216,692	1,931,550
Local Transportation	863,606	1,184,861	861,730	949,192	974,344	1,075,864	1,141,354	1,201,224	1,177,935	1,396,957
School-age Child Care	5,193,488	4,779,262	4,358,762	4,296,761	4,047,021	4,475,225	4,780,848	4,273,030	5,475,945	5,680,237
Operating Grants and Contributions	13,630,808	10,139,913	6,327,458	6,174,016	13,729,467	7,175,122	13,286,509	14,272,710	5,878,612	10,640,845
Capital Grants and Contributions	88,497,473	55,050,971	26,604,588	16,234,957	12,323,429	17,501,234	43,539,243	50,670,825	55,809,279	61,026,801
Total Business-Type Activities Program Revenue	319,828,901	311,283,638	283,344,274	278,956,407	279,428,660	280,251,269	319,270,591	334,983,128	334,066,548	353,307,648
Total Primary Government Program Revenues	\$414,017,229	\$369,241,552	\$344,288,919	\$323,022,812	\$322,868,706	\$334,313,023	\$377,222,492	\$407,026,377	\$420,788,804	\$444,288,576
Net (Expense)/Revenue										
Governmental Activities	(\$86,201,192)	(\$127,880,617)	(\$119,345,066)	(\$116,030,567)	(\$122,893,162)	(\$122,478,351)	(\$110,883,362)	(\$92,604,581)	(\$65,647,730)	(\$51,376,256)
Business-Type Activities	56,125,185	40,734,440	1,908,634	23,032,083	19,219,674	19,945,055	56,644,091	78,209,681	72,243,541	72,428,382
Total Primary Government Net Expense	(\$30,076,007)	(\$87,146,177)	(\$117,436,432)	(\$92,998,484)	(\$103,673,488)	(\$102,533,296)	(\$54,239,271)	(\$14,394,900)	\$6,595,811	\$21,052,126

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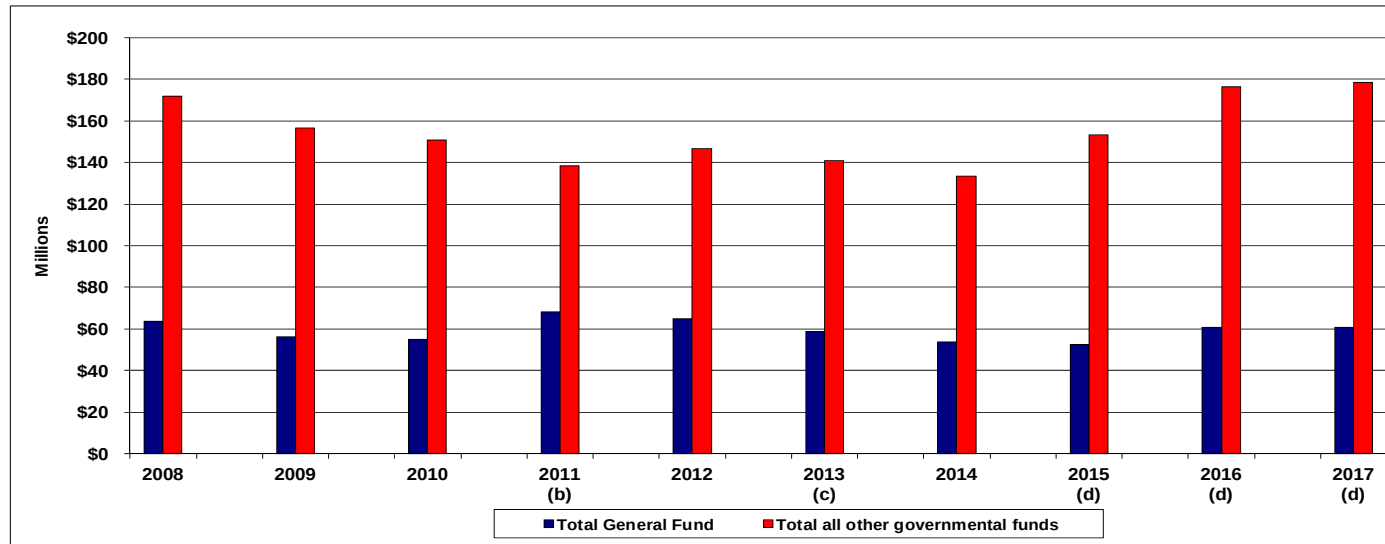
**CITY OF ROSEVILLE
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	2008	2009	2010	2011	2012	2013 (a)	2014	2015 (b)	2016 (b)	2017 (b)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property taxes	\$41,066,666	\$39,688,660	\$38,102,029	\$34,721,253	\$31,758,352	\$31,075,967	\$31,930,656	\$34,728,281	\$37,998,872	\$40,689,765
Sales taxes	40,982,384	36,024,500	32,139,544	37,332,222	38,129,931	43,002,643	46,591,961	48,094,824	52,993,394	51,646,625
Franchise taxes	1,607,214	930,003	1,615,166	1,735,495	1,822,869	1,874,700	2,037,189	2,057,707	2,168,413	2,310,192
Motor fuel taxes	1,985,315	1,855,462	2,909,176							
Motor vehicle in lieu (Intergovernmental- unrestricted)	471,834	373,495	332,224	523,609	122,230					
Other Taxes	3,306,271	2,974,201	2,779,885	2,936,778	6,626,071	6,465,560	7,465,472	7,186,709	7,745,155	7,104,703
Use of money and property	16,918,766	14,048,619	4,737,938	3,645,241	3,243,932	533,505	2,414,976	1,763,604	3,058,420	674,516
Miscellaneous revenues	887,173	4,568,055	1,934,366	1,089,608	1,511,125	2,113,638	420,959	414,279	191,255	18,688,013
Transfers	24,622,443	28,320,921	23,844,312	26,144,153	30,374,582	25,212,344	(11,480,648)	27,704,787	24,853,427	20,662,506
Extraordinary item:										
Gain/(Loss) from sales of capital assets							43,992	1,699,847	4,729	25,137
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	131,848,066	128,783,916	108,394,640	108,128,359	147,812,407	110,278,357	79,870,048	123,650,038	129,013,665	141,801,457
Business-Type Activities:										
Use of money and property	27,622,856	19,665,082	15,450,846	12,812,162	12,662,821	11,245,022	11,499,354	11,274,851	12,056,004	8,940,537
Miscellaneous revenues						150,119				
Transfers	(24,622,443)	(28,320,921)	(23,844,312)	(26,144,153)	(30,374,582)	(25,212,344)	11,480,648	(27,704,787)	(24,853,427)	(20,662,506)
Gain/(Loss) from sales of capital assets							50,252	(2,028,306)		
Special Item						(22,715,022)				
Total Business-Type Activities	3,000,413	(8,655,839)	(8,393,466)	(13,331,991)	(17,711,761)	(36,532,225)	23,030,254	(18,458,242)	(12,797,423)	(11,721,969)
Total Primary Government	\$134,848,479	\$120,128,077	\$100,001,174	\$94,796,368	\$130,100,646	\$73,746,132	\$102,900,302	\$105,191,796	\$116,216,242	\$130,079,488
Change in Net Position										
Governmental Activities	\$45,646,874	\$903,299	(\$10,950,426)	(\$7,902,208)	\$24,919,245	(\$12,199,994)	(\$31,013,314)	\$31,045,457	\$63,365,935	\$90,425,201
Business-Type Activities	59,125,598	32,078,601	(6,484,832)	9,700,092	1,507,913	(16,587,170)	79,674,345	59,751,439	59,446,118	60,706,413
Total Primary Government	\$104,772,472	\$32,981,900	(\$17,435,258)	\$1,797,884	\$26,427,158	(\$28,787,164)	\$48,661,031	\$90,796,896	\$122,812,053	\$151,131,614

(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 implemented the provisions of GASB Statements 68 and 71 in fiscal year 2015; the statistics prior to 2015 have not been restated.

CITY OF ROSEVILLE
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	Fiscal Year Ended June 30,									
	2008	2009	2010	2011 (b)	2012	2013 (c)	2014	2015 (d)	2016 (d)	2017 (d)
General Fund										
Reserved	\$10,786,244	\$13,472,640	\$13,730,063							
Unreserved	52,774,303	42,850,836	41,375,295							
Nonspendable				\$23,734,548	\$17,036,815	\$24,350,331	\$12,700,881	\$12,547,564	\$12,089,564	\$14,222,845
Committed										\$727,155
Assigned				5,328,824	2,944,900	3,002,686	2,685,359	4,510,098	3,129,479	4,510,525
Unassigned				39,068,183	44,796,255	31,488,665	38,187,768	35,469,686	45,358,414	41,115,763
Total General Fund	\$63,560,547	\$56,323,476	\$55,105,358	\$68,131,555	\$64,777,970	\$58,841,682	\$53,574,008	\$52,527,348	\$60,577,457	\$60,576,288 (a)
All Other Governmental Funds										
Reserved	\$56,547,018	\$56,058,554	\$51,548,654							
Unreserved, reported in:										
Special Revenue Funds	79,723,403	65,941,856	64,422,284							
Capital Projects	18,146,007	16,456,146	16,542,186							
Permanent Funds	17,495,650	18,066,202	18,353,285							
Nonspendable				\$17,411,864	\$17,503,760	\$17,691,169	\$16,940,290	\$16,964,800	\$16,964,800	\$16,964,800
Restricted				108,226,582	113,465,925	109,656,487	104,437,932	122,721,798	148,224,236	147,157,295
Committed				2,195,164	2,248,644	2,290,938	2,280,996	2,362,738	794,928	147,222
Assigned				14,890,220	14,472,182	12,625,416	11,304,133	11,483,003	10,525,153	16,369,206
Unassigned				(4,081,313)	(925,077)	(1,333,659)	(1,290,629)	(150,757)	(116,035)	(2,079,194)
Total all other governmental funds	\$171,912,078	\$156,522,758	\$150,866,409	\$138,642,517	\$146,765,434	\$140,930,351	\$133,672,722	\$153,381,582	\$176,393,082	\$178,559,329 (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; years prior to 2011 have not been restated to conform with the new presentation.

(c) The City restated certain balances in fiscal year 2014; the statistics prior to 2014 have not been restated.

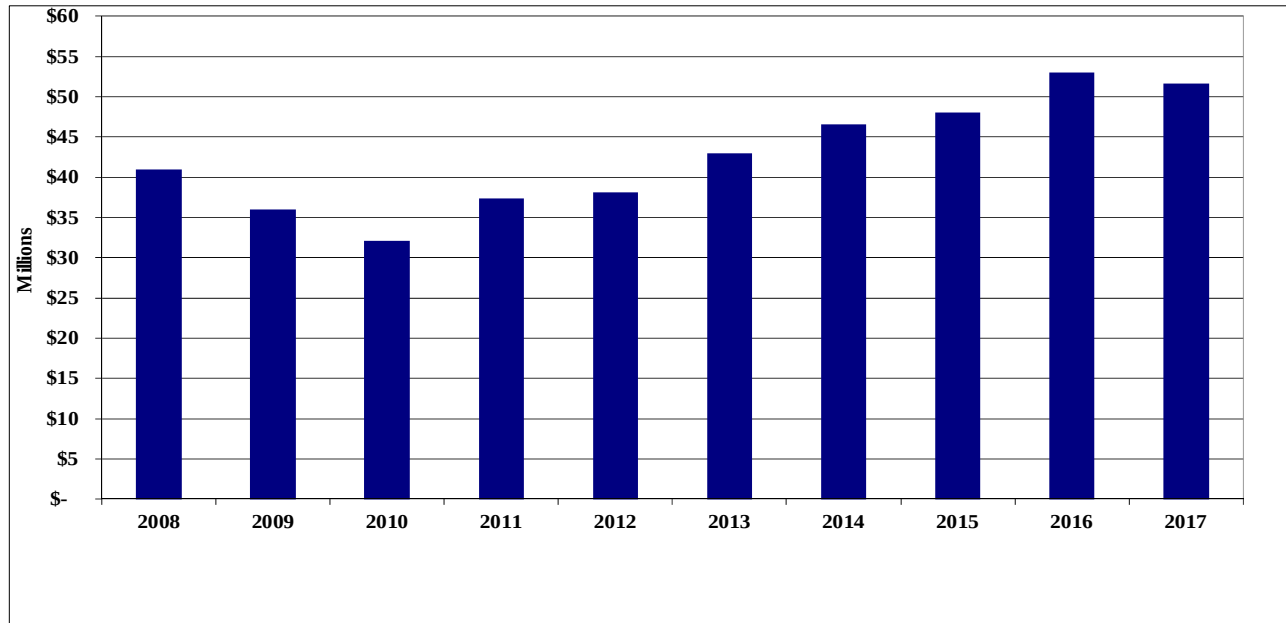
(d) The City implemented GASB Statements 68 and 71 in fiscal year 2015; years prior to 2015 have not been restated to conform with the new presentation.

CITY OF ROSEVILLE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal year ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$93,457,602	\$85,601,833	\$79,623,097	\$82,023,333	\$80,584,812	\$85,621,989	\$90,692,294	\$96,055,076	\$106,209,940	\$106,882,600
Licenses and permits	2,537,988	1,832,029	1,624,422	1,651,822	1,756,255	1,805,452	2,066,744	2,684,169	2,723,234	3,268,160
Charges for services	31,892,013	18,899,792	18,080,957	17,111,034	17,222,182	20,613,195	23,145,058	27,624,928	28,398,884	36,270,061
Subventions and grants	12,819,741	16,909,738	22,554,411	13,612,705	11,835,085	17,307,222	14,081,767	15,082,197	10,662,888	17,814,381
Use of money and property	19,198,906	16,183,845	9,528,347	3,107,947	3,271,208	1,892,467	2,237,778	2,273,687	3,608,140	8,063,026
Fine, forfeitures and penalties	2,147,695	2,283,349	2,115,882	1,829,785	1,502,408	1,447,757	1,265,026	1,226,611	1,192,435	1,231,989
Contributions from property owners	9,100,000									
Contributions from developers and others	2,070,716	957,680	706,385	1,483,872	2,900,578	3,673,089	1,721,409	15,321,286	4,847,097	2,256,674
Miscellaneous revenues	12,455,601	7,264,395	5,991,250	3,032,677	2,458,788	3,409,782	4,247,829	8,323,382	24,820,495	24,799,603
Total Revenues	185,680,262	149,932,661	140,224,751	123,853,175	121,531,316	135,770,953	139,457,905	168,591,336	182,463,113	200,586,494
Expenditures										
Current:										
General government	28,222,016	26,639,267	21,737,861	21,840,332	23,676,727	25,215,600	23,438,473	25,135,288	26,308,369	31,494,060
Development and operations	16,710,067	13,481,274	17,310,689	10,229,425	7,303,223	6,095,964	11,300,917	14,979,353	16,042,793	21,992,856
Public works	16,228,157	16,022,025	10,700,041	11,013,467	10,597,421	10,746,489	6,698,390	5,972,942	6,069,793	7,060,201
Public safety:										
Police	30,498,603	30,408,122	28,564,889	27,411,509	28,650,241	29,638,540	30,695,155	31,917,720	34,565,899	35,785,791
Fire	24,352,812	24,527,743	23,349,639	23,264,497	23,573,792	25,041,187	25,530,503	27,328,554	28,792,370	30,357,023
Library	4,542,287	3,449,204	3,224,523	2,855,794	3,560,396	3,726,160	3,689,914	3,979,158	4,120,111	4,155,157
Parks and recreation	19,092,606	17,979,576	16,199,096	15,610,257	18,320,063	19,671,070	19,276,779	20,854,408	21,111,520	21,451,673
Housing assistance payments	3,399,145	3,530,527	3,628,510	3,643,394	4,232,695	4,049,279	3,858,070	4,046,250	4,077,451	4,216,417
Capital outlay	63,142,168	49,795,093	36,534,025	20,416,652	19,529,120	34,879,208	30,170,149	30,433,990	37,821,774	59,258,478
Payments under development agreements	2,157,821	1,601,494	1,445,960	1,146,915	880,852	567,619	567,619	567,619	567,619	
Annexation payments	2,138,963	1,959,852	2,131,802	2,045,843	2,228,371	2,302,077	2,932,924	3,596,777	4,076,406	4,734,193
Debt service:										
Principal retirement	1,590,991	1,392,486	1,397,222	1,402,625	2,694,645	802,821	2,125,278	844,490	863,892	1,098,509
Interest and fiscal charges	6,873,248	7,090,871	7,396,273	2,932,461	1,612,858	1,217,231	607,872	393,375	1,079,183	4,221,646
Total Expenditures	218,948,884	197,877,534	173,620,530	143,813,171	146,860,404	163,953,245	160,892,043	170,049,924	185,497,180	225,826,004
Excess (deficiency) of revenues over (under) expenditures	(33,268,622)	(47,944,873)	(33,395,779)	(19,959,996)	(25,329,088)	(28,182,292)	(21,434,138)	(1,458,588)	(3,034,067)	(25,239,510)
Other Financing Sources (Uses)										
Proceeds from capital lease		385,538					43,992	104,580		
Debt issued									14,425,000	
Premium on debt issued									862,056	
Proceeds from sale of property	129,284	12,040	10,000			159,482		516,821		
Transfers in	42,487,182	53,047,351	42,615,799	44,206,780	43,818,402	38,821,810	41,542,969	38,238,578	53,202,949	43,364,097
Transfers out	(22,404,599)	(28,126,447)	(18,935,737)	(23,444,479)	(18,447,291)	(19,147,016)	(24,688,897)	(18,739,191)	(34,394,329)	(23,201,601)
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)	20,211,867	25,318,482	26,521,312	20,762,301	25,371,111	18,626,981	16,898,064	20,120,788	34,095,676	20,162,496
Net Change in fund balances before special and extraordinary items	(13,056,755)	(22,626,391)	(6,874,467)	802,305	42,023	(9,555,311)	(4,536,074)	18,662,200	31,061,609	(5,077,014)
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	(\$13,056,755)	(\$22,626,391)	(\$6,874,467)	\$802,305	\$4,769,332	(\$16,859,731)	(\$12,525,303)	\$18,662,200	\$31,061,609	(\$5,077,014)
Debt service as a percentage of noncapital expenditures	5.8%	5.3%	5.7%	3.5%	3.4%	1.6% *	2.2% *	0.9% *	1.5% *	4.4%

* In FY2017, the City recalculated these percentages.

**CITY OF ROSEVILLE
SALES TAX REVENUE
Last Ten Fiscal Years**



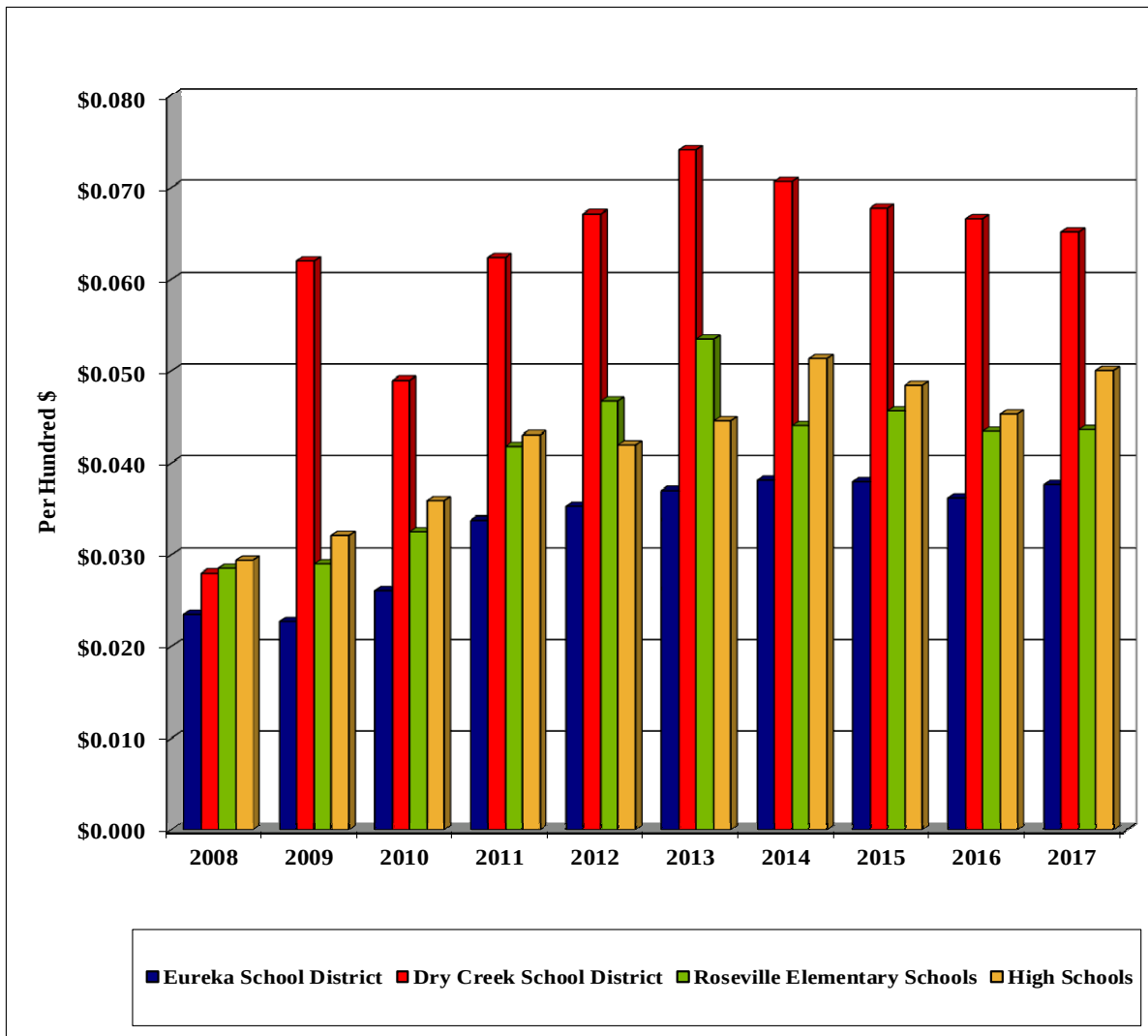
<u>Fiscal Year</u>	<u>Amount</u>
2008	\$ 40,982,384
2009	36,024,500
2010	32,139,544
2011	37,332,222
2012	38,129,931
2013	43,002,643
2014	46,591,961
2015	48,094,824
2016	52,993,394
2017	51,646,625

**CITY OF ROSEVILLE
ASSESSMENT ROLL VALUES
Last Ten Fiscal Years**

	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
Secured										
Land	\$ 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	\$ 4,811,588,559	\$ 5,038,592,302	\$ 5,343,255,434
Structure	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	12,621,412,601	13,670,305,499	14,619,778,326
Growing Imp.										
Fixtures	96,186,460	172,326,456	121,330,197	122,138,875	86,539,606	86,949,612	85,175,780	86,169,588	72,381,116	54,816,121
Personal Property	424,035,810	439,345,074	397,416,205	398,032,391	195,128,458	185,441,743	197,939,682	199,577,920	176,564,870	173,880,661
Gross	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	17,718,748,668	18,957,843,787	20,191,730,542
Exemptions	(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)	(1,235,144,897)	(1,196,368,326)	(1,240,797,255)
Net Value	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	16,483,603,771	17,761,475,461	18,950,933,287
Unsecured										
Land	9,561,508	9,752,733	9,938,066	9,918,107	10,652,978	15,107,515	14,275,896	14,209,597	14,751,078	15,636,657
Structure	18,712,755	19,086,998	19,483,398	19,054,920	19,198,391	40,452,068	39,978,372	40,065,250	40,572,958	41,034,119
Fixtures	151,270,219	170,668,416	195,965,488	204,471,411	278,372,656	204,335,331	201,618,605	200,634,374	210,899,452	219,812,361
Personal Property	386,574,785	420,787,592	404,628,665	427,041,927	456,724,821	440,681,012	497,756,921	478,575,784	508,561,032	586,873,115
Gross	566,119,267	620,295,739	630,015,617	660,486,365	764,948,846	700,575,926	753,629,794	733,485,005	774,784,520	863,356,252
Exemptions	(28,052,319)	(40,368,799)	(69,496,206)	(98,512,303)	(88,790,688)	(92,879,612)	(86,500,375)	(61,105,400)	(93,563,794)	(114,427,098)
Net Value	538,066,948	579,926,940	560,519,411	561,974,062	676,158,158	607,696,314	667,129,419	672,379,605	681,220,726	748,929,154
Total Net										
Assessed Value (a)	<u>\$17,013,620,946</u>	<u>\$17,127,440,965</u>	<u>\$ 16,691,779,855</u>	<u>\$ 15,508,580,719</u>	<u>\$ 14,773,034,605</u>	<u>\$ 14,745,889,878</u>	<u>\$ 15,910,814,665</u>	<u>\$17,155,983,376</u>	<u>\$ 18,442,696,187</u>	<u>\$19,699,862,441</u>
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 XIII A, 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.

**CITY OF ROSEVILLE
PROPERTY TAX RATES
DIRECT & OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years**



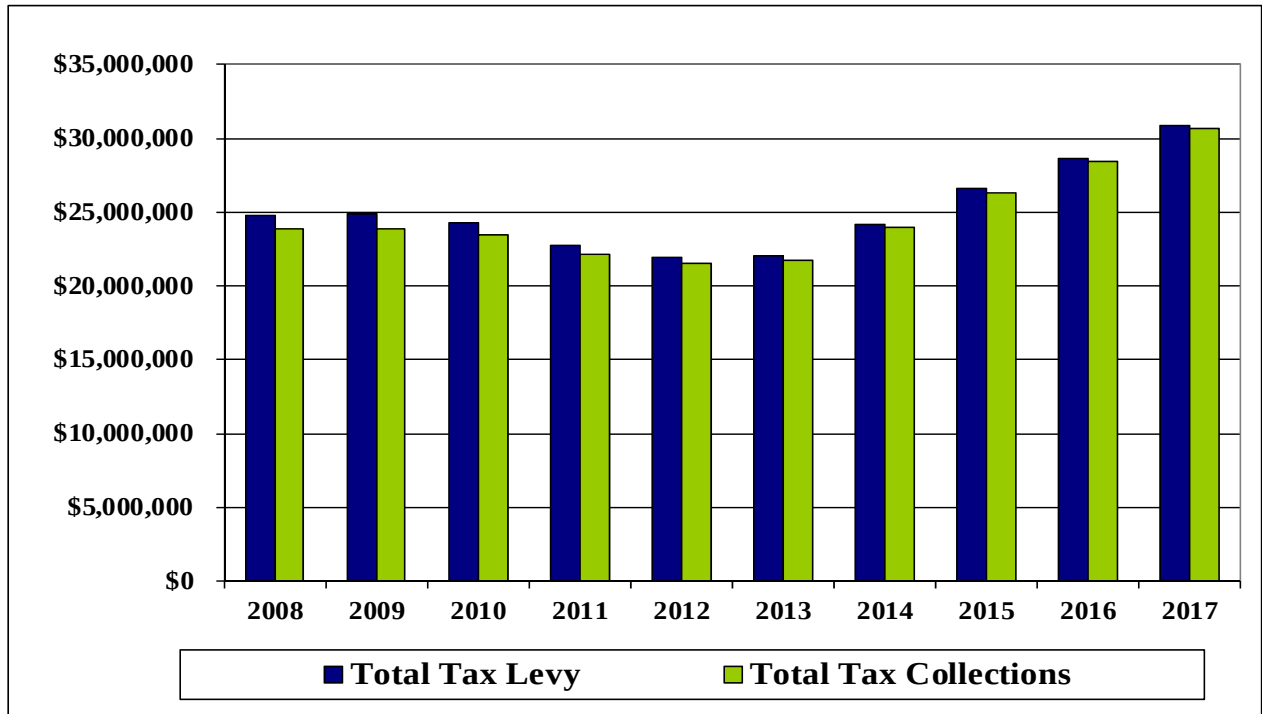
Fiscal Year	Direct Rate	Overlapping Rates				Total (a)
	Basic County Wide Levy	Eureka School District	Dry Creek School District	Roseville Elementary Schools	High Schools	
2008	1.0000	0.0235	0.0280	0.0285	0.0294	1.0561
2009	1.0000	0.0227	0.0620	0.0290	0.0321	1.0700
2010	1.0000	0.0261	0.0490	0.0325	0.0359	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
2015	1.0000	0.0379	0.0677	0.0457	0.0485	1.0989
2016	1.0000	0.0362	0.0666	0.0434	0.0454	1.0941
2017	1.0000	0.0376	0.0651	0.0436	0.0500	1.0988

(a) Total Overlapping Rates uses an average of Eureka School District, Dry Creek School District and Roseville Elementary School

PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago

Property Owner	Primary Land Use	Rank	2017		Rank	2008	
			Taxable Assessed Value	Percent of Total City Taxable Assessed Value		Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Roseville Shoppingtown LLC	Shopping Center	1	\$423,670,593	2.22%	4	202,219,035	1.21%
Hewlett Packard Enterprise Company	Industrial	2	97,641,610	0.51%	2	326,824,599	1.96%
DDR Creekside LP	Commercial	3	89,508,760	0.47%			
Walmart Stores Inc.	Commercial	4	83,120,962	0.43%	7	81,942,394	0.49%
KW Fund V - Roseville Parkway LLC	Apartments	5	83,047,776	0.43%			
Rosemeade Residential Holdings LLC	Apartments	6	81,361,976	0.43%			
BEP Roseville Investors LLC	Office Building	7	79,132,679	0.41%			
Roseville Fountains LP	Shopping Center	8	67,787,847	0.35%			
Timberpine Holdings LLC	Industrial	9	67,208,439	0.35%			
Oakmont Properties - Creekside LLC	Apartments	10	64,931,590	0.34%			
CPT Creekside Town Center LLC	Shopping Center	11	64,745,302	0.34%			
Parkway Plaza CW LLC	Office Building	12	54,030,000	0.28%			
BBC Roseville Oaks LLC	Commercial	13	51,776,715	0.27%			
W2005 Fargo Hotels Pool C Realty LP	Hotel	14	51,660,156	0.27%	6	82,008,268	0.49%
Excel Highland Reserve LLC	Shopping Center	15	47,665,424	0.25%			
Mourier Land Investment Corporation	Office Building	16	46,408,675	0.24%			
Forest Cove 388 LLC	Apartments	17	44,645,652	0.23%			
Safeway Inc.	Commercial	18	44,142,070	0.23%			
Terraces at Highland Property Owner LLC	Apartments	19	43,070,916	0.23%			
John L. Sullivan Family LP	Auto Dealership	20	41,890,033	0.22%			
PL Roseville LLC					1	354,933,092	2.13%
NEC Electronics USA Inc.					3	316,264,555	1.90%
Donahue Schriber Realty Group LP					5	96,323,620	0.58%
Kobra Properties					8	80,759,879	0.49%
NNN Parkway Corporate Plaza LLC					9	67,545,885	0.41%
SI VII LLC					10	58,680,809	0.35%
Total			\$1,627,447,175	8.51%		\$1,667,502,136	10.02%
Local Secured Assessed Valuation:			\$ 19,124,543,087			\$ 16,644,339,498	

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
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%
2015	26,562,322	26,328,574	99.12%
2016	28,692,626	28,454,477	99.17%
2017	30,888,183	30,650,344	99.23%

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.

CITY OF ROSEVILLE
ELECTRIC CUSTOMERS AND REVENUES
Ten Largest Electric Customers as of June 30, 2017

Rank	Business Type (a)	kWh	Percent Total kWh	Revenue	Percent to Total Revenue
1	Manufacturing	105,370,000	8.95%	\$10,602,970	6.56%
2	Admin/Office/R&D	31,729,000	2.69%	\$3,228,376	2.00%
3	Government and Utilities	27,835,000	2.36%	\$2,931,599	1.81%
4	Medical Care	25,395,300	2.16%	\$2,817,866	1.74%
5	Medical Care	21,808,738	1.85%	\$2,505,521	1.55%
6	Retail and Property Management	17,158,174	1.46%	\$2,154,173	1.33%
7	Retail	12,820,457	1.09%	\$1,422,237	0.88%
8	Grocery	10,613,100	0.90%	\$1,357,925	0.84%
9	Logistics	8,363,495	0.71%	\$896,612	0.55%
10	Grocery	8,329,200	0.71%	\$946,106	0.59%

Electric Sales Revenue as of June 30, 2017

Residential	\$ 68,543,423
Commercial	92,785,199
Total	<u>\$ 161,328,622</u>

(a) Customer's name not shown to follow the City's Administrative Regulation regarding confidentiality of customers.

CITY OF ROSEVILLE
RESIDENTIAL ENERGY PRICES
Effective January 1, 2017

Residential	
Basic Service Charge (per meter, per month)	\$26.00
Energy Charge (\$/kWh)	
Tier 1- up to 500 kWh/month	\$0.0931
Tier 2- greater than 500 kWh/month	\$0.1435
Renewable Energy Surcharge (\$/kWh)	\$0.0056
Greenhouse Gas Surcharge (\$/kWh)	\$0.0002
Hydroelectric Adjustment (\$/kWh) ⁽¹⁾	\$0.00000
State Energy Surcharge (\$/kWh)	\$0.00029

Special Residential Rates

Electric Rate Assistance Program ⁽²⁾	
Basic Service Charge (per meter, per month)	\$22.10
Energy Charge (\$/kWh)	
Tier 1- up to 500 kWh/month	\$0.0783
Tier 2- greater than 500 kWh/month	\$0.1211
Renewable Energy Surcharge (\$/kWh)	\$0.0056
Greenhouse Gas Surcharge (\$/kWh)	\$0.0002
Hydroelectric Adjustment (\$/kWh) ⁽¹⁾	\$0.00000
State Energy Surcharge (\$/kWh)	\$0.00029

Medical Support Rate Reduction ⁽³⁾	
Basic Service Charge (per meter, per month)	\$26.00
Energy Charge (\$/kWh)	
Tier 1- up to 500 kWh/month	\$0.0457
Tier 2- greater than 500 kWh/month	\$0.1211
Renewable Energy Surcharge (\$/kWh)	\$0.0056
Greenhouse Gas Surcharge (\$/kWh)	\$0.0002
Hydroelectric Adjustment (\$/kWh) ⁽¹⁾	\$0.00000
State Energy Surcharge (\$/kWh)	\$0.00029

Senior Citizen Rate Reduction ⁽⁴⁾	
Basic Service Charge (per meter, per month)	\$22.88
Energy Charge (\$/kWh)	
Tier 1- up to 500 kWh/month	\$0.0812
Tier 2- greater than 500 kWh/month	\$0.1256
Renewable Energy Surcharge (\$/kWh)	\$0.0056
Greenhouse Gas Surcharge (\$/kWh)	\$0.0002
Hydroelectric Adjustment (\$/kWh) ⁽¹⁾	\$0.00000
State Energy Surcharge (\$/kWh)	\$0.00029

NOTES

1) There is no hydroelectric adjustment in effect from July 2016 through June 2017.

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 Finance Department at 774-5300.

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.

CITY OF ROSEVILLE
BUSINESS ENERGY PRICES
Effective January 1, 2017

Small General Service (GS-1) (Demand < 20 kW)	Winter	Summer
Basic Service Charge (per meter, per month)	\$38.00	\$38.00
Energy Charge (\$/kWh)	\$0.0974	\$0.1131
Renewable Energy Surcharge (\$/kWh)	\$0.0056	\$0.0056
Greenhouse Gas Surcharge (\$/kWh)	\$0.0002	\$0.0002
Hydroelectric Adjustment (\$/kWh)	\$0.00000	\$0.00000
State Energy Surcharge (\$/kWh)	\$0.00029	\$0.00029
Medium General Service (GS-2) (20 kW < Demand ≤ 500 kW)	Winter	Summer
Basic Service Charge (per meter, per month)	\$65.00	\$65.00
Demand Charge (\$/kW-month)	\$6.16	\$6.16
Energy Charge (\$/kWh)	\$0.1028	\$0.1235
Renewable Energy Surcharge (\$/kWh)	\$0.0056	\$0.0056
Greenhouse Gas Surcharge (\$/kWh)	\$0.0002	\$0.0002
Hydroelectric Adjustment (\$/kWh)	\$0.00000	\$0.00000
State Energy Surcharge (\$/kWh)	\$0.00029	\$0.00029
(500 kW < Demand ≤ 1000 kW)		
Basic Service Charge (per meter, per month)	\$521.00	\$521.00
Demand Charge (\$/kW-month)	\$6.60	\$11.57
Energy Charge		
Off Peak (\$/kWh)	\$0.0682	\$0.0890
On Peak (\$/kWh)	\$0.0890	\$0.1098
Super Peak (\$/kWh)	\$0.0890	\$0.1408
Renewable Energy Surcharge (\$/kWh)	\$0.0056	\$0.0056
Greenhouse Gas Surcharge (\$/kWh)	\$0.0002	\$0.0002
Hydroelectric Adjustment (\$/kWh)	\$0.00000	\$0.00000
State Energy Surcharge (\$/kWh)	\$0.00029	\$0.00029
(Demand > 1000 kW)		
Basic Service Charge (per meter, per month)	\$591.00	\$591.00
Demand Charge (\$/kW-month)	\$6.71	\$11.51
Energy Charge		
Off Peak (\$/kWh)	\$0.0674	\$0.0879
On Peak (\$/kWh)	\$0.0862	\$0.1067
Super Peak (\$/kWh)	\$0.0862	\$0.1397
Renewable Energy Surcharge (\$/kWh)	\$0.0056	\$0.0056
Greenhouse Gas Surcharge (\$/kWh)	\$0.0002	\$0.0002
Hydroelectric Adjustment (\$/kWh)	\$0.00000	\$0.00000
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 4:00pm AND 7:00pm to 10:00pm

Monday through Friday (Except Holidays)

Super Peak: 4:00pm 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 from July 2016 through June 2017.

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.

CITY OF ROSEVILLE
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-Type Activities				Total Primary Government [e]	Percentage of Placer County Total Personal Income [a]	Debt Per Capita [a]	
	Certificates of Participation [d]	Tax Allocation Bonds [c]	Installment Purchase Obligations	Capital Lease	Lease	Loans	Total Governmental Activities	Certificates of Participation	Revenue Bonds	Lease				Total Business-Type Activities
2008	\$ 15,860,000	\$ 35,745,000	\$ 2,089,716				53,694,716	\$ 333,920,156	\$ 312,904,558		\$ 646,824,714	\$ 700,519,430	4.31%	\$ 6,418
2009	15,220,000	35,305,000	2,145,277				52,670,277	328,172,879	305,144,457		633,317,336	685,987,613	4.31%	6,106
2010	14,560,000	34,845,000	1,868,055				51,273,055	326,781,578	297,365,814		624,147,392	675,420,447	4.10%	5,834
2011	13,885,000	34,365,000	1,620,430				49,870,430	257,729,721	347,327,592		605,057,313	654,927,743	3.78%	5,431
2012	13,190,000		125,785				13,315,785	250,082,864	337,284,692		587,367,556	600,683,341	3.16%	4,921
2013			1,234,286		11,549,031		12,783,317	237,460,076	337,680,087	4,775,578	579,915,741	592,699,058	2.94%	4,770
2014					10,670,247	4,059,175	14,729,422	175,923,926	4,344,960	560,350,970	575,080,392	2.71%	4,530	
2015				69,007	9,874,685	4,045,820	13,989,512	150,053,467	385,334,824	3,945,831	539,334,122	553,323,634	2.61%	4,295
2016				34,928	24,347,067	4,030,681	28,412,676	152,649,025	368,091,795	3,538,160	524,278,980	552,691,656	[b]	4,122
2017					23,272,775	4,013,624	27,286,399	138,472,975	363,175,852	3,123,170	504,771,997	532,058,396	[b]	3,916

[a] These ratios are calculated using personal income and population as shown on the Demographics and Economic Statistics schedule.

[b] Total personal income information is not available.

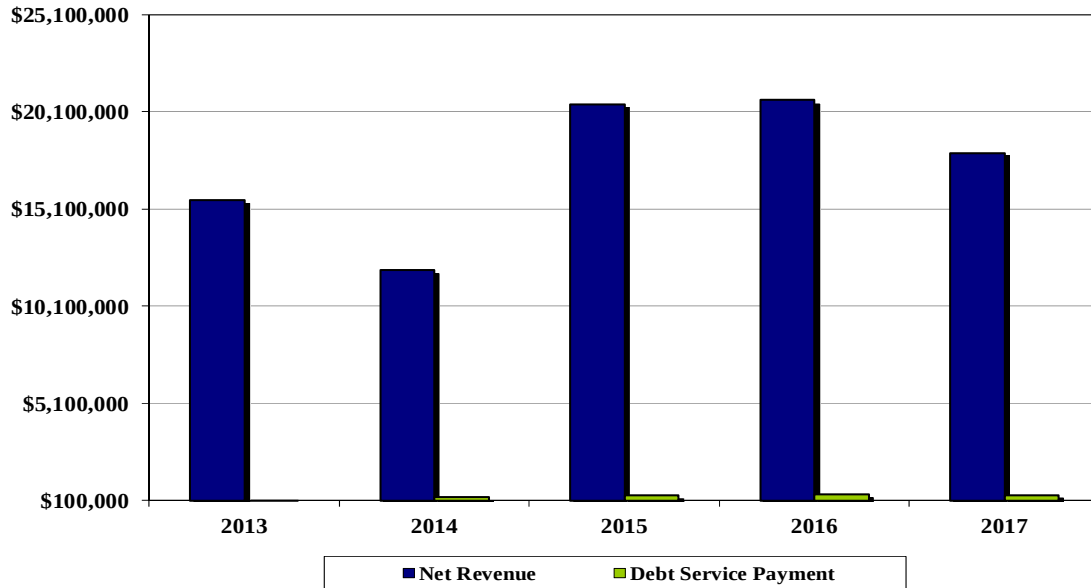
[c] The Redevelopment Agency was dissolved effective January 31, 2012 and its liabilities were assumed by the Successor Agency.

[d] In 2013 the Certificates of Participation were refunded by the 2013 Public Facilities Refunding lease.

[e] Long term debt was restated in fiscal year 2014; statistics prior to 2014 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 Economic Analysis - Local Data (personal income)

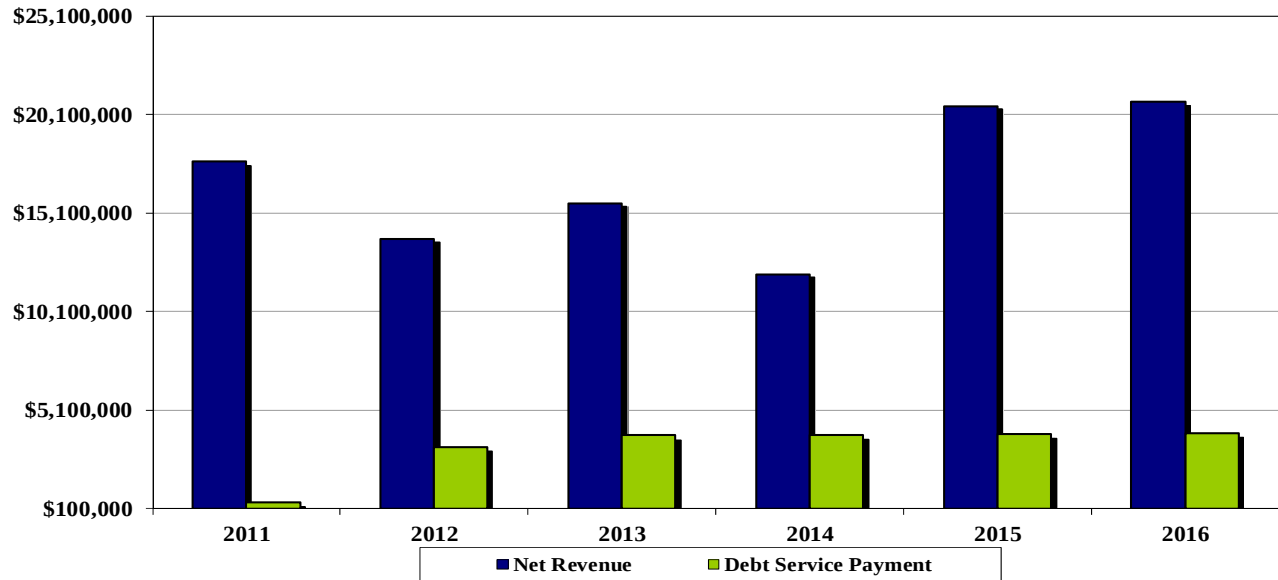
CITY OF ROSEVILLE
REVENUE BOND COVERAGE
2013 REFUNDING VARIABLE RATE WASTEWATER REVENUE BONDS
Last Five Fiscal Years ⁽¹⁾



Fiscal Year				Debt Service Requirements			Coverage
	Gross Revenue (2)	Operating Expenses (3)	Net Revenue Available for Debt Service	Principal	Interest	Total	
2013	\$ 33,605,925	\$ 18,039,506	\$ 15,566,419		\$ 112,244	\$ 112,244	138.68
2014	30,398,896	18,411,939	11,986,957		265,789	265,789	45.10
2015	39,361,960	18,849,642	20,512,318		346,131	346,131	59.26
2016	40,133,217	19,398,212	20,735,005		406,694	406,694	50.98
2017	36,503,063	18,499,012	18,004,051		380,118	380,118	47.36

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

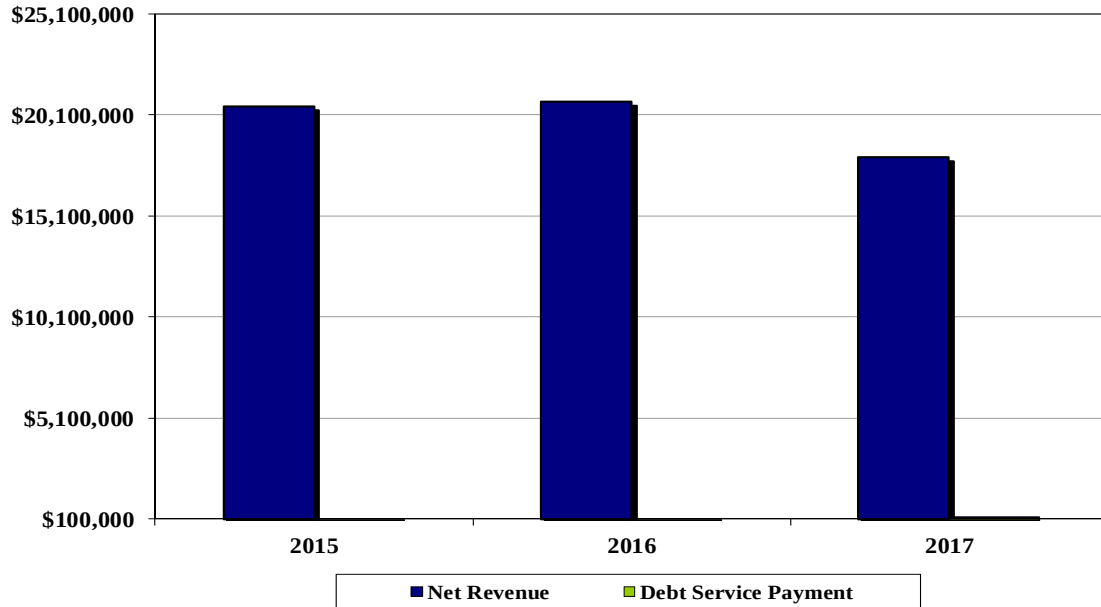
**CITY OF ROSEVILLE
REVENUE BOND COVERAGE
2011 REFUNDING FIXED RATE WASTEWATER REVENUE BONDS SERIES C
Last Seven Fiscal Years ⁽¹⁾**



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		\$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
2015	39,361,960	18,849,642	20,512,318	2,133,436	1,743,323	3,876,759	5.29
2016	40,133,217	19,398,212	20,735,005	2,287,586	1,638,543	3,926,129	5.28
2017	36,503,063	18,499,012	18,004,051	2,457,151	1,522,026	3,979,177	4.52

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

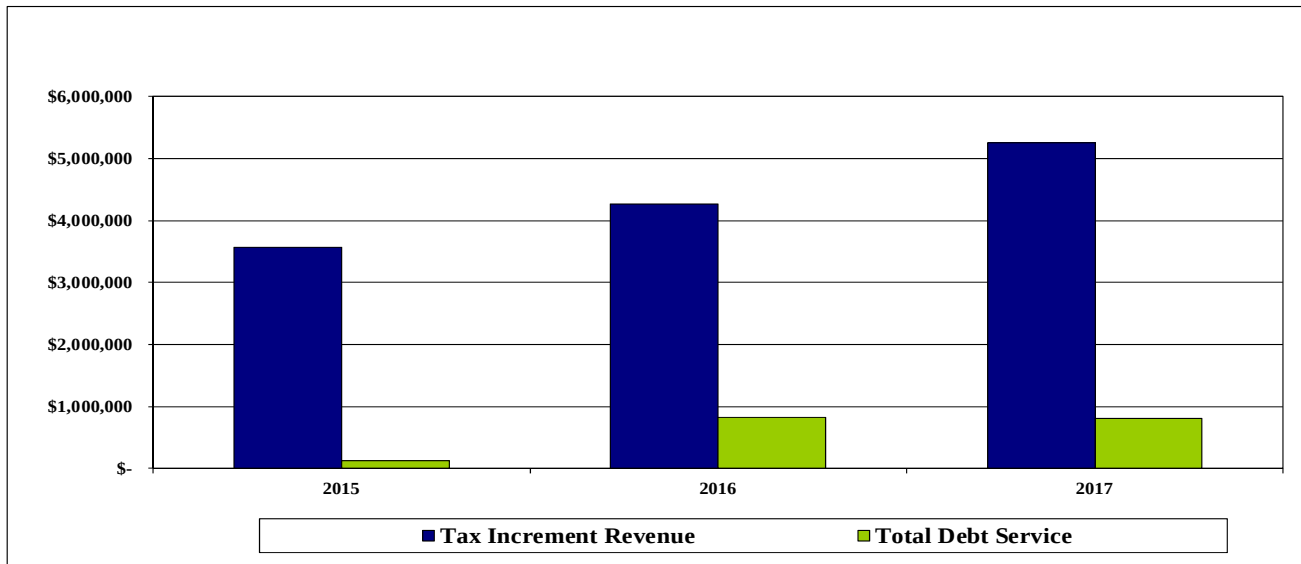
CITY OF ROSEVILLE
REVENUE BOND COVERAGE
2014 WASTEWATER REVENUE REFUNDING BONDS
Last Three Fiscal Years ⁽¹⁾



Fiscal Year	Gross Revenue (2)	Operating Expenses (3)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2015	\$39,361,960	\$18,849,642	\$20,512,318		\$96,431	\$96,431	212.71
2016	40,133,217	19,398,212	20,735,005		131,649	131,649	157.50
2017	36,503,063	18,499,012	18,004,051		181,460	181,460	99.22

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

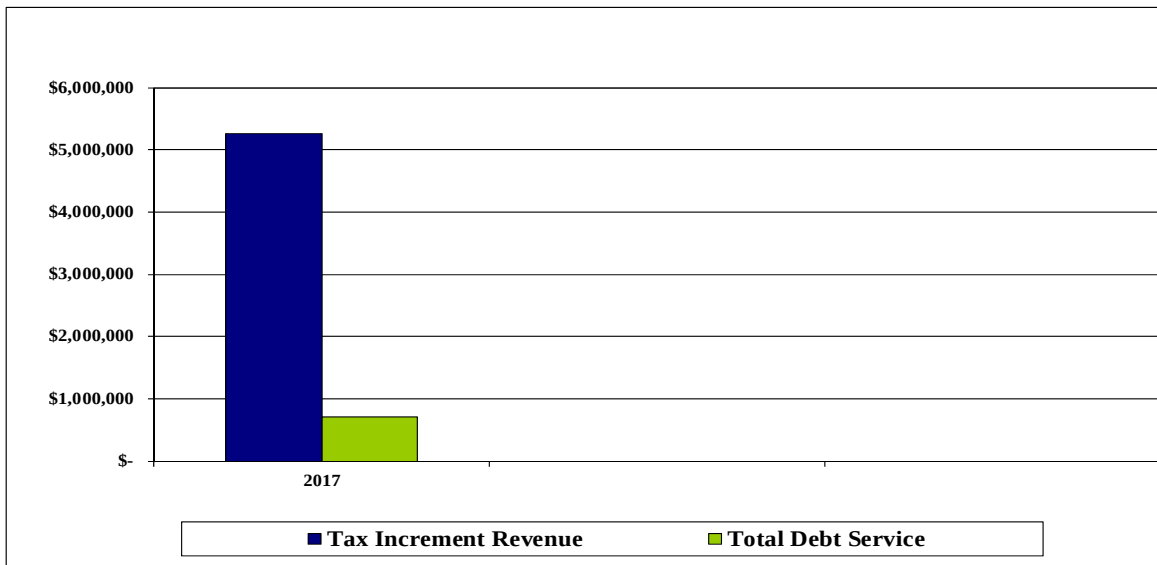
**CITY OF ROSEVILLE
2014 REDEVELOPMENT TAX ALLOCATION BONDS
Last Three Fiscal Years**



Fiscal Year	Tax Increment Revenue	Debt Service Requirements				Coverage
		Principal Payment	Interest Due	Total Debt Service	Principal Outstanding	
2015	\$3,566,262 (a)		\$132,646	\$132,646	\$10,740,000	0.27
2016	4,277,172 (a)	\$ 435,000	390,688	\$825,688	10,305,000	0.05
2017	5,263,766 (a)	435,000	378,363	\$813,363	9,870,000	0.06

(a) Amounts reported here include tax revenue and debt service of the Successor Agency.

**CITY OF ROSEVILLE
2016 REDEVELOPMENT TAX ALLOCATION BONDS
Last One Fiscal Year**



Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Principal Outstanding	Coverage
		Principal Payment	Interest Due	Total Debt Service		
2017	\$5,263,766 (a)		\$703,884	\$703,884	\$21,520,000	0.07

(a) Amounts reported here include tax revenue and debt service of the Successor Agency.

CITY OF ROSEVILLE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2017

2016-17 Assessed Valuation: \$ 19,877,342,887

	Total Debt 06/30/2017	% Applicable (1)	City's Share of Debt 6/30/2017
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Roseville Joint Union High School District	\$118,078,598	75.227%	\$88,826,987
Roseville Joint Union High School District SFID No. 1	16,073,385	97.226%	15,627,509
Center Joint Unified School District	39,121,451	22.328%	8,735,038
Rocklin Unified School District	58,419,254	0.492%	287,423
Dry Creek Joint School District	36,885,334	57.601%	21,246,321
Eureka Union School District	2,105,848	34.529%	727,128
Roseville City School District	18,286,852	97.383%	17,808,285
City of Roseville Community Facilities Districts	311,948,500	100.000%	311,948,500
California Statewide Communities Development Authority Assessment Districts	8,033,787	100.000%	8,033,787
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$473,240,978
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Placer County Certificates of Participation	\$31,195,000	29.499%	\$9,202,213
Placer County Office of Education Certificates of Participation	1,300,000	29.499%	383,487
Sierra Joint Community College District Certificates of Participation	6,029,000	22.328%	1,346,155
Roseville Joint Union High School District Certificates of Participation	560,000	75.227%	421,271
Center Joint Unified School District Certificates of Participation	767,386	0.492%	3,776
Rocklin Unified School District Certificates of Participation	13,880,000	0.492%	68,290
Eureka Union School District Certificates of Participation	3,610,000	34.529%	1,246,497
Roseville City School District Certificates of Participation	7,780,000	97.383%	7,576,397
Placer Mosquito and Vector Control District Certificates of Participation	3,490,000	29.499%	1,029,515
City of Roseville Certificates of Participation	25,561,700	100.000%	25,561,700
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$46,839,301
Less: City of Roseville supported obligation			\$3,187,557
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$43,651,744
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$31,390,000	100.000%	\$31,390,000
TOTAL GROSS DIRECT DEBT			\$25,561,700
TOTAL NET DIRECT DEBT			\$22,374,143
TOTAL OVERLAPPING DEBT			\$525,908,579
 GROSS COMBINED TOTAL DEBT (2)			\$551,470,279
NET COMBINED TOTAL DEBT			\$548,282,722

- (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 2016-2017 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.38%
Total Gross Direct Debt (\$25,561,700)	0.13%
Total Net Direct Debt (\$22,374,143)	0.11%
Gross Combined Total Debt	2.77%
Net Combined Total Debt	2.76%

Ratios to Redevelopment Successor Agency Incremental Valuations (\$838,263,473):

Total Overlapping Tax Increment Debt	3.74%
--------------------------------------	-------

CITY OF ROSEVILLE
COMPUTATION OF LEGAL BONDED DEBT MARGIN
June 30, 2017

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$19,124,543,087
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BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$717,170,366
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$528,044,772
Less bonded debt not subject to limit	(528,044,772)

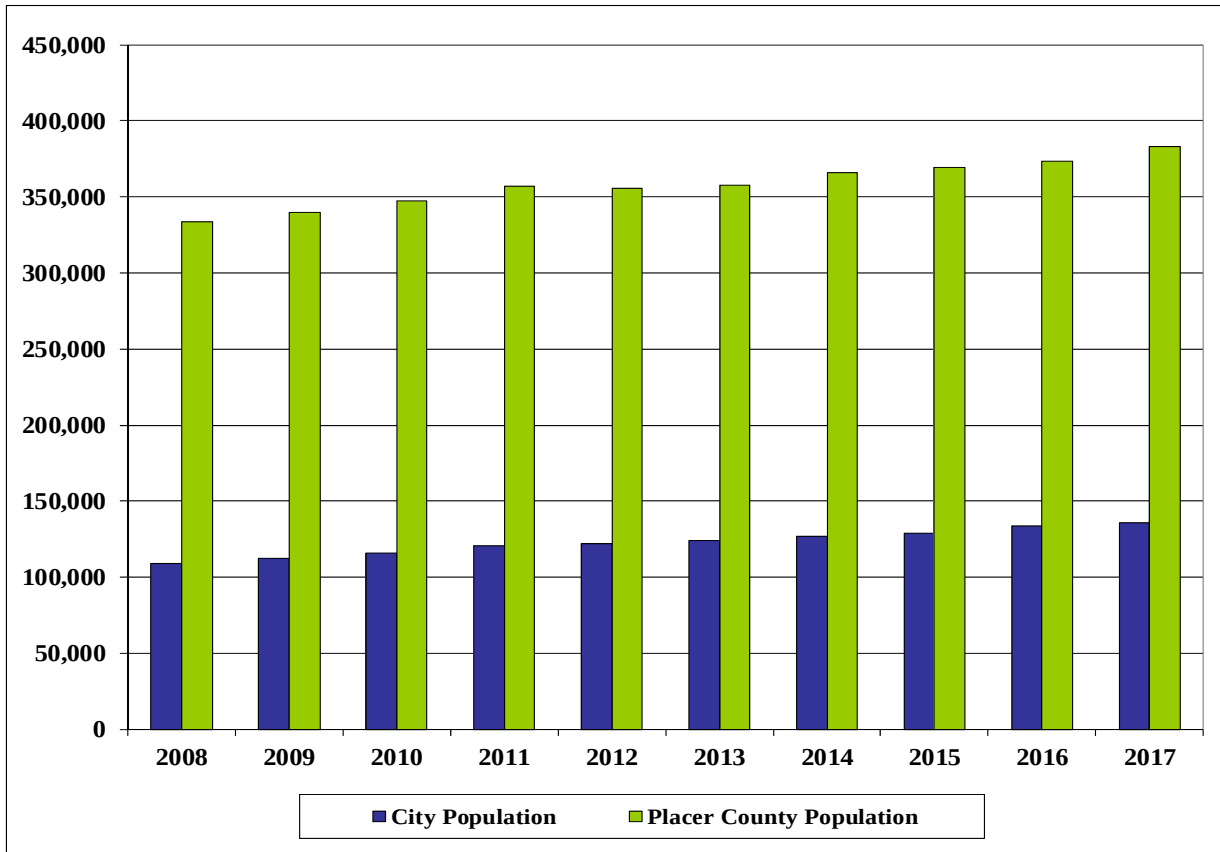
Amount of debt subject to limit	-
---------------------------------	---

LEGAL BONDED DEBT MARGIN	\$717,170,366
--------------------------	---------------

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
2008	624,162,731		624,162,731	0.00%
2009	626,993,562		626,993,562	0.00%
2010	611,493,748		611,493,748	0.00%
2011	567,178,798		567,178,798	0.00%
2012	560,837,192		560,837,192	0.00%
2013	536,758,408		536,758,408	0.00%
2014	578,172,662		578,172,662	0.00%
2015	624,626,766		624,626,766	0.00%
2016	672,531,992		672,531,992	0.00%
2017	717,170,366		717,170,366	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.

CITY OF ROSEVILLE
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years



Fiscal Year	City of Roseville Population	County Total Personal Income (in thousands)	County Per Capita Personal Income	City of Roseville Unemployment Rate (%)	Placer County Population	City Population % of County
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	20,174,068	54,924	7.5%	357,463	34.76%
2014	126,956	21,182,771	55,000	6.5%	366,000	34.69%
2015	128,832	21,240,299	57,000	5.3%	369,454	34.87%
2016	134,073	(a)	(a)	4.5%	373,796	35.87%
2017	135,868	(a)	(a)	3.8%	382,837	35.49%

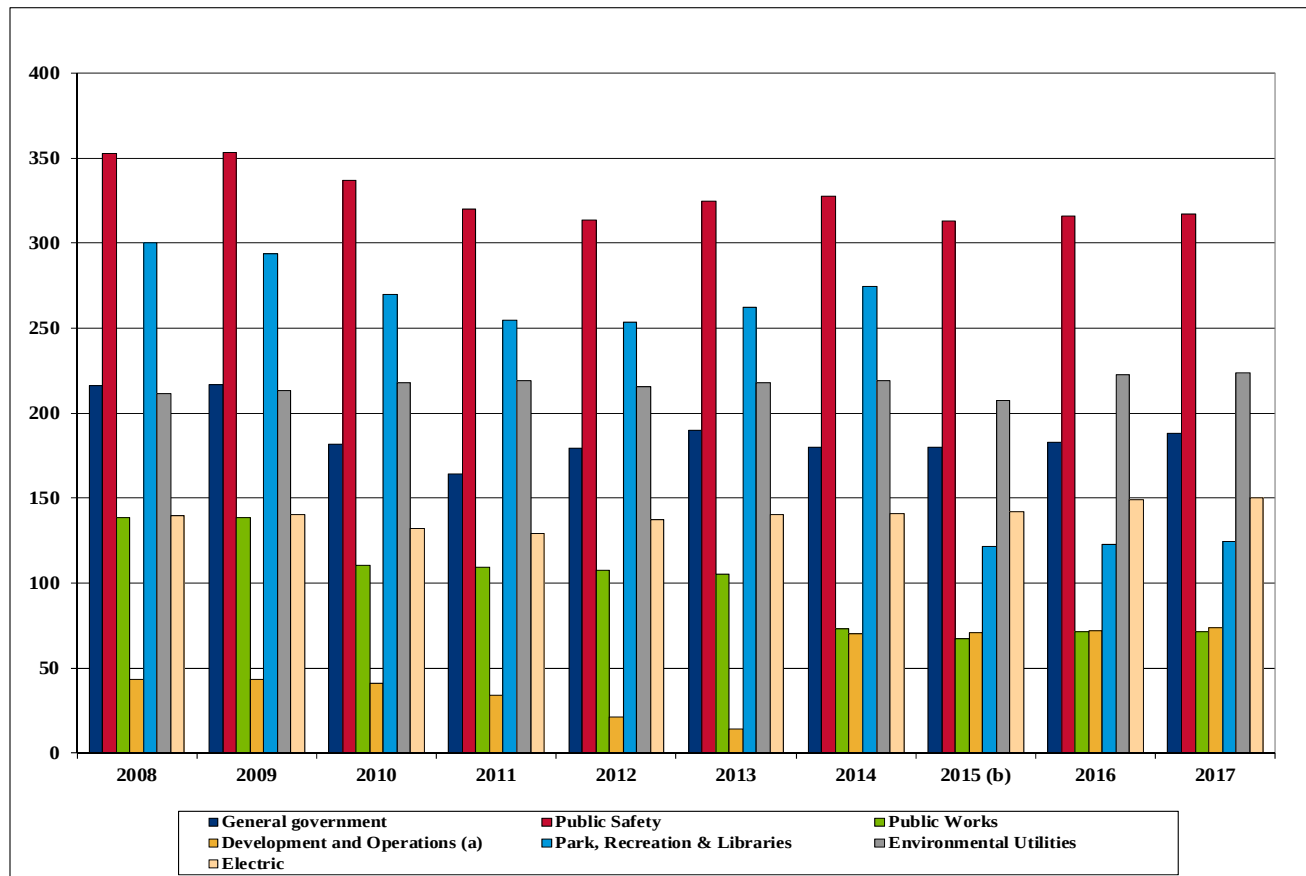
(a) Information not available

CITY OF ROSEVILLE
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2017			2008	
	Number of Employees	Rank	Percentage of Total City Employees	Number of Employees	Rank
The Permanente Medical Group & Foundation Group	4,988	1	6.48%	3,428	2
Hewlett Packard	2,300	2	2.99%	3,600	1
Sutter Roseville Medical Group	2,100	3	2.73%	1,922	4
Union Pacific Railroad Company	1,150	4	1.49%	2,000	3
City of Roseville	1,149	5	1.49%	1,252	5
Roseville Joint Union High School	1,090	6	1.42%	803	8
Roseville City School District	1,034	7	1.34%	897	6
PRIDE Industries	838	8	1.09%	800	9
Adventist Health	801	9	1.04%		
Consolidated Communications	440	10	0.57%		
NEC Electronics				800	10
Wal-Mart				862	7
Subtotal	<u>15,890</u>		<u>20.66%</u>	<u>16,364</u>	
Total Employment	<u>76,925</u> (a)			<u>80,015</u>	

(a) Total Employment as used above represents the total employment of all employees located within the City limits.

CITY OF ROSEVILLE
FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
Last Ten Fiscal Years



Adopted for Fiscal Year Ended June 30,

	2008	2009	2010	2011	2012	2013	2014	2015 (b)	2016	2017
Function										
General government	216.21	216.79	181.75	164.38	179.09	190.14	180.10	179.81	183.11	187.98
Public Safety	352.69	353.18	336.75	319.90	313.78	324.59	327.42	313.00	316.00	317.00
Public Works	138.77	138.77	110.75	109.03	107.33	105.17	73.18	67.50	71.50	71.50
Development and Operations (a)	43.25	43.25	41.17	33.98	21.00	14.00	70.26	71.00	72.00	74.00
Park, Recreation & Libraries	300.19	293.70	269.89	254.65	253.43	262.00	274.61	121.50	122.50	124.50
Environmental Utilities	211.59	213.00	218.09	218.90	215.32	217.82	219.14	207.50	222.25	223.75
Electric	139.46	140.46	132.29	129.33	137.39	140.36	141.09	142.00	149.00	150.00
Total	1,402.16	1,399.15	1,290.69	1,230.17	1,227.34	1,254.08	1,285.80	1,102.31	1,136.36	1,148.73

(a) Community Development was renamed to Development and Operations in fiscal year 2014.

(b) Decrease in FTE for FY14-15 is due to no longer including FTEs attributable to temporary part-time staff.

CITY OF ROSEVILLE
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety:										
Fire:										
Number of Haz-Mat alarms answered	287	194	192	172	199	201	214	228	204	224
Number of medical emergencies answered	6,737	6,967	7,485	7,836	8,429	9,045	9,995	11,015	10,694	10,545
Total calls for service	9,492	8,694	9,129	9,609	10,006	10,936	12,163	13,286	12,828	16,756
Police:										
Law violations:										
Physical arrests (adult and juvenile)	5,464	5,245	4,520	5,845	4,264	4,647	4,321	3,295	2,315	1,785
Traffic citations	18,883	20,889	19,033	6,404	4,826	4,470	2,207	1,839	2,329	2,876
Public works:										
Total building permits issued	4,849	3,975	3,884	4,078	4,338	4,131	5,796	5,715	5,854	6,226
Total square feet of street maintenance performed	3,853,433	7,648,976	4,501,241	4,342,272	3,375,318	4,275,981	4,452,658	1,971,986	3,468,666	12,190,840
Park and recreation:										
Community services:										
Number of participants in cultural art classes (Note 1)	1,520	2,688	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total attendance in Youth/Adult/Senior programs			299,134	301,906	265,736	224,339	233,598	240,576	246,331	209,619
Total attendance to aquatic facilities (Note 2)	235,548	250,182	266,931	278,860	306,455	291,407	324,918	357,064	316,994	428,744
Library:										
Number of materials checked out (Note 3)	818,428	946,224	1,001,179	994,990	1,058,434	1,194,909	1,273,880	1,252,039	1,306,844	1,339,684
Water:										
Average daily consumption (in million gallons)	28.15	28.19	25.60	25.90	28.60	30.20	28.00	23.01	20.70	23.25
Number of backflow devices tested	4,679	4,728	4,895	4,965	4,558	3,862	4,520	4,854	5,093	5,183
Number of meters sold	1,917	2,268	807	497	555	770	569	824	848	1,044
Wastewater:										
Number of miles of sewer mains flushed	280	258	209	284	277	271	335	284	266	294
% of preventative work orders hours (Note 4)	43.1%	45.5%	48.0%	55%	n/a	40.2%	35.8%	41.3%	38.4%	46.4%
Solid waste:										
Tons of solid waste collected	96,265	89,512	87,446	89,125	87,336	87,946	92,101	94,308	101,794	117,594

Notes:

- 1 - No longer tracked in FY09-10. Attendance are is now tracked by Youth/Adult/Senior programs.
- 2 - Roseville Aquatics Center closed for pool repairs November 2007-January 2008.
- 3 - The Library totals include Downtown Library, Maidu Library and Riley Library. The Bookmobile was retired during winter 2008 and was replaced in April 2015.
- 4 - Data not available for FY11-12 due to change in software (Maximo) used by the City.

CITY OF ROSEVILLE
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety:										
Fire stations	8	8	8	8	8	8	8	8	8	8
Police stations	1	1	1	1	1	1	1	1	1	1
Number of Police patrol vehicles (Note 2)	107	106	51	49	58	61	64	67	77	91
Public works:										
Miles of streets	432	428	429	432	438	440	440	458	465	470
Number of traffic signals	154	162	165	166	167	167	167	171	175	180
Park and recreation:										
Community services:										
Golf courses (18 holes)	2	2	2	2	2	2	2	2	2	2
Parks and recreation facilities	58	61	61	63	66	68	71	72	72	74
Miles of creek	60	60	60	60	60	60	60	60	60	75
Swimming pools (Note 1)	4	4	3	3	3	3	3	3	3	3
Tennis courts	14	16	16	16	16	16	18	18	18	18
Library:										
City libraries	3	3	3	3	3	3	3	3	3	3
Water:										
Miles of water mains	556	562	567	569	569	570	570	583	592	608
Fire hydrants	4,413	4,473	4,514	4,533	4,542	4,545	4,545	4,654	4,735	4,763
Wastewater:										
Miles of sanitary sewers	485	485	492	493	487	487	491	497	505	517
Miles of storm drain	376	373	382	348	349	351	344	353	366	372
Solid waste:										
Number of new residential refuse customers	984	800	750	522	537	768	475	601	787	822
Electric:										
Number of residential customers	44,662	45,478	46,400	47,021	47,611	48,387	49,013	49,851	50,784	51,638
Number of commercial customers	6,038	6,349	6,411	6,437	6,505	6,561	6,666	6,673	6,700	6,759

Notes:

1 - Beginning FY09-10, the swimming pool at Oakmont High School was no longer used by the City.

2 - Prior to FY16-17, the City only reported active patrol cars. In FY16-17 the City began reporting active patrol vehicles, which includes all police department vehicles that are patrolling the streets in one fashion or another, whether undercover, a community services officer, an animal control officer, or a citizen on patrol volunteer. No additional cars were purchased in FY16-17.

CITY OF ROSEVILLE, CALIFORNIA

Independent Accountants' Report on
Agreed-Upon Procedures Applied To
The Article XIII-B Appropriations Limit Calculation

For the Fiscal Year Ended June 30, 2018



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES RELATED TO
THE ARTICLE XIII-B APPROPRIATIONS LIMIT CALCULATION**

The Honorable Mayor and Members of City Council
City of Roseville, California

We have performed the procedures enumerated below, which were agreed to by the City of Roseville, California (City) (the specified party), to the appropriations limit calculation of the City prepared in accordance with Section 1.5 of Article XIII-B of the California Constitution, for the fiscal year ended June 30, 2018. The City's management is responsible for the appropriations limit calculation. The sufficiency of the procedures is solely the responsibility of the City. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish the City's appropriations limit and compared the 2017-2018 limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were found as a result of this procedure.

2. We added last year's limit to the annual adjustment amount, and compared the resulting amount to the 2017-2018 appropriations limit.

Finding: No exceptions were found as a result of this procedure.

3. We compared the current year information to the worksheets described in No. 1 above and to information provided by the California State Department of Finance.

Finding: No exceptions were found as a result of this procedure.

4. We agreed the prior year appropriations limit to the prior year appropriations limit adopted by the City Council.

Finding: No exceptions were found as a result of this procedure.

The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the appropriations limit calculation. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

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

A handwritten signature in black ink that reads "Varinek, Trine, Day & Co LLP". The signature is written in a cursive, flowing style.

Sacramento, California
December 22, 2017

CITY OF ROSEVILLE, CALIFORNIA

SINGLE AUDIT REPORT

FISCAL YEAR ENDING JUNE 30, 2017

CITY OF ROSEVILLE, CALIFORNIA

SINGLE AUDIT REPORT

FISCAL YEAR ENDING JUNE 30, 2017

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Roseville, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 22, 2017. Our report includes an emphasis of matter paragraph regarding the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

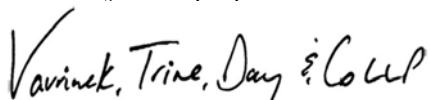
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sacramento, California
December 22, 2017



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Roseville California's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 22, 2017, which contained unmodified opinions on those financial statements. Our report includes an emphasis of matter paragraph regarding the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Sacramento, California
December 22, 2017

CITY OF ROSEVILLE, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Identification Number / Pass-Through Identification Number	Federal Expenditures	Amounts Provided to Subrecipients
<u>U. S. Department of Housing and Urban Development</u>				
<i>Direct Programs</i>				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	CA128	\$ 4,891,631	
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-06-0063	505,766	\$ 302,790
<i>Passed through the California Department of Housing and Community Development</i>				
Home Investment Partnerships Program	14.239	11-HOME-7531	192,138	
Home Investment Partnerships Program	14.239	Loan	3,373,263	
Total Department of Housing and Urban Development			8,962,798	302,790
<u>U. S. Department of Health and Human Services</u>				
<i>Passed through the California Department of Education</i>				
CCDF Cluster				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609-2191	142,175	
Total Department of Health and Human Services			142,175	
<u>U. S. Department of Justice</u>				
<i>Direct Programs</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0622	19,928	
Total Department of Justice			19,928	
<u>U. S. Department of Transportation</u>				
<i>Direct Programs</i>				
Federal Transit Cluster				
Federal Transit-Formula Grants				
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA 90-Y492	35,556	
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y593	743,379	
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y773	38,830	
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	CA-34-0009-01	963,361	
Total Federal Transit Cluster			1,781,126	
<i>Passed through the California Department of Transportation</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction - Bridge Preventative Maintenance Project	20.205	BPMPL-5182(071)	2,641	
Highway Planning and Construction - Industrial Ave Bridge Replacement	20.205	BRL0-5182(056)	3,400,164	
Highway Planning and Construction - Oakridge Bridge Replacement	20.205	BRL0-5182(057)	34,245	
Highway Planning and Construction - Dry Creek Greenway Comm. Plan/Outreach	20.205	CML-5182(058)	8,324	
Highway Planning and Construction - Oak St Ext-Miners Ravine Trail	20.205	CML-5182(063)	35,558	
Highway Planning and Construction - Safe Routes to School Cycle 3	20.205	SRTSLNI-5182(064)	51,584	
Highway Planning and Construction - 2015 RSTP Arterial Microsurfacing	20.205	STPL-5182(072)	3,946,520	
Highway Planning and Construction - Cirby Way/Roseville Rd	20.205	HSIPL-5182(068)	791,623	
Total Highway Planning and Construction Cluster			8,270,658	
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	64AM16-00103	44,067	

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF ROSEVILLE, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	CFDA Number	Grant Identification Number / Pass-Through Identification Number	Federal Expenditures	Amounts Provided to Subrecipients
<u>U. S. Department of Transportation (Continued)</u>				
<i>Passed through the Auburn Police Department</i>				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated				
Avoid DUI Campaign	20.608	AL1631	548	
Total Department of Transportation			<u>10,096,399</u>	
<u>Department of Homeland Security</u>				
<i>Passed through the County of Calaveras</i>				
Federal Emergency Management Agency				
Butte County Dam Assistance	97.036	FEMA-4308-DR	19,650	
<i>Passed through the County of Placer</i>				
Homeland Security Grant Program	97.067	2015-00078	21,114	
Total Department of Homeland Security			<u>40,765</u>	
TOTAL FEDERAL EXPENDITURES			<u>\$ 19,262,065</u>	<u>\$ 302,790</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

CITY OF ROSEVILLE, CALIFORNIA

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of Roseville, California (City) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for the governmental funds and the accrual basis of accounting for the proprietary funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in the prior year.

NOTE 3 – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – OUTSTANDING LOANS OF FEDERAL FUNDS

The following schedule presents the amount of outstanding loans receivable by CFDA number. All loans with continuing compliance requirements are included on the accompanying Schedule. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented on the Schedule. The balance of loans outstanding at June 30, 2017, consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance</u>
14.239	Home Investment Partnerships Program	\$ 3,373,263

CITY OF ROSEVILLE, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements
audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

None noted

Noncompliance material to financial statements noted?

No

FEDERAL AWARDS

Internal control over major federal programs:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

None noted

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance
with 2 CFR 200 section 200.516(a)?

No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>14.239</u>	<u>HOME Investment Partnerships Program</u>
<u>20.507/20.526</u>	<u>Federal Transit Cluster</u>
<u>14.871</u>	<u>Section 8 Housing Choice Vouchers</u>

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

No

CITY OF ROSEVILLE, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

II. FINANCIAL STATEMENT FINDINGS

None noted.

CITY OF ROSEVILLE, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None noted.

CITY OF ROSEVILLE, CALIFORNIA

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Financial Statement Prior Year Findings

Finding No.	Description	Status
2016-001	Vendor Master File Maintenance	Implemented



COUNCIL COMMUNICATION

CC #: 9008
File #: 0600-02

Title: Out of State Travel Request - Development Services Department
Contact: Kevin Payne 916-774-5285 kpayne@roseville.ca.us

Meeting Date: 1/17/2018
Item #: 6.7.

RECOMMENDATION TO COUNCIL

Staff recommends that the City Council authorize out-of-state travel for Development Services Manager Mike Isom to attend the National Development Council's business credit analysis course from March 26-30 in Washington, DC.

BACKGROUND

In addition to division management responsibilities, the Development Services Manager is also tasked to various special citywide projects and economic development support, including capital facilities construction, business attraction, City property leasing, and strategic acquisition & disposition of City properties. The DS Manager's ombudsman role and support of economic development initiatives involves frequent interaction with the business and development community to resolve financial issues pertaining to the City's permitting process.

The business credit analysis program is one of four five-day courses in the National Development Council's economic development finance professional training series. The business credit analysis course focuses on advanced financial techniques used to analyze various types of operating businesses, and explores credit analysis procedures utilized by commercial lenders that are adapted for use by economic development entities. Completion of the training will allow the Development Services Department to supplement the Economic Development Department's ability to respond to business attraction and other economic development opportunities.

FISCAL IMPACT

The cost associated with the training, travel and incidental expenses is \$2,800 and is included in the Development Services Department's approved FY2018 budget. No additional funds are requested or required.

ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

ENVIRONMENTAL REVIEW

This travel request is not considered a “project” as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines §15378). Consequently, no CEQA action is required.

Respectfully Submitted,

Kevin Payne, Development Services Director

A handwritten signature in blue ink, appearing to read 'K. Payne', with a long horizontal stroke extending to the right.

Rob Jensen, City Manager



COUNCIL COMMUNICATION

CC #: 9001
File #: 0800-02

Title: Stormwater Funding Nexus Study - Professional Services Agreement
Contact: Terri Shirhall 916-774-5536 tshirhall@roseville.ca.us

Meeting Date: 1/17/2018
Item #: 7.1.

RECOMMENDATION TO COUNCIL

Staff recommends that the Roseville City Council adopt a resolution approving a Professional Services Agreement between the City of Roseville and NBS Government Finance Group, and authorizing the City Manager to execute it on behalf of the City of Roseville. The professional services agreement, in the amount of \$31,000.00, is to conduct a nexus study to determine the extent to which the City's Stormwater Division creates a tangible and quantifiable benefit to the City's water, wastewater, and solid waste utilities. Funds to pay for the study are budgeted in the Solid Waste fund fiscal year 2018.

BACKGROUND

The Stormwater Division was created as a result of the Clean Water Act and the subsequent (National Pollution Discharge Elimination System) NPDES. Under the NPDES the California State Water Resource Control Board began to develop and implement regulations such as the MS4 Municipal Separate Sewer System, which applies to the City of Roseville. The MS4 is the Stormwater Division's primary responsibility.

The City's utilities may benefit from the Stormwater Division. The Division enhances water quality and reduces the amount of water that needs to be treated. These benefits will be quantified in the Stormwater Funding Nexus Study and cost will be distributed to each utility based on benefit.

FISCAL IMPACT

The Stormwater Funding Nexus contract amount of \$31,000.00 will be paid with available funds by the Solid Waste Administration budget (08410).

ECONOMIC DEVELOPMENT / JOBS CREATED

Not applicable.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change to the environment. (CEQA Guidelines Section 15061(b)(3)). The Stormwater Nexus study does not include the potential for a significant environmental effect and is therefore not subject to CEQA.

Respectfully Submitted,

Terri Shirhall, Environmental Utilities Rate Analyst

Richard Plecker, Environmental Utilities Director



Rob Jensen, City Manager

ATTACHMENTS:

Description

Resolution No. 18-27

PSA Stormwater Funding Analysis

NBS Proposal

RESOLUTION NO. 18-27

APPROVING A PROFESSIONAL SERVICES AGREEMENT BY AND BETWEEN THE
CITY OF ROSEVILLE AND NBS GOVERNMENT FINANCE GROUP,
AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF
THE CITY OF ROSEVILLE

WHEREAS, a professional services agreement regarding stormwater funding analysis, by and between the City of Roseville and NBS Government Finance Group, has been reviewed by the City Council; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Roseville that said agreement is hereby approved and that the City Manager is authorized to execute it on behalf of the City of Roseville; and

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 2018, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk

PROFESSIONAL SERVICES AGREEMENT

Stormwater Funding Analysis

THIS AGREEMENT is made and entered into this ____ day of _____, 20__,
by and between the City of Roseville, a municipal corporation ("CITY"), and NBS Government
Finance Group, a California corporation ("CONSULTANT"); and

W I T N E S S E T H:

WHEREAS, CITY desires professional services consisting of analysis and advice related
to potential funding of stormwater program costs from the City's water, sewer and refuse
utilities, and

WHEREAS, CONSULTANT has prepared a proposal dated November 17, 2017, which
describes the scope of work to be performed by CONSULTANT, the budget for the work, and
the schedule for performance of the work; and

WHEREAS, CONSULTANT is qualified and experienced to provide professional
services related to stormwater funding analysis.

NOW, THEREFORE, the parties agree as follows:

1. Services. CONSULTANT shall perform, at the direction of CITY, the scope of
services as described in EXHIBIT "A," attached hereto and incorporated herein by this
reference.

2. Compensation. For its services provided hereunder, CONSULTANT shall be compensated on a time and expense basis in accordance with the budget estimate as described in EXHIBIT "A," attached hereto and incorporated herein by this reference. Total compensation shall not exceed thirty-one thousand dollars (\$31,000.00).

CONSULTANT shall submit one monthly invoice for its services. Such invoices shall be delineated by task, the person performing the services, and the hourly rate, which shall be stated in time increments of not greater than one tenth (1/10) hours. CITY shall pay invoices within thirty (30) days after receipt, if the services specified in the invoice have been satisfactorily completed.

3. Indemnification. To the fullest extent allowed by law, CONSULTANT shall defend, indemnify, and save and hold harmless CITY, its officers, agents, employees and volunteers from any claims, suits or actions of every name, kind and description brought forth, or on account of, injuries to or death of any person (including but not limited to workers and the public), or damage to property, resulting from or arising out of CONSULTANT's willful misconduct or negligent act or omission while engaged in the performance of obligations or exercise of rights created by this Agreement, except those matters arising from CITY's negligence or willful misconduct. The parties intend that this provision shall be broadly construed.

CONSULTANT's responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law. The defense and indemnity obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.

4. Insurance. CONSULTANT agrees to continuously maintain, in full force and effect, the following minimum policies of insurance during the term of this Agreement.

<u>COVERAGE</u>	<u>LIMITS OF LIABILITY</u>
Workers' Compensation	Statutory
Commercial General Liability	\$1,000,000 each occurrence \$2,000,000 aggregate Personal Injury: \$1,000,000 each occurrence \$2,000,000 aggregate
Automobile Liability	\$1,000,000 combined single limit
Professional Liability (errors and omissions)	\$1,000,000 per claim \$2,000,000 aggregate

a. Form. CONSULTANT shall submit a certificate evidencing such coverage for the period covered by this Agreement in a form satisfactory to Risk Management and the City Attorney, prior to undertaking any work hereunder. Any insurance written on a claims made basis is subject to the approval of Risk Management and the City Attorney.

b. Additional Insureds. CONSULTANT shall also provide a separate endorsement form or section of the policy showing CITY, its officers, agents, employees and volunteers as additional insureds for each type of coverage, except for Workers' Compensation and Professional Liability. Such insurance shall specifically cover the contractual liability of CONSULTANT. The additional insured coverage under the CONSULTANT's policy shall be primary and noncontributory, as evidenced by a separate endorsement or section of the policy, and shall not seek contribution from CITY's insurance or self-insurance. In addition, the additional insured coverage shall be at least as broad as the Insurance Services Office ("ISO") CG 20 01 Endorsement. Any available insurance proceeds in excess of the specified minimum

insurance coverage requirements and limits shall be available to the additional insureds.

Furthermore, the requirements for coverage and limits shall be: (1) the minimum coverage and limits specified in this Agreement; or (2) the full coverage and maximum limits of any insurance proceeds available to the named insureds, whichever is greater.

c. Cancellation/Modification. CONSULTANT shall provide ten (10) days written notice to CITY prior to cancellation or modification of any insurance required by this Agreement.

d. Umbrella/Excess Insurance. The limits of insurance required in this Agreement may be satisfied by a combination of primary and excess insurance. Any excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and noncontributory basis for the benefit of CITY (if agreed to in a written contract) before CITY's own insurance shall be called upon to protect it as a named insured.

e. Subcontractors. CONSULTANT agrees to include in its contracts with all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Furthermore, CONSULTANT shall require its subcontractors to agree to be bound to CONSULTANT and CITY in the same manner and to the same extent as CONSULTANT is bound to CITY under this Agreement. Additionally, CONSULTANT shall obligate its subcontractors to comply with these same provisions with respect to any tertiary subcontractor, regardless of tier. A copy of CITY's indemnity and insurance provisions will be furnished to the subcontractor or tertiary subcontractor upon request.

f. Self-Insured Retentions. All self-insured retentions ("SIR") must be disclosed to Risk Management for approval and shall not reduce the limits of liability.

Policies containing any SIR provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named insured or CITY. CITY reserves the right to obtain a full certified copy of any insurance policy and endorsements. The failure to exercise this right shall not constitute a waiver of such right.

g. Waiver of Subrogation. CONSULTANT hereby agrees to waive subrogation which any insurer of CONSULTANT may acquire from CONSULTANT by virtue of the payment of any loss under a Workers Compensation, Commercial General Liability or Automobile Liability policy. All Workers Compensation, Commercial General Liability and Automobile Liability policies shall be endorsed with a waiver of subrogation in favor of CITY, its officers, agents, employees and volunteers for all work performed by CONSULTANT, its employees, agents and subcontractors.

h. Liability/Remedies. Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve CONSULTANT of liability in excess of such coverage, nor shall it preclude CITY from taking such other actions as are available to it under any other provisions of this Agreement or law.

5. Records. CONSULTANT and its subcontractors shall maintain all files and records relating to the services performed hereunder during the term of this Agreement and for a period of not less than one (1) year after the date of termination or expiration. Provided, however, that in the event of litigation or settlement of claims arising from the performance of this Agreement, CONSULTANT and its subcontractors shall maintain all files and records until such litigation, appeals or claims are resolved. Duly authorized representatives of CITY shall have right of access during normal business hours and after reasonable notice to CONSULTANT's and subcontractors' files and records relating to the services performed

hereunder, and may review and copy the files and records at appropriate stages during performance of the services and during the one (1) year period following termination or expiration of this Agreement. CONSULTANT shall include this provisions in its contracts with all subcontractors.

6. Time is of the Essence. Time is of the essence of this Agreement.

7. Compliance with Laws. CONSULTANT shall comply with all federal, state and local laws, ordinances and policies as may be applicable to the performance of services under this Agreement.

8. Ability to Perform. CONSULTANT agrees and represents that it has the time, ability and professional expertise to perform the services required under this Agreement.

9. Governing Agreement. In the event of any conflict between this Agreement and its EXHIBITS, the provisions of this Agreement shall govern. In the event of any conflict between any of the EXHIBITS, the provisions of the first in order of attachment shall govern.

10. Assignment. CONSULTANT is employed to perform unique personal services. CONSULTANT shall not assign this Agreement without the prior written consent of CITY. CONSULTANT shall not employ or otherwise incur any obligation to pay other specialists or experts for services in connection with this Agreement, without prior written consent of CITY.

11. Independent Contractor. CONSULTANT shall act as an independent contractor, and covenants and agrees that it will conduct itself consistent with such status, that it will neither hold itself out as, nor claim to be, an officer or employee of CITY by reason of this Agreement.

12. Representations and Warranties. CONSULTANT warrants that it has not employed or retained any company or person, other than a bona fide employee working for CONSULTANT, to solicit or secure this Agreement, and that it has not paid or agreed to pay any

company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift or any other consideration, contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, CITY shall have the right to terminate as void this Agreement, without liability, or, in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

13. Successors in Interest. This Agreement shall be binding upon the heirs, successors, executors, administrators and assigns of the respective parties hereto.

14. Copyright, Ownership and Use of Materials. All tangible material ("Material") created or delivered pursuant to this Agreement is considered a work made for hire under the Copyright Act. To the extent such Material does not qualify as a work made for hire, CONSULTANT hereby assigns to CITY all right, title, and interest, including but not limited to all copyrights, in all Material created by CONSULTANT in its performance under this Agreement. Material constitutes the scope of work outlined in Exhibit A and attached hereto, and all written and other tangible expressions, including but not limited to, drawings (including computer aided drawings), papers, documents, reports, surveys, renderings, exhibits, sketches, maps, models, prints, paintings or photographs, in any and all media or formats in which such materials have been created or are maintained. All Material furnished by CONSULTANT is, and shall remain, the property of CITY.

CONSULTANT shall execute any documents necessary to effectuate such assignment. In the event that CONSULTANT uses, employs, designates, or retains any person or entity who is not an employee of CONSULTANT, to perform any work required of it pursuant to this

Agreement, CONSULTANT shall require said person or entity to execute an agreement containing the preceding paragraph.

15. Termination of Agreement. The City may terminate this Agreement without cause by giving CONSULTANT ten (10) days advance written notice from the City Manager. CONSULTANT may terminate this Agreement without cause by giving CITY thirty (30) days advance written notice. In the event of termination through no fault of CONSULTANT, CITY shall compensate CONSULTANT for services performed as of the date of termination, upon the release to CITY of all Material hereunder, in any and all media or formats in which such materials have been created or are maintained. CITY retains the right to receive and use any MATERIAL, notwithstanding any termination or any dispute regarding the amount to be paid.

16. Attorney's Fees; Venue; Governing Law. If either party commences any legal action against the other party arising out of this Agreement or the performance hereof, the prevailing party in such action shall be entitled to recover its reasonable litigation expenses, including but not limited to, court costs, expert witness fees, discovery expenses, and attorney's fees. Any action arising out of this Agreement shall be brought in Placer County, California, regardless of where else venue may lie. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

17. Modification. This Agreement and each provision contained herein may be waived, amended, supplemented or eliminated only by mutual written agreement of the parties.

18. Severability. If any of the provisions contained in this Agreement are for any reason held invalid or unenforceable, such holding shall not affect the remaining provisions or the validity and enforceability of the Agreement as a whole.

19. Notices. Any notices to parties required by this Agreement shall be delivered personally or mailed, U.S. first class postage prepaid, addressed as follows:

CITY OF ROSEVILLE

Rich Plecker
Environmental Utilities Director
2005 Hilltop Circle
Roseville, CA 95747

CONSULTANT

Greg Clumpner
Project Manager
32605 Temecula Parkway, Ste. 100
Temecula, CA 92592

Either party may amend its address for notice by giving notice to the other party in writing.

20. Integrated Agreement. This is an integrated agreement and contains all of the terms, considerations, understanding and promises of the parties. It shall be read as a whole.

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. _____, adopted by the Council of the City of Roseville on the ____ day of _____, 20__, and CONSULTANT has caused this Agreement to be executed.

CITY OF ROSEVILLE, a
municipal corporation

NBS GOVERNMENT FINANCE GROUP,
a California corporation

BY: _____
ROB JENSEN
City Manager

BY:  _____
its: Vice President
Dave Ketcham
and

ATTEST:

BY:

its:



Secretary
Mike Lechner

BY:

SONIA OROZCO
City Clerk

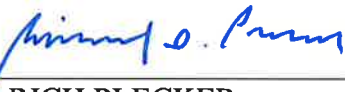
APPROVED AS TO FORM:

BY:

ROBERT R. SCHMITT
City Attorney

APPROVED AS TO SUBSTANCE:

BY:



RICH PLECKER

Environmental Utilities Director

EXHIBIT “A”



32605 Temecula Pkwy., Suite 100
Temecula, CA 92592
Toll free: 800.676.7516
www.nbsgov.com

November 17, 2017

Mr. Terri Shirhall
Administrative Analyst
Environmental Utilities
City of Roseville
Sent via email

SUBJECT: PROPOSAL FOR STORMWATER FUNDING ANALYSIS

Dear Terri,

As we discussed yesterday, this letter outlines our approach to assisting the City of Roseville with analysis and advice related to potential funding of stormwater program costs from the City's water, sewer and refuse utilities. This analysis is in line with the recently adopted SB 231 that allows stormwater funding – which now falls under the definition of "sewer" – from these other utilities if there is a clear benefit provided to those utilities.

Outline of Services Provided – The key components of the NBS assistance are:

- **Review of the City's Water, Sewer and Refuse Utility Documentation** – NBS will review the related water, sewer and refuse utility documents, with a focus on determining what, if any, storm water costs could be funded by the three utilities. A list of information and documents requested is provided on the next page.
- **Communications with City Staff** – NBS will work with City staff during the funding analysis to ensure a common understanding of the issues being reviewed and update staff on our preliminary findings. This will consist of phone calls and emails, unless the City requests in-person meetings. We also assume that this analysis will be coordinated with the City Attorney's Office and special counsel (such as Kelly Salt/BB&K or Michael Colantuono/CH&W), who will provide their opinion on whether the recommended portions of storm water funding from other utilities is reasonable under current legal constraints.
- **Prepare a Technical Memo** – NBS will prepare a summary technical memo discussing our findings and opinions related to how ongoing stormwater expenses could be funded through these three other utilities. The memo will include (1) the general stormwater benefits to each utility, (2) factual basis of the nexus (benefits), such as reductions in infiltration/inflow to the sewer collection system and the removal of potential groundwater contaminants from storm runoff, and (3) findings and recommendations.

NBS would provide a draft of this memo towards the end of February 2018 for the City's review, with a final memo incorporating the City's comments by early March 2018. This memo would then be incorporated into staff's recommendations to the City Council regarding future funding for the storm water program.

Key Staff Members – Greg Clumpner will be the principal consultant, with additional assistance from Kim Boehler and Carmen Narayanan as needed. Resumes for each team member are included at the end of this proposal. Labor rates for NBS personnel are listed below:

- Greg Clumpner, Director/Utility Rate Practice Group, \$250/hour
- Kim Boehler, Associate Director/ Utility Rate Practice Group, \$200/hour
- Carmen Narayanan, Senior Consultant, \$185/hour

Schedule – NBS understands that this work is critical to the City's review of funding options for the City's stormwater program. Assuming the City can provide the necessary documents in a timely manner, NBS will endeavor to provide the draft technical memo by mid-February 2018, and the final memo no more than a week after receiving the City's final comments.

Documents Needed – The City will provide the following documents, preferably in electronic format:

- Most recent annual operating budgets for water, sewer, and refuse utilities.
- General description of each utilities' programs, operations, and primary purpose.
- A summary of any storm water-related functions or services currently provided by the water, sewer and/or refuse utilities.
- Most recent rate studies or basis for current rates.
- Descriptions and costs for planned capital improvement projects for each utility.

Budget – We estimate the necessary *not-to-exceed budget* for this study is **\$31,000**. This consists of approximately 75 hours of Greg Clumpner's time, and 15 hours of Kim Boehler's time, and 50 hours of Carmen Narayanan's time. NBS will provide the City with detailed monthly invoices with descriptions of hours spent on the project by individual consultant. We do not anticipate any travel or other meeting expenses unless the City requests in-person presentations; those costs would be additional to this \$31,000 budget.

We also must note that we at NBS are not attorneys and we do not provide legal opinions. Our advice and recommendations will be based on current normal industry practices and, based on consultation with Kelly Salt and/or Michael Colantuono, what are reasonable allocations of storm water program costs to each of the three utilities.

If this proposal is acceptable to the City, please use this letter as an exhibit for your professional services agreement.

Thank you for this opportunity to assist the City in this matter. Please contact me at either 530.297.5856 (cell), 800.676.7516 (office) or at gclumpner@nbsgov.com if you have questions.

Sincerely,



Greg Clumpner
NBS/Project Manager

GREG CLUMPNER

Project Manager/Director, Utility Rate Group



RESUME HIGHLIGHTS

- 35 years of experience in financial and economic analyses
- Consulting practice focuses on municipal water, sewer, and recycled water utilities
- Completion of over 350 rate studies to date

EDUCATION

- M.S., Agricultural/Managerial Economics, U.C. Davis, 1983
- B.S., Environmental Planning, UC. Davis, 1977

PROFESSIONAL AFFILIATIONS

- Former Chairman, City of Davis Planning Commission
- Former Vice-Chair, City of Davis Utility Rate Advisory Committee
- Past President, Sacramento Economics Roundtable
- Association of California Water Agencies (ACWA), Member
- American Water Works Association (AWWA), Member

"You have done a great job on this project, especially with the challenges we faced. I would be happy to serve as a client reference whenever needed in the future. Please have any of your prospective clients call me."

EL DORADO IRRIGATION DISTRICT

JIM ABERCROMBIE
GENERAL MANAGER

[Greg Clumpner served as the Project Manager in completing a Cost-of-service Study of Water, Sewer, and Recycled Water Rates for the District]

RECENT SPEAKING ENGAGEMENTS

- "Cadillac Desert or Ford Pinto Desert? An Update on Water Finances in California" – CSMFO, Spring Conference, March 1, 2016
- "Fiscal Health vs. Pricing for Conservation" – ACWA Fall Conf., Indian Wells, CA, Dec. 2015
- "What's in Your Rates? Drought? Recycled Water? Social Justice?" – AWWA/ACE 2015 National Conference, Anaheim, CA, June 2015
- "The California Drought – What's in Your Rates?" – CSMFO 2015 Annual Conf.
- "Water Rates: Fairness, Equity and 'Social Justice'?", NBS Primer, 2014
- "The 'Perfect Storm' or the 'New Normal'? Meeting the Challenges of Maintaining Financial Viability", Utility Management Conference, Miami, February 2012
- The New Financial Reality, ACWA Spring Conference, Sacramento 2011

BIOGRAPHY

Greg Clumpner's 35-year professional career has focused on financial, economic, and cost-of-service rate analyses for municipal water, sewer, recycled water and solid waste agencies. He regularly presents technical papers at industry conferences and client workshops. His practice has increasingly focused on management consulting related to municipal utility operations and capital improvements.

- **Utility Cost-of-Service Rate Studies:** Mr. Clumpner has prepared more than 200 multi-year financial plans, cost-of-service analysis, and rate design studies as well as conservation-oriented water rates, funding analysis for water, sewer, and solid waste utilities. These rate studies have primarily been for California clients, although he has also completed projects in Malaysia, Sri Lanka, Egypt, and Mexico.
- **Management Consulting & Strategic Planning:** His management consulting and strategic planning experience includes system operations, financial analyses, and long-term funding strategies for municipal agencies. He also has an extensive background in system valuations of capital facilities and systems, facility acquisitions, and municipal versus private operations.
- **Project Financing/Bond Feasibility Studies:** His financing/bond feasibility study experience includes successfully preparing bond feasibility reports resulting in the issuance of more than \$500 million in revenue bonds to finance the acquisition or construction of municipal facilities.

SAMPLE OF RELEVANT PROJECTS

City of Redding, CA – Water, Sewer, and Solid Waste Rate and Impact Fee Study. NBS completed an extensive cost-of-service study of water, sewer, and solid waste rates and system capacity charges in 2013 that addressed City policies and overall objectives in developing rate structure alternatives. A key part of this study was working with a City Council-appointed Citizens Advisory Group that reviewed rate alternatives and provided recommendations to the Council. Key tasks included preparing financial/rate setting policies, financial plans, projecting net revenue requirements, cost-of-service analyses, and alternative rate designs. NBS updated this study in 2016. *Client project manager: Brian Crane, Public Works Director. Phone: 530.245.7155 bcrane@ci.redding.ca.us.*

City of Pasadena, Expert Witness – related to litigation against the City of Pasadena by its outside water customers that has been ongoing for several years, NBS has prepared an analysis of outside surcharges to determine the cost-basis for such a charge and for the purpose of defending the City's against this challenge.

Monterey Regional Water Pollution Control Agency (MRWPCA – now One Water Monterey) – Ocean Outfall Capacity Lease. Prepared financial alternatives for leasing MRWPCA's ocean outfall to Cal-Water for the disposal of brine.

San Lorenzo Valley Water District, Boulder Creek, CA – Water & Sewer Cost-of-Service and Rate Design Study. NBS recently prepared separate cost-of-service and rate design studies for the District's water and sewer utilities, including several public workshops and Proposition 218 assistance. This study evaluated, prioritized and incorporated the District's capital improvement plans and conducted an organizational analysis using subconsultants. NBS reviewed rate design alternatives that best met the District's long-range plans and were consistent with recent legal cases regarding cost-based rate design. *Client project manager: Brian Lee, District Manager. Phone: 831.338.2153. blee@slvwd.com*

Mountain House CSD, Tracy, CA – Water & Sewer Cost-of-Service Rate Study. NBS recently completed a comprehensive water and sewer rate study that re-designed rates for the District. Mountain House is a unique master-planned development that had in place the original rate structures prepared in the 1990's. Much of the water and sewer utility budgets have been subsidized from District general funds, but the Board determined that each utility should phase-out those subsidies over a 5-year period. Other key tasks included reviewing existing rate policies, restructuring rates, and customer bill impacts. Several public workshops were provided. NBS also prepared the District's Prop 218 notices. *Client project manager: Ed Pattison, General Manager. Phone: 209.831.5656. epattison@sjgov.org*

El Dorado Irrigation District, Placerville, CA – Water, Sewer, and Recycled Water Cost-of-Service and Rate Design Study. Greg Clumpner conducted an extensive and high-visibility cost-of-service study of water, sewer, and recycled water rates, including working with a 10-person cost-of-service study committee and regular updates with the district board. Key tasks include reviewing existing and recommending changes to financial/rate setting policies, alternative rate design methodologies, and recommended water, sewer, and recycled water rates. *Client project manager: Jim Abercrombie, EID General Manager. Phone: 530-642-4055. jmabercrombie@eid.org*

Valley of the Moon Water District, Sonoma, CA – Water Rate Study. This comprehensive rate study evaluated the District's rate structure along with zonal elevation charges. Water consumption data and billing records provided the basis for developing rate and cost allocation alternatives, with the intent of improving revenue stability. *Client contact: Dan Muelrath, General Manager. Phone: 916.725.6873.*

Desert Water Agency, Palm Springs, CA – Water Rate Analysis to Address Tribal/Non-Tribal Rates. In 2012, when the District was preparing for a new budget cycle, NBS reviewed the District's internal update to the utility rate model, to ensure that the rate model was generating accurate outcomes and that the Water utility was on track to implement the planned rate increases for the next 2 years. In 2013, NBS started a specialized rate study to determine water rates for Tribal and Non-Tribal lands under a new Federal law restricting local agency charges to Tribal lands and residents. *Client contact: Martin Krieger, Finance Director. Phone: 760.323.4971. martin@dwa.org*

RESUME HIGHLIGHTS

- 10 years of experience
- Over 90 cities, counties, and special districts served
- Specialist in financial, rate and cost analysis for municipal water and sewer utilities
- American Water Works Association (AWWA), Member

EDUCATION

- Bachelor of Science, Business Administration and concentration in Finance, California State University, San Bernardino

SPEAKING ENGAGEMENTS

- "How Conservation, the Drought and Legal Issues Are Changing the Landscape for Rate Setting in California," American Water Works Association Water Education Seminar, August 2016
- "Conservation, the Drought and Social Justice," California Water Environment Association Annual Conference, April 2016
- "Brown Lawns and the Changing Landscape of California Water Rates: Next Steps?" AWWA CA-NV Section Spring Conference, March 2016
- "Water and Sewer Rates: from Defensibility to Tailor Made Rate Design," CSDA Annual Conference, September 2015
- "Basic Rate Making Principles and Key Issues Affecting Rates in California," American Water Works Association Water Education Seminar, August 2015
- "Recycled Water Pricing Methodologies," CWEA, May 2014 (co-presented with Greg Clumpner)
- "Drought Impacts and Recycled Water Pricing" and "Water and Sewer Rate Studies and Key Issues Affecting Rates in California," American Water Works Association Water Education Seminar, August 2014
- "Water and Sewer Rate Studies and Key Issues Affecting Rates in California," American Water Works Association Water Education Seminar, August 2013
- "Financial Viability and the "New Normal" - The Unique Challenges of California Sewer Agencies" and "Maintaining Financial Viability in the Face of the "Perfect Storm" – Meeting the Challenges in California Today," CWEA, April 2012

"... Kim Boehler displayed the superb technical knowledge needed to complete the study. Further, the willingness of each of you to go above and beyond most expectations by grinding through multiple iterations of the study as requested by the City on short notice was exemplary."

CITY OF REDDING
KENT MANUEL,
SENIOR PLANNER

[Kim Boehler served as the primary consultant in completing a multi-utility rate and connection fee study for the City]

BIOGRAPHY

Kim Boehler is a project manager who brings over 10 years of experience at NBS, in all three of our major consulting practice areas. She has a comprehensive understanding of agency funding needs through her work in special financing district administration, overhead cost allocation analysis, user fee studies and utility financial management. For the past eight years, her work has focused exclusively on financial planning, cost-of-service analyses and rate design for water and wastewater utilities in California. Kim Boehler leads project teams on water and wastewater rate and capacity fee studies for our public agency clients. She has completed over 100 utility rate and fee studies, and often speaks at public workshops, industry conferences and educational seminars on related issues.

RELEVANT PROJECT EXPERIENCE

- Arvin Community Services District, Water Rate Study
- City of Arvin, Sewer Rate Study
- Avila Beach Community Services District, Water and Sewer Rate and Connection Fee Study
- Azusa Light and Water, Water Rate Study
- Bellflower Mutual Water Company, Water Rate Study
- Calaveras County Water District, Water and Sewer Rate Study
- Citrus Heights Water District, Water Rate Study
- City of Colton Water Rate and Connection Fee Study
- City of Colton and Grand Terrace Sewer Rate Study
- Cucamonga Valley Water District, Water and Recycled Water Connection Fee Study
- Cucamonga Valley Water District, Water Rate Study
- Culver City, Sewer Rate Study
- Desert Water Agency, Water, Sewer and Recycled Water Rate Study
- Desert Water Agency, Water Rate Analysis to Address Tribal/Non-Tribal Rates
- Dixon-Solano Water Authority, Water Rate Study
- City of Fort Bragg, Water, Sewer and Storm Drain Rate Study
- City of Greenfield, Water and Sewer Utility Revenue Requirement Analysis
- Hidden Valley Lakes Community Services District, Water and Sewer Rate Study
- City of Livermore, Water Rate and Connection Fee Study
- City of Los Altos, Storm Drain Master Plan Financing Analysis
- City of Morgan Hill, Water and Sewer Rate Study
- City of Pasadena, Water Rate Study
- City of Redding, Water, Sewer and Solid Waste Rate Study and Connection Fee Analysis
- Rural North Vacaville Water District, Water Rate Study
- City of San Carlos, Sewer Revenue Requirement Analysis
- City of Santa Paula, Water and Sewer Rate Study
- San Mateo County, Sewer Rate Study
- City of Sausalito, Sewer Rate Study
- City of Seal Beach, Water and Sewer Rate Study
- City of Stanton, Sewer Rate Study
- Suisun-Solano Water Authority, Water Rate Study
- Sussex County, Delaware, Water and Sewer Rate, Capacity Fee, Oversizing Credit Study
- City of Taft, Sewer and Solid Waste Rate Study
- City of Thousand Oaks, Water and Sewer Rate Study
- Twenty-nine Palms Water District, Water Rate Study
- City of Vallejo, Water Rate and Connection Fee Study
- Victorville Water District, Water Rate Study
- City of Waterford, Water and Sewer Rate and Connection Fee Study
- West County Sewer District, Sewer Rate and Connection Fee Study

RESUME HIGHLIGHTS

- 9 years of management experience and knowledge of Finance and Accounting methods.
- Extensive experience working with analysis software, databases, and spreadsheets.

EDUCATION

- Master of Business Administration, University of California, Davis Graduate School of Management
- Bachelor of Business Administration, University of Montevallo

BIOGRAPHY

Carmen Narayanan is a Consultant at NBS for the Financial Consulting Group's Utility Rate Practice. She offers 9 years of combined experience in annual financial analyses, annual budgets and projections, as well as business and general office management.

Ms. Narayanan provides support to project teams completing water and sewer utility rate studies, cost allocation plans and user fee studies for cities and special districts in California. Ms. Narayanan provides support for the development of financial models, establishing revenue requirements, multi-year financial plans, rate adjustment strategies, performing cost-of-service analysis and rate design for utility rate studies. Ms. Narayanan's years of technical skills are essential to the work performed by NBS.

Prior to working at NBS, Carmen held various management positions, which included operations, finance, and accounting expertise.

RELEVANT PROJECT EXPERIENCE

- City of Benicia, Water and Sewer Rate Study
- City of Davis, Sewer Rate Study
- City of Eureka, Water and Sewer Rate Study
- City of Mill Valley, Sewer Rate Analysis
- City of Morgan Hill, Water and Sewer Rate Study
- City of Redding, Water, Sewer and Solid Waste Study
- City of Seal Beach, Water and Sewer Rate Study
- City of Sunnyvale, Water Rate Study
- City of Victorville, Water Rate Study
- City of Yuba City, Water and Sewer Rate Study
- Cucamonga Valley Water District, Water and Sewer Rate Study
- Hidden Valley Lake Community Services District, Water Rate Study
- Humboldt Community Service District, Water and Sewer Rate Study
- San Lorenzo Valley Water District, Cost-of-Service, Rate, and Connection Fee Studies
- Sonoma County Water Districts, Water Rate Study
- Twentynine Palms Water District, Water Rate Study
- Valley of the Moon, Water Rate Study



COUNCIL COMMUNICATION

CC #: 8997
File #: 0721-05

Title: Downtown Bridges and Trail Project, Phase 2 - Approval of Plans and Specifications and Authorization to Call for Bids
Contact: H. Naghibzadeh 916-746-1300 hnaghibzadeh@roseville.ca.us

Meeting Date: 1/17/2018
Item #: 8.1.

RECOMMENDATION TO COUNCIL

Staff recommends City Council approve the plans and specifications for the construction of the Downtown Bridges and Trail Improvement Project and authorize staff to call for bids.

BACKGROUND

The project plans and specifications for the Downtown Bridges and Trail project include the following improvements:

- Rotation and refurbishment of the Rube Nelson "Icehouse" bridge
- Construction of the new "Downtown Pedestrian Bridge", which is a landmark bridge providing a direct connection between Royer Park and the Vernon Street Town Square
- Construction of the Taylor Street (Library) bridge replacement
- Continuation of the Miners Ravine Class I Trail into Royer Park; and
- Modifications to the Oak Street, Royer Park and Library parking lots

Construction plans and specifications are available at the City Clerk's office for Council review. Staff anticipates bidding the project in late January 2018 and awarding the contract in March 2018. Construction is planned to begin in late April or early May 2018 and is anticipated to be completed by late fall of 2019.

Please note that in fall 2016 we initiated tree and shrub clearance near the Icehouse Bridge and Taylor Street bridge sites using California Conservation Corps crews as required by the project's Active Transportation Program grant. Also, this past summer of 2017 we completed the "Phase I" hydraulic improvement work that included stream bank modifications and removal of two small storage buildings in Royer Park. We anticipate that additional tree clearance work near the Downtown Pedestrian Bridge and the Royer Park parking lot will occur this winter in advance of the main construction work described above.

Public Participation – The planning process for this project has included a robust public

participation program that has included:

- 2012 – The design contest included two public workshops, a public survey, two meetings with Veterans Hall organizations, a Consultant Selection Committee meeting, and ultimately City Council selection of Mark Thomas and Company (MTCO) as project design consultant.
- 2014 – The review of refined design drawings and parking survey results included a Public Open House, Veterans Hall Open House, and Parks and Recreation Commission and Transportation Commission meetings.
- 2015 – On March 18, 2015, the City Council reviewed the refined plans and comments received during the 2014 public participation effort and authorized staff to move forward into final design with refinements to address some remaining design considerations.

The project plans presented herein are substantially consistent with the plans reviewed by the City Council in March 2015, but with refinements and more design details. Some highlights of the refined plans include:

Lighting - During public review of refined design plans for the project in 2014/15, lighting was identified as both an opportunity to enhance bridge aesthetics and user safety on the Rube Nelson Bridge and the Downtown Pedestrian Bridge, as well as a concern related to the potential effect of excessive glare upon salmon and other wildlife in Dry Creek. The concern was expressed by Jack Sales a local member of the International Dark Sky Association. In order to best address this opportunity and issue, Mark Thomas and Company (MTCO) added M. Neils Engineering to the design team for lighting design. M. Neils has demonstrated experience in lighting design, including designing light systems for safety, aesthetics and glare reduction.

M. Neils developed preliminary lighting plans for the project in 2016. The plans carefully considered light type, intensity and shielding. Resultant photometric plans and design renderings demonstrated that bridge lighting would create the desired aesthetic effect without causing light to spill onto Dry Creek. The bridge lighting plans were shared with Mr. Sales in a meeting in September 2016. At the meeting Mr. Sales expressed his support for the lighting design that we had developed. These plans have now been incorporated into the project PS&E.

Parking – During the March 2015 presentation to the City Council, staff included a detailed discussion of the findings of a parking study prepared by Fehr & Peers (F&P) and the project's effects upon parking. The F&P study concluded that even during peak parking demand associated with larger special events there is sufficient parking available in the area. For example, on Veterans Day 2014, only 306 or 26% of the 1,165 available spaces in the area around Royer Park were occupied, with 859 spaces unoccupied. Given this information in March 2015 the City Council directed staff to move forward with parking modifications as follows:

- The Royer Park parking lot will be resurfaced and re-striped to improve the walking and driving surface and provide upgrades to the ADA accessible parking spaces.
- Parking along Dietrich Drive (18 on-street parallel parking spaces) will be replaced by the trail and plaza improvements.
- Parking in the Oak Street parking lot east of the roundabout will be reduced from 61 to 46 spaces. With the exception of the landing area for the Downtown Pedestrian Bridge, parking along Oak Street west of the roundabout has been sold to the University Development Foundation for future university use.
- In March 2015, we indicated that the project would modify the library's southeast "triangle" parking lot, including reducing the available parking from 24 to 16 spaces. In winter 2017, erosion along Dry Creek threatened this parking lot. To address this, the project will reduce

the paved area to provide a greater setback between the creek and the parking lot. This will further reduce the number of available spaces from 16 to approximately 14 spaces.

The plans submitted for approval incorporate the above parking lot modifications. It should also be noted that City staff will be implementing a new wayfinding sign program to identify available public parking in and around Royer Park. The new signs will be installed after the upcoming opening of the new 410-space parking garage located near the roundabout at Oak Street and Washington Blvd.

Decorative Design Elements –To incorporate the Works Progress Administration (WPA) theme identified in the Downtown Specific Plan (DTSP), the project will include decorative relief elements on the approach to all three bridges and where the trail goes underneath the Downtown Pedestrian Bridge. In addition, the larger Downtown Pedestrian Bridge retains the WPA-inspired design elements in the bridge structure as first identified in the design contest. To incorporate a riverine theme into the project, the Downtown Pedestrian Bridge also retains the bands of colored concrete that were identified for the bridge deck during the design contest.

Rube Nelson Icehouse Bridge Deck Material – The Rube Nelson Bridge currently uses pressure-treated lumber as its deck material. This material results in an uneven walking surface with gaps between planks. After an extensive evaluation of potential deck materials, MTCO proposes to use “Ipe” hardwood decking. This natural hardwood deck material provides a smoother surface than pressure treated lumber and can be spaced slightly closer together to provide an improved walking surface.

Bridge Naming and Literary Quotations – The Parks and Recreation Commission and several members of the public expressed a desire to name the two new bridges (the Taylor Street “library” bridge and the Downtown Pedestrian Bridge). The public also expressed a desire to incorporate historical quotations into the Taylor Street Bridge due to its proximity to the library. Staff has not embarked upon a naming process for the bridges as we believe it is more appropriate that they be named after they are constructed and in use in order to provide inspiration for bridge naming. The same is true for the quotations. However, we have identified locations for the future installation of bridge name plaques and/or quotations on the approach to each of the two new bridges if and when the City chooses to name the bridges or identify literary quotations appropriate to the bridges.

Landscaping – The MTCO team has worked with the Parks Department to provide landscaping that is consistent with City standards while being complimentary to existing landscaping in Royer Park. Retaining wall heights have been minimized, and the project landscaping has also been designed to soften views of the bridge structure.

Meeting Notification - City staff has informed the public about this meeting and the availability of the project plans through the following measures:

- Message to Downtown Bridges & Trail Project Updates email and text message subscribers (1,068)
- Message to Trail Alerts email and text message subscribers (3,922)
- Message to City of Roseville News email and text message subscribers (9,447)
- Email to the Placer County Veterans Hall Coordinator, with a request to forward to Supervisor Duran and the Roseville Veterans Memorial Hall Board members
- Email to the Folsom Road Neighborhood Association Board President
- City website

- Social media channels

FISCAL IMPACT

This project is funded with Congestion Mitigation Air Quality (CMAQ) funds, Active Transportation Program Grant funds, Bicycle Transportation Account Grant funds, Transit Security Grant, Public Facilities Funds, and Local Transportation Funds, with the available funds totaling approximately \$9 million. The current engineers estimate for the project is \$8.9 million. No General Funds will be used for this project.

ECONOMIC DEVELOPMENT / JOBS CREATED

Federal guidelines suggest there is one job created for every \$92,000 in direct government spending. Based on that figure, this project will create 96.7 jobs.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines §15061(b)(3)). The action of approving the plans and specifications and authorizing a bid does not include the potential for a significant environmental effect, and therefore is not subject to CEQA.

Respectfully Submitted,

Hossein Naghibzadeh, Associate Engineer

Rhon Herndon, Public Works Director



Rob Jensen, City Manager

ATTACHMENTS:

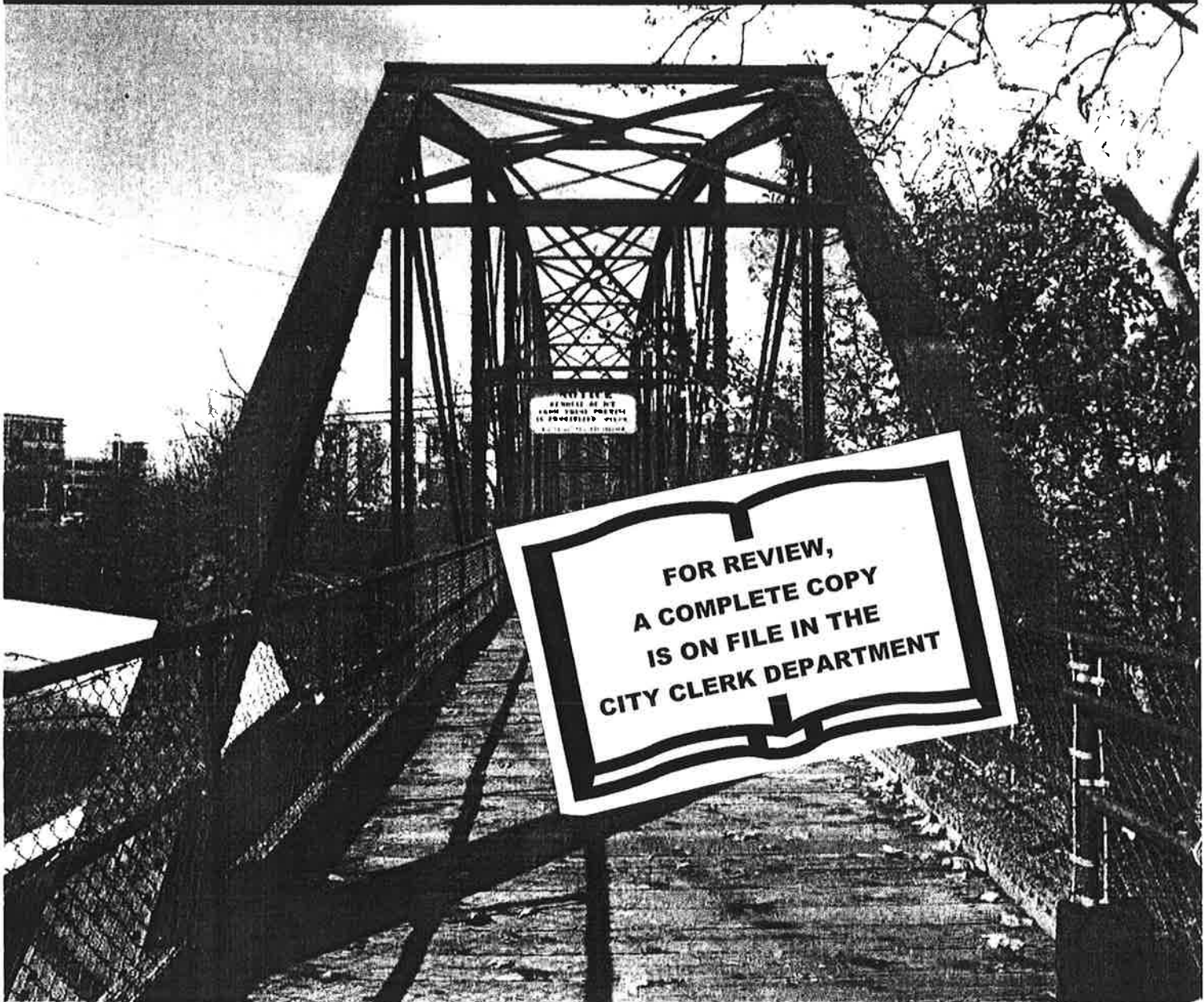
Description

Bid Book Cover Sheet

Downtown Bridges & Trail Project

Federal Aid #CML-5182(063)

Public Works - Engineering





COUNCIL COMMUNICATION

CC #: 8996

File #: 0103-15-02

Title: Roseville Community Development Corporation - Annual Corporate Update

Contact: Chris Robles 916-774-5421 crobles@roseville.ca.us

Meeting Date: 1/17/2018

Item #: 8.2.

RECOMMENDATION TO COUNCIL

The following report is an update to City Council regarding the Roseville Community Development Corporation's (RCDC) audited financials for 2016-17 fiscal year, 2016-2017 RCDC budget and report to the City Council the RCDC's activities and future operations. This current annual report is provided for informational purposes and no Council action is required of the update.

BACKGROUND

During the RCDC's initial 7 years of operations, 2010-2017, the Corporation has met the investment goals associated with the City of Roseville's \$5 million startup capital loan and expanded activities to include economic development through Advantage Roseville, downtown revitalization through property acquisition and re-tenanting, affordable housing through our housing rehab program and education with business training sponsorship. The following report provides audited financials of last year's operation and summary of the current fiscal year budget.

Consistent with the requirements of Article 9, Section 1 of the RCDC bylaws, the RCDC is required to submit its Board-approved budget to City Council:

"The RCDC should annually prepare and submit to the City Manager of the Sole Member, a RCDC Budget. The RCDC Budget shall be in complete and final form, be based on reasonable assumptions in connection with an appropriate due diligence review that has been approved by the Board and contain its best estimate of revenue and expenses of the RCDC for the next succeeding fiscal year."

FISCAL YEAR 2014-15 BUDGET

The budget for FY2017-18 (Attached) was approved in line-item detail by the RCDC's Board of Directors at the June 22, 2017 board meeting. A budget summary for FY 2017-18 is provided below:

Revenues	\$469,658
Expenses	\$1,928,544
Cash for operations	\$1,133,039
Cash Balance (6/30/18)	\$460,536

The budget that was approved by the Board is divided into five components:

1. RCDC Operations
2. RCDC Real Estate
3. Debt Service
4. Limited Liability Corporations:
 - a. 238 Vernon Street LLC
 - b. 240 Vernon Street LLC
 - c. 242-246 Vernon Street LLC
 - d. 110 Pacific Street LLC
5. Advantage Roseville

REVENUES

Total revenues budgeted for FY2017-18 are \$469,658 and are predominately comprised of rental income along with corporate and City of Roseville sponsorship donations to Advantage Roseville.

EXPENSES

Operations - Total expenses budgeted for FY2017-18 are \$1,928,544 and are comprised of expenses related to Management, Commercial Real Estate, Debt Service, Advantage Roseville, and the four property LLCs.

- Management totals \$535,225 of which \$115,531 is a reimbursement to the City for salaries for a half-time Management Assistant and a half-time CEO which are both City of Roseville employees. This also includes the costs of the corporation's professional legal fees, totaling \$61,000. Legal fees have increased significantly over the prior year due to legal issues related to 110 Pacific Street. The remaining miscellaneous expenses are general office expenses including insurance, auditing services, and indirect costs from the City of Roseville.
- A \$156,303 is related to depreciation of three of the RCDC properties.

Real Estate - \$1,100,000

- \$400,000 is held for commercial loans or partnerships and \$700,000 is held for tenant improvements

Debt Service

- \$177,318 in debt service is held primarily for the deferred interest on the \$5 million startup loan from the City.

238 Vernon Street LLC

- Ninja Sushi has passed a year in operation and there are no major expenses planned for this property. Expenses are associated with property ownership (taxes and insurance), principal and interest payments required of a Redevelopment Agency Loan and payment to the RCDC for accounts receivable.

240 Vernon Street LLC

- Monk's Cellar has three years of operation. Expenses now are associated with property ownership (taxes and insurance), and payment to the RCDC for accounts receivable. Rent revenues were projected for a half year based on an expected property sale that did not occur and therefore actual rents received will be for the full year.

242-246 Vernon Street LLC

- Nela's restaurant continues as a tenant on this property while the space at 242 was vacated with a lease expiration and the RCDC has given the pawn shop tenant notice to vacate. The intent to vacate the two corner tenants and do interior demolition to open the space into a single larger tenant suite. Expenses are associated with property ownership (taxes and insurance), and payment to the RCDC for accounts receivable. A total of \$200,000 is held for demolition and tenant improvements.

110 Pacific Street LLC

- The RCDC acquired 110 Pacific Street (Independent Order of Oddfellows Building) in October of 2016. The Oddfellows building is significant as it is the oldest commercial building within the City and at the time that it was built it as the tallest building in the City. The Oddfellows building has a storied past and many tenants over the years with uses such as a warehouse, meeting hall, restaurant and bar and car dealership. Although the building has had many tenants it has been shuttered for approximately 50 years. The RCDC has been successful in cleaning the interior, removing graffiti interior and exterior, sealing the building from access and weatherization. The site has also been secured to prevent vandalism. A total of \$500,000 has been programmed for tenant improvements on this property. There is no revenue generated from this property as there is no tenant. The RCDC has executed an exclusive right to negotiate with Track 7 Brewery; however, progress have been impacted and delayed as a result of legal challenges with this property.

Advantage Roseville

- A \$100,000 budget is devoted to business attraction, expansion and retention. Advantage Roseville has been a highly successful program marketing and promoting the City of Roseville. Since inception Advantage Roseville provides a return on investment of \$1,000 for every dollar spent. The RCDC does not charge any administrative fees or have any charges to the Advantage Roseville program.

In order to fund this fiscal year's expenses not covered by the budgeted revenues the RCDC is relying on unspent start up loan and grant funding carryover. Although the start up loan and grant carryover is not considered revenue by accounting standards, applying this source of funds to the budgeted expenses provides a clearer picture of how the RCDC is spending loan and grant funds. The cash balance at the end of the fiscal year is projected to be \$460,536.

FISCAL YEAR 2016-17 AUDIT

The financial audit for the year ending June 30, 2017 was performed by Vavrinek, Trine, Day, and Co., LLP, (VTD) an independent certified professional accounting firm with offices located in Sacramento, California.

During the weeks of August 7, 2017 through August 11, 2017, VTD audit staff performed their fieldwork and testing as it related to the RCDC's financial transactions and operations. The audit

was conducted in accordance with auditing standards generally accepted in the United States of America. The consolidated financial statements were issued a clean opinion by the auditors in their Independent Auditor's Report included in the financial statement report. Also identified were two findings and two misstatement corrections discussed further.

As required by the American Institute of Certified Public Accountants (AICPA), the auditors issued the SAS 114 Letter ("Governance Letter"): *The Auditor's Communication with Those Charged with Governance* and SAS 115 Letter ("Internal Control Letter"): *Communicating Internal Control Related Matters Identified In an Audit*. The "Governance Letter" is an AICPA required communication for all financial statement audits. The purpose of the letter is to communicate to those charged with governance, such as the Board of Directors, Audit Committee, and Management, the scope of audit procedures performed, significant findings, and other information, such as disagreements with management, audit adjustments and significant estimates, that aren't communicated in the audited financial statements. The "Internal Control Letter" requires that the auditor must gain an understanding of the Company's internal controls, how they are implemented and their operating effectiveness. In some cases, an internal control may not be operating as intended or may not be in place at all. While any *significant* deficiencies or material weaknesses would have been discussed with management during the audit, the AICPA requires the auditor to communicate them to management in writing. Along with identifying deficiencies in the controls, the auditor may also offer recommendations for ways to improve these controls that will help to mitigate risk and strengthen the accounting processes.

During the testing and understanding of processes, VTD discovered deficiencies in the Corporation's internal controls considered to be material weaknesses and an accounting corrections as follows:

1. Fixed Assets –

- a. VTD noted that the fixed assets are not adequately tracked or documented and their associated depreciation is based on the tax return schedules and those schedules did not tie to the trial balance. Management's response indicated that they are aware that the capital assets have been tracked as a group rather than individually, items no longer depreciable will be written off.

2. Journal Entries –

- a. VTD noted that greater segregation of duties was needed for the journal entry (JE) process. Management's response indicated that journal entry preparation, review and approval will be done by separate staff.

3. Corrections -

- a. An long-term accrual that was reversed and booked to Contribution Refund of \$15,000;
- b. A prior expenditure for Ninja Sushi tenant improvements that was reversed and added back to the Ninja Sushi TI loan thereby matching their loan confirmation.

The findings reported by the auditors were not significant enough to adversely affect the opinion of the auditors that the "financial statements presented fairly, in all material respects, the financial position of the Organization at June 30, 2017".

The RCDC's audit committee, comprised of members Ed Benoit and Nick Alexander met with James Ramsey, CPA of VTD, and RCDC management on November 6, 2017, to review the financial statement report. The auditors stated that they had issued a clean opinion on the financial statements and they provided a thorough explanation related to the issues identified in the Internal Control and Governance letters.

The Committee agreed to recommended that the Board accept the audit report at the November 30, 2017 RCDC Board meeting and the report was accepted by unanimous vote at that meeting.

FUTURE OPERATIONS

At their meeting on November 30th, the Board considered the future operations of the RCDC. In particular the Board considered three alternatives (RCDC report attached) for future operations of the RCDC. The three alternatives considered were as follows:

1. Continued operation with no change in structure or scope of operations
2. Reduced operation with a focus on management and sale of existing properties
3. Move to a strategic closure focused on the early repayment of City loans.

The Board had significant discussion on how the RCDC may operate in the future and possible alternatives. The Board discussed the RCDC's significant successes, limited opportunity for new funding, loss of tax increment with the dissolution of Redevelopment and the RCDC's current ability to repay the City loans early. For these reasons the RCDC Board (Director Alexander absent) voted unanimously to recommend to the Sole Member that a strategic closure of the RCDC be considered. The RCDC Board requested that a workshop be scheduled with the City Council to discuss the merits of a strategic closure and if closure is determined appropriate to provide direction on the structure of the closure. A workshop with the RCDC and City Council will be scheduled in February.

FISCAL IMPACT

The Roseville Community Development is a private, charitable, nonprofit Section 501(c) (3) corporation. The RCDC is focused on physical, economic and educational development through the community to create expanded employment, economic prosperity and housing opportunities. Its initial focus is to help the City of Roseville achieve the revitalization goals through the reuse of existing buildings or new construction in Roseville's downtown. Board members are appointed by the Roseville City Council and receive no compensation for their service.

ECONOMIC DEVELOPMENT / JOBS CREATED

The RCDC development projects have created construction jobs both in the commercial property rehabilitation and façade improvements. The tenancing of 244 Vernon Street (Quality) and 240 Vernon Street (Monk's Cellar) and 238 Vernon Street (Ninja Sushi) has resulted in new businesses and jobs on Vernon Street that did not previously exist. The RCDC has administered the advantage Roseville program that since inception has participated in the recruitment of over 3,000 jobs and creation of wages and capitol investment exceeding \$800,000,000. The continued work of the RCDC will create jobs, both permanent and construction related, meeting the founding purposes for creating the RCDC.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to activities that will not result in

a direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines §15061(b)(3)). Budget reporting and progress updates do not include the potential for a significant environmental effect, and therefore is not subject to CEQA.

Respectfully Submitted,

Chris Robles, Economic Development Director



Rob Jensen, City Manager

ATTACHMENTS:

Description

Budget

RCDC Board Report

ROSEVILLE COMMUNITY DEVELOPMENT CORPORATION, INC.
FY 2018 DRAFT BUDGET

ATTACHMENT A

		A	B	C	D	E	G	H	I		
		CONSOLIDATED	RCDC BUDGET				LLCs BUDGETS				
		CONSOLIDATED FY2018 BUDGET	RCDC OPERATIONS	CAPITAL & FINANCING	RCDC Programs		110 Pacific LLC	238 Vernon LLC	240 Vernon LLC	242-246 Vernon LLC	Description
Account					Advantage Roseville	98 Jefferson					
REVENUES / INCOME											
1	43400 · DIRECT PUBLIC SUPPORT-DONATIONS										
2	43410 · Corporate Contributions	50,000	-	-	50,000	-	-	-	-	-	Advantage Roseville - Sponsorships from Corporations
3	43420 · Government Contributions	50,000	-	-	50,000	-	-	-	-	-	Advantage Roseville - Match from City of Roseville
4	SUBTOTAL	100,000	-	-	100,000	-	-	-	-	-	
6	45000 · INVESTMENT										
7	43500 · Rental Income	369,018	-	-	-	298	-	227,152	106,268	35,300	
8	Property Sale (see Cash Flow)	-	-	-	-	-	-	-	-	-	
10	45010 · Gain/Loss on Investment	-	-	-	-	-	-	-	-	-	
11	SUBTOTAL	369,018	-	-	-	298	-	227,152	106,268	35,300	
13	47200 · PROGRAM										
14	47250 · Loan Payoffs - Principle	-	-	-	-	-	-	-	-	-	
15	SUBTOTAL	-	-	-	-	-	-	-	-	-	
17	46400 · OTHER INCOME										
18	45030 · Money Market Interest	640	640	-	-	-	-	-	-	-	Interest received from Money Market (500k x .12795%)
19	SUBTOTAL	640	640	-	-	-	-	-	-	-	
21	TOTAL REVENUES	469,658	640	-	100,000	298	-	227,152	106,268	35,300	
24	EXPENSES										
26	MANAGEMENT & GENERAL										
27	60920 · Business Reg / Filing Fees	123	60	-	-	-	-	21	21	21	Permits, registrations, licenses, moving, royalties, bank charges, filing fees
28	62110 · Accounting	10,080	5,040	-	-	-	1,260	1,260	1,260	1,260	Outside (non-employee) accounting, audit, bookkeeping, tax prep,
29	62140 · Legal Fees	61,000	18,000	-	-	-	40,000	1,000	1,000	1,000	
30	62180 · Contract Execuitve Assistant	35,811	35,811	-	-	-					Management Assistant - 50% of wages only
31	62190 · Contract Chief Exec Officer	79,720	79,720	-	-	-					CEO - 50% of wages only
32	62870 · Property Insurance	12,400	-	-	-	-	1,700	5,700	3,100	1,900	Property Insurance
33	65010 · Books, Subscriptions, Reference	100	100	-	-	-					Books, subscriptions, reference materials, periodicals for use
34	65020 · Postage, Mailing Service	500	500	-	-	-	-	-	-	-	Postage, parcel delivery, local courier
35	65030 · Printing and Copying	200	200	-	-	-	-	-	-	-	Printing, copying, duplicating, recording
36	65040 · Office Supplies	200	200	-	-	-	-	-	-	-	Supplies and materials for admin operations
37	65050 · Phone Line	50	50	-	-	-					
38	65070 · Memberships	175	175	-	-	-					Roseville Chamber Membership
39	65120 · Insurance -Directors & Officers	5,600	5,600	-	-	-					Total Insurance cost \$11,500
40	65120 · Insurance - General Liability	4,200	4,200	-	-	-					
41	65120 · Insurance - Excess Liability	2,400	2,400	-	-	-					
42	65130 · Bank Service Charges	350	350	-	-	-	-	-	-	-	Bank Charges
43	65150 · Software/Hardware	25,000	-	-	-	-	-	25,000	-	-	Software for permanent record retention
44	65170 · Indirect Costs-COR Executive Assistant	6,625	6,625	-	-	-					Indirect Costs from City charged through secondary labor at 18.5%
45	65170 · Indirect Costs-COR Economic Dev. Director	14,748	14,748	-	-	-					Indirect Costs from City charged through secondary labor at 18.5%
46	65180 · Property Taxes	42,000	-	-	-	600	4,000	21,100	8,500	7,800	Property insurance; includes PBID costs
47	65190 · State/Federal Income Tax	3,200	-	-	-		800	800	800	800	
48	65210 · Professional/Contract Services	54,300	5,000	-	-		33,800	15,500	-	-	Misc. Professional and Contract Services
49	65220 · Miscellaneous	700	500	-	-		-	-	-	200	misc. minor items not covered under other categories
50	65230 · Sponsorships / RCDC	4,000	4,000	-	-	-					
51	67200 · Property Repairs/Maintenance	12,000	-	-	-	-	-	1,000	10,000	1,000	Misc. repairs/maintenance for properties
52	67300 · Equipment Rental	-	-	-	-	-	-	-	-	-	
53	68310 · Training Registration Expense	500	500	-	-	-					program-related meetings, conferences, conventions
54	68320 · Travel/Meetings	2,000	2,000	-	-	-					Misc. travel expenses
55	68330 · Board Meeting Expense	100	100	-	-	-					Refreshments/Facility rental for Board
56	68600 · Utilities	840	-	-	-	-	-	-	-	840	
57	62400 · Depreciation	156,303	-	-	-	-	-	127,096	16,237	12,970	BASED ON 2015 TAX RETURN (FY2016)
58	SUBTOTAL	535,225	185,879	-	-	600	81,560	198,477	40,918	27,791	

ROSEVILLE COMMUNITY DEVELOPMENT CORPORATION, INC.
FY 2018 DRAFT BUDGET

ATTACHMENT A

		A	B	C	D	E	F	G	H	I	
		CONSOLIDATED	RCDC BUDGET				LLCs BUDGETS				
		CONSOLIDATED FY2018 BUDGET	RCDC OPERATIONS	CAPITAL & FINANCING	RCDC Programs		110 Pacific LLC	238 Vernon LLC	240 Vernon LLC	242-246 Vernon LLC	Description
Account					Advantage Roseville	98 Jefferson					
59	PROGRAM EXPENSES										
60	62135 · Misc Program Expenses - Adv. Rsvl.	3,000	-	-	3,000						
61	62171 · Staff (Graphic Designer) Indirect Cost - Adv. Rsvl	2,400			2,400						
62	62170 · Staff (Graphic Designer) Salary - Adv. Roseville	12,600			12,600						
63	67010 · Marketing/Advertising - Adv. Rsvl.	46,500	-	-	46,500						SBJ \$41,500+ / Collateral \$5,000
64	62155 · Contract Services - Adv. Rsvl.	25,000	-	-	25,000						ClickSpring \$25,000
65	65200 · Sponsorships - Adv. Rsvl.	20,000	-	-	20,000						
66	67020 · Printing & Reproduction - Adv. Rsvl.	2,500	-	-	2,500						
67	67080 · Travel & Meeting - Adv. Rsvl.	3,000	-	-	3,000						
68	67090 · Legal Fees - Adv. Rsvl.	1,000	-	-	1,000						
69	SUBTOTAL	116,000	-	-	116,000	-	-	-	-	-	
70	COMMERCIAL REAL ESTATE EXPENSES										
71	70010 · Real Estate Partnerships-Loans	400,000		400,000	-	-	-	-	-	-	Bistro 105 Loan
72	70020 · Property Acquisitions	-	-	-	-	-	-	-	-	-	
73	70070 · Façade/Tenant Improvements	700,000		-			500,000	-	-	200,000	
74	SUBTOTAL	1,100,000	-	400,000	-	-	500,000	-	-	200,000	
75	DEBT SERVICE										
76	27230 · Principal Exp - 238 VS	16,397						16,397			Principal Payment for Successor Agency Loan
77	80040 · Interest Exp-238 VS	20,841						20,841			Interest Payment for Successor Agency Loan
78	80030 · Interest Exp-Deferred - \$5 million City Loan	130,080	38,143					46,637	26,659	18,641	Deferred Interest Expense on \$5million Loan (not current expense)
79	Interest Exp - Line of Credit	10,000			-		10,000				Interest Payment for anticipated line of credit
80	SUBTOTAL	177,318	38,143	-	-	-	10,000	83,875	26,659	18,641	
82	TOTAL EXPENSES	1,928,544	224,022	400,000	116,000	600	591,560	282,352	67,577	246,432	
83											
84	TOTAL REVENUES	469,658	640	-	100,000	298	-	227,152	106,268	35,300	
85	TOTAL EXPENSES	(1,928,544)	(224,022)	(400,000)	(116,000)	(600)	(591,560)	(282,352)	(67,577)	(246,432)	
86	NET INCOME (LOSS)	(1,458,886)	(223,382)	(400,000)	(16,000)	(302)	(591,560)	(55,201)	38,691	(211,132)	
87											
88	ADJUSTMENTS: NET INCOME TO CASH FLOW	CONSOLIDATED	RCDC OPERATIONS	CAPITAL & FINANCING	ADVANTAGE ROSEVILLE	98 JEFFERSON	110 PACIFIC LLC	238 Vernon LLC	240 Vernon LLC	242-246 Vernon LLC	
89	TOTAL REVENUES	469,658	640	-	100,000	298	-	227,152	106,268	35,300	
90	TOTAL EXPENSES	(1,928,544)	(224,022)	(400,000)	(116,000)	(600)	(591,560)	(282,352)	(67,577)	(246,432)	
91	Add Back Depreciation	156,303	-	-	-	-	-	127,096	16,237	12,970	
92	Add Back Deferred Interest	130,080	38,143	-	-	-		46,637	26,659	18,641	
93	TOTAL EXPENSES (Less Depreciation and Deferred Interest	(1,642,161)	(185,879)	(400,000)	(116,000)	(600)	(591,560)	(108,619)	(24,681)	(214,821)	
95	NET INCOME (LOSS) CASH FLOW	(1,172,503)	(185,239)	(400,000)	(16,000)	(302)	(591,560)	118,532	81,587	(179,521)	
96											
97	Estimated Ending Cash @ 6/30/17:	1,133,039	280,561	500,000	226,947	302	1,857	32,491	11,432	79,449	
98	Anticipated Line of Credit						500,000				
	Transfer from RCDC TO 110 PS		(89,703)				89,703				
99	Transfer from RCDC TO 242-246		(117,722)							117,722	
100	Transfers from LLCs to RCDC Operation		140,000					(140,000)			
101	Transfers from LLCs to RCDC Operation		80,000						(80,000)		
102	ESTIMATED ENDING CASH @ 6/30/18	460,536	107,897	100,000	210,947	-	-	11,024	13,019	17,650	
104	UNRESTRICTED	249,589									
105	RESTRICTED (ADVANTAGE ROSEVILLE)	210,947									



Item III-C (Action): Provide Direction on the Future Operations of the RCDC

RECOMMENDATION

Staff recommends that the Board consider three alternatives for future operations of the Roseville Community Development Corporation (RCDC) and provide staff with direction on the preferred alternative. The three alternatives for consideration are as follows:

1. Continued operation with no change in structure or scope of operations
2. Reduced operation with a focus on management and sale of existing properties
3. Move to a strategic closure focused on the early repayment of City loans.

BACKGROUND

The RCDC is a California 501(c) (3) nonprofit public benefit corporation formed in November 2010 by the City of Roseville under the California Nonprofit Corporation Laws of the State of California. The RCDC 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. The RCDC is governed by a volunteer five member board appointed by the City Council, all Board members have relevant business experience in the areas of development, financing and business operations. The Board has operations, management, budget approval and strategy implementation authority that are separate from the City Council.

The RCDC has had many successes and it is appropriate to consider the RCDC's history and accomplishments in any discussion on future operations. A summary of business lines and results are noted below:

Commercial Real Estate – Commercial real estate has been focused in downtown Roseville with the most visible accomplishments being Ninja Sushi (238 Vernon) and Monk's Cellar (240 Vernon). These properties were initially acquired to preempt warehouse uses and other uses that do not contribute to the revitalization of the downtown. In the case of 238 Vernon Street the RCDC first engaged this property as an improvement loan and later acquired the property in a foreclosure. As the property owner, the RCDC tenanted the property on two occasions with success being reached with Ninja Sushi. Monk's Cellar was a complete renovation and tenant effort from initiation and it too is a success. Ninja and Monk's have demonstrated that complete seismic, structural, accessibility and safety upgrades make a profitable business case. These properties were the first on Vernon Street to complete comprehensive renovations of existing buildings.

The RCDC has been a significant influence in the raising of rents in the downtown resulting in some cases more than a threefold increase in rents. The increase of rents is essential in justifying the expense of building renovations. The space at 242-246 Vernon Street continues to be a space in transition with exterior remodel complete. The RCDC acquired 110 Pacific Street in 2016 at a Placer County tax default sale, this property has been secured, cleaned, stabilized

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and weatherproofed to prepare it for development. The effort at 110 Pacific Street has stabilized a historically important structure as it is the oldest commercial building in the City.

Residential Real Estate – The RCDC residential rehabilitation program rehabilitated three homes in three different Roseville neighborhoods. The rehabilitation of the three distressed homes had positive impacts in each of the neighborhoods encouraging investment in neighboring properties. Each of the three homes were marketed and sold to buyers meeting affordable purchase criteria.

Advantage Roseville – The RCDC, with strategic oversight by the Board, has administered the Advantage Roseville business attraction and retention effort. Advantage Roseville has been recognized by the State Senate, Legislature and Assembly for its success in business attraction and job recruitment. This program has provided over a \$1,000 return on investment for each \$1.00 invested in the program. The return on investment includes capital investment commitments for new construction and payroll which total over \$800,000,000 for the four years of operation. The program has assisted in the recruitment of over 3,000 jobs to Roseville. Advantage Roseville has also sponsored several business training opportunities each year providing important training for small and growing businesses. Since inception the RCDC through Advantage Roseville has sponsored 2,460 hours of training at no cost to the participants.

Earned Media – The RCDC has generated many earned media spots attracting attention and bringing recognition to the revitalization of the downtown. The RCDC was responsible for producing the most heavily attended event in the Vernon Street Town Square with the Sammy Hagar concert which was attended by an estimated 4,000 concert goers. The Hagar concert also generated \$15,000 for charity with a donation to the Placer County Food Bank.

Reimbursement to City – Since inception the RCDC has reimbursed the City in excess of \$750,000 for staff and operational costs. This reimbursement offers the City significant value in reducing the operational and staff costs of the Economic Development Department.

Downtown Partnership – The RCDC was instrumental in the funding of start up efforts to create the Downtown's first Business Improvement District (PBID). Prior to the RCDC's staff and financial support of the PBID, there were two failed attempts at creating such a district. With RCDC support and funding the PBID was successful in reaching the required votes to create the district and levy property assessments. The PBID know as the Downtown Partnership has been successful in providing enhanced maintenance, day porters and events such as Downtown Tuesday Nights and the Holiday Parade.

In summary the RCDC has demonstrated success in commercial and residential real estate, business and job recruitment, supported small businesses with training opportunities, media promotion of the City's and RCDC's economic development platform and active participant in the revitalization of the Downtown all while paying the City for the ability to do so.

FUNDING

The initial start-up capital for the RCDC's operations and capital investment objectives was provided to the RCDC with a City loan passed through the Redevelopment Agency (RDA) in the form of an agreement for a \$5 million deferred loan. The RDA received those funds from a deferred loan from the City of Roseville's Strategic Improvement Fund with the intention of making the initial startup loan to the RCDC. Since the RDA was dissolved by the State of

California beginning in the fall of 2011, and all activities of the RDAs were ordered by the State to cease operations, the RDA had only disbursed \$3,469,049 to the RCDC. The remaining cash intended to be loaned to the RCDC was \$1,530,951 held by the RDA, and subsequently swept up by the State of California through their efforts to dissolve redevelopment agencies and collect their unobligated cash balances. As a result of this, the City of Roseville intervened and negotiated with the RCDC to disburse the balance through an additional loan in May of 2012. The initial loan proceeds of \$3,469,049 passed through to the RCDC is seen as an asset by the State and as such RCDC loan payments to the City are to pass through the State and on to the City. Staff is not confident that the payments made to the State will make it through to the City as the State may determine the loan is not an authorized loan and sweep up these proceeds similar to the States action on the balance of the initial loan. While this is not a risk for the RCDC it is a significant consideration for the City.

The initial City funding was run through the RDA as it was seen as an opportunity for the RDA and RCDC to partner and leverage financial resources. This was a model that followed Community Development Corporations (CDC) in San Diego's Centre City, El Cajon and in Portland. San Diego and El Cajon models relied on Redevelopment Agency revenue and Portland's model relied on State Reinvestment revenues both of which are derived from property tax increment. With the demise of Redevelopment in California, the Centre City CDC was shuttered and recreated as Civic San Diego. In 2012 the Centre City budget was \$9.9 million with 58 employees and the recreated Civic San Diego operated under a \$5.9 million contract with the City and 32 employees. The transformation of the San Diego CDC demonstrates the dramatic impact that the loss of tax increment has had on CDC's in California. The State's action to dissolve redevelopment has effectively eliminated the primary funding for CDC's in California resulting in not only the dissolution of RDA's but also the demise of CDC's. Ironically, the relationship between the City of Roseville and the RCDC is opposite that of San Diego's contract model where the CDC is paid to perform services by the City, the RCDC reimburses the City for performing similar services.

With the creation of the RCDC, several funding strategies were identified and each has been explored. The following is a list of funding strategies considered at creation of the RCDC along with a response on efforts and results of sourcing each revenue.

1. Tax Increment – One time monies after dissolution of the RDA were disbursed to the RCDC as a grant. Remaining tax increment is scheduled for reimbursement of City loans from the Successor Agency to the RDA leaving no further funding opportunities for the RCDC.
2. Community Development Block Grant Funding (CDBG) – Funding is provided to community service providers typically in the \$15,000 range or less. Priority has been given to service providers addressing homelessness. This is a small funding source with low competitiveness for the RCDC given CDBG funding priorities.
3. New Market Tax Credits (NMTC) – NMTC are seldom used on the West Coast and therefore there is limited expertise in the region on their use. Funding is project specific and competitive, additionally qualifying projects are typically in excess of \$10,000,000. Up front processing costs can be very expensive. The RCDC projects do not meet the funding threshold.
4. Gifts – The RCDC has not received any gifts or bequests. Current fund raising efforts are focused on Advantage Roseville. Gifts are not seen as a consistent or reliable funding strategy.

5. Income on Assets – The RCDC does receive rent revenues to augment operations; however, given the startup debt burden these revenues are not sufficient to sustain the corporation operations long term.
6. Private Sector Loans – The RCDC has an excellent banking relationship with River City Bank which has been supportive of the RCDC efforts and has offered the corporation a line of credit. To date the RCDC has chosen not to take on debt without a clear revenue stream for repayment.
7. General Fund Monies (City) – Initial startup funding was sourced as a Strategic Improvement Fund loan from the City. Given that City revenues are increasing at a slower rate and business costs continue to inflate a general fund contribution is highly unlikely.

In addition to the funding sources considered at inception, staff has pursued funding of Community Reinvestment Act monies from local banks, institutional funding from Cal Pers and other CDC business activities that could produce revenue. Alternative funding sources have not materialized in significant revenues. To date reoccurring revenues have been limited to rent proceeds.

OPERATIONAL ALTERNATIVES

The current landscape in which the RCDC operates has changed dramatically since 2010 when the RCDC was created. The Downtown is an active area with events and patrons recognizing Vernon Street and the Downtown as a destination. Significant public investment has been made by the City that includes utility upgrades, 316 office building, town square, round-about, new fire station, second parking garage and planned bridges to Royer park. Institutional investment has occurred with Sierra College conducting continuing education classes at 316 Vernon and Warwick University is actively pursuing a graduate school as their first campus in the US at 401 Oak Street. Randy Peter's Catering represents the first fully comprehensive renovation of an existing building by private investment. Private investment is also represented by new construction with the Mercy Housing project at 623 Vernon Street. With the significant public and private investment that has occurred in the downtown, the RCDC properties are poised to increase in value with completion of public investment.

Rents in the downtown have increased and stabilized proving the business case for reinvestment. The downtown has an operational PBID providing enhanced maintenance, marketing and events all promoting the downtown. As stated earlier in this report, the RCDC has had many successes including maintaining a favorable asset to value ratio. Considering the RCDC was founded on debt and its business plan focuses on challenged properties having cash and assets of greater value than its obligation is a notable accomplishment. Given the changed environment, RCDC successes, and asset value, staff believes it is a good time to evaluate the scope, purpose and tenure of the RCDC. Staff offers the following three alternatives for the Boards consideration.

Continued operation with no change in structure or scope of operations. The RCDC has limited cash reserves for deployment in property improvement or business loans. There is sufficient funding to proceed with the development plans considered for 242-246 Vernon and 110 Pacific Street; however, further real estate investment would be subject to sourcing new capital. Advantage Roseville has funding due to member support and could continue in its current structure without funding concerns. Unless additional capital is sourced staff does not believe continued status quo operation is a sustainable business model.

Reduced operation with a focus on liquidating and managing current properties. The RCDC could continue in a reduced operations mode focused on property management. Under this scenario the operational structure could be simplified to reduce overhead costs. Under this scenario staff would recommend renegotiating the staff and operational reimbursement obligations with the City. This scenario would need to define the business goals of such a strategy. For example what is the property purpose and duration of property holds and when is the property appropriate for sale. To justify a reduced operation plan staff believes there should be a strategic goal or objective to be met to warrant implementing this approach.

Strategic closure of the RCDC. Dissolution of the corporation was contemplated at inception of the corporation. Dissolution was given significant consideration in the Operating Agreement between the City and RCDC as it specifically addresses this occurrence. The RCDC's Bylaws state that upon dissolution of the corporation that all assets are to go to the sole member which in this case is the City. What the operating agreement does not address is when dissolution should occur. The operating agreement does not define success as a threshold for dissolution nor does it suggest that failure of the corporation is an appropriate time for dissolution. Given the lack of direction on the timing or circumstances that warrant dissolution, staff believes that it is appropriate for the Board to identify the appropriate time and make a recommendation to the City as the sole member.

Given the activities and impacts noted earlier in this report, the RCDC by any measure has been successful. If success is the measure upon which dissolution should occur staff believes that this measure has been met. As of June 30, 2017, the RCDC's assets exceed its liabilities, therefore, the corporation could provide to the sole member cash and assets to meet its loan obligation prior to the first loan payment being due in June of 2022. The RCDC's assets consisting of properties and cash as well as its liabilities could be assumed by the City as the Sole Member until which time the City decides to liquidate the properties. Alternatively, the RCDC could move to liquidate all real estate assets and resolve all liabilities providing the sole member with a cash payout upon dissolution. Staff would recommend presenting these two alternatives to the Sole Member for them to identify their preference. By dissolving the RCDC and resolving the City loans (\$3.4m and \$1.5m) prior to the first payment being due would eliminate the need to pass loan payments through the State. By avoiding the State loan pass through the risk of nonpayment or delayed payment to the City is eliminated.

Given the RCDC's significant successes, limited opportunity for new funding and the RCDC's ability to repay the City loans early, staff recommends the strategic closure option. Staff recommends the Board take action to recommend to the Sole Member that a strategic closure of the RCDC is appropriate for the reasons stated in the staff report.



COUNCIL COMMUNICATION

CC #: 9007

File #: 0103 & 0103-13-02

Title: Transportation Commission - Unscheduled Vacancy
Contact: Kelly Adams 916-774-5264 kadams@roseville.ca.us

Meeting Date: 1/17/2018

Item #: 9.1.

RECOMMENDATION TO COUNCIL

Appoint one (1) applicant to the Transportation Commission to fill an unscheduled vacancy with a term ending December 31, 2020 from the two (2) applications received by Peter Ashby, and Gary M. Gutowsky.

BACKGROUND

An unscheduled vacancy has been created on the Transportation Commission due to the resignation of commissioner Gary Hexom with a term ending December 31, 2020. Recruitment occurred in October. Applications and video interviews have been provided to Council for review.

FISCAL IMPACT

There is no fiscal impact associated with this item.

ECONOMIC DEVELOPMENT / JOBS CREATED

There is no economic development or jobs created with this item.

ENVIRONMENTAL REVIEW

Appointment of commissioners and board members is not considered a "project" as defined by the California Environment Quality Act (CEQA) (CEQA guidelines Section 5378). Consequently, no CEQA action is required.

Respectfully Submitted,

Kelly Adams, Deputy Clerk

Sonia Orozco, City Clerk

A handwritten signature in blue ink, appearing to read 'S. Orozco', with a long horizontal flourish extending to the right.

Rob Jensen, City Manager



COUNCIL COMMUNICATION

CC #: 8999

File #: 0400-04-07-1

Title: North Roseville Specific Plan, Diamond Creek - Development Agreement Amendment

Contact: Wayne Wiley 916-774-5283 wwiley@roseville.ca.us

Meeting Date: 1/17/2018

Item #: 10.2.

RECOMMENDATION TO COUNCIL

At the December 14, 2017 Planning Commission hearing, the Planning Commission recommended the City Council take the following action:

A. Adopt the five (5) findings of fact as stated in the attached Ordinance and introduce for first reading the Ordinance to approve the Development Agreement Amendment (Exhibit A).

BACKGROUND

The proposed Development Agreement Amendment (DAA) is related to North Roseville Specific Plan Parcels DC-9A and DC-9B. The Diamond Creek Development Agreement (DA) was entered into on September 19, 1997, and was due to expire on September 19, 2017. On August 11, 2017, the applicant requested a Development Agreement Amendment (DAA) to allow a 20-year extension of the DA. Due to the procedural steps necessary to process a DAA, a six month administrative extension (consistent with Section 4.1.1 of the Diamond Creek Development Agreement) was granted by the Development Services Director to provide staff adequate time to review and process the application. Upon approval of the DAA, the new expiration date of the Diamond Creek Development Agreement will be March 31, 2038.

The proposed DAA will preserve the landowner's rights to subdivide Parcel DC-9A into seven lots and to continue using Parcel DC-9B as a horse ranch with ancillary equestrian uses. In addition to the applicant's request to extend the term staff is requesting to add language to the DA to ensure the existing backflow preventer, located onsite, has the appropriate connection to prevent potential cross contamination of the potable water source. Specifically, language has been included to require the existing potable water serving the parcels to reconnect to the City supplied connection from a recently installed meter and backflow prevention assembly. At the completion of this work, ownership and maintenance of the equipment will rest with the City. The DAA reflects the obligations of the property owner and the City regarding construction and maintenance of the appropriate equipment.

FISCAL IMPACT

The proposed Diamond Creek DAA #10 will not result in a direct fiscal impact to the General Fund.

ECONOMIC DEVELOPMENT / JOBS CREATED

N/A

ENVIRONMENTAL REVIEW

The proposed amendment is consistent with the original project description and the findings of the Environmental Impact Report (EIR) prepared for the North Roseville Specific Plan (NRSP EIR, SCH# 96112014) which was certified by the City Council in August of 1997. Therefore, in compliance with the requirements of the California Environmental Quality Act (CEQA) no further environmental review is required.

Respectfully Submitted,

Wayne Wiley, Associate Planner

Kevin Payne, Development Services Director



Rob Jensen, City Manager

ATTACHMENTS:

Description

Attachment 1 - PC Staff Report

ordinance

Exhibit A - 10th DA Amendment

ITEM V-C: DEVELOPMENT AGREEMENT AMENDMENT – NRSP PARCELS DC-9A & DC-9B – DIAMOND CREEK DA EXTENSION – 1 MOON ROCK RANCH ROAD – FILE # PL17-0215.

REQUEST

The applicant requests approval of a Development Agreement Amendment to extend the Diamond Creek Development Agreement expiration date to March 31, 2038 and to include provisions related to Parcels DC-9A and DC-9B's potable water line and recycled water irrigation system.

Applicant/Owner – Stephen L. Des Jardins

SUMMARY RECOMMENDATION

The Planning Division recommends that the Planning Commission:

- A. Recommend the City Council adopt five (5) findings of fact for the Development Agreement Amendment and approve the Development Agreement Amendment.

SUMMARY OF OUTSTANDING ISSUES

Development Agreement negotiations regarding reclaimed water are ongoing. In concept, city staff and the applicant have agreed that the property owner will make the necessary improvements related to the potable water line and recycled water irrigation system, but are working through the level of detail that will be included in the DA. This packet contains the city's preferred version of the agreement; however, details are being finalized and will be updated prior to City Council review.

BACKGROUND

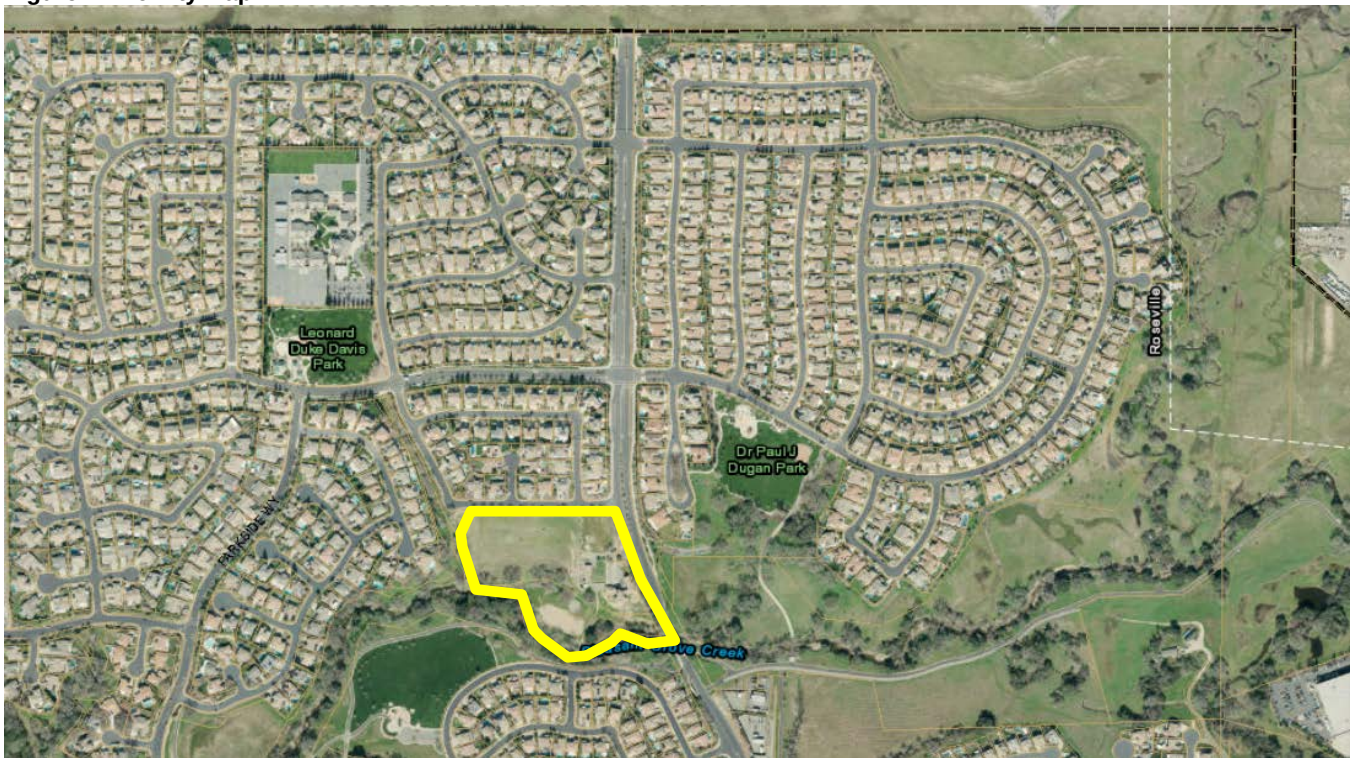
The proposed project encompasses the North Roseville Specific Plan (NRSP) Parcels DC-9A & DC-9B, which are covered by the Diamond Creek Development Agreement. The subject Development Agreement (DA) was entered into on September 19, 1997, and was due to expire on September 19, 2017. However, on August 11, 2017, the applicant requested a Development Agreement Amendment (DAA) to allow a 20-year extension of the DA. Due to the procedural steps necessary to process a DAA, the Development Services Director (consistent with Section 1.4 of the Diamond Creek DA) granted a minor extension of 6 months to provide staff adequate time to review and process the application. As a result, with approval of the requested DAA, the new expiration date of the Diamond Creek Development Agreement will be March 31, 2038.

At this time, the applicant wishes to extend the DA to guarantee the development and user rights pertaining to DC-9A and DC-9B. Language has also been added to the DA to ensure that appropriate measures are taken to reduce the potential for cross contamination between DC-9A and DC-9B's potable water line and recycled water irrigation system. Further details are provided in the Evaluation section below.

SITE INFORMATION

Parcels DC-9A and DC-9B measure approximately 6 and 2.6 acres in size, respectively, and are accessed via private driveway (Moon Rock Ranch Road) off of Woodcreek Oaks Boulevard. These parcels are primarily surrounded by open space and residential land uses. Parcel DC-9A has a General Plan designation of Low Density Residential (LDR-1.2) and is zoned Single Family Residential/Special Area-North Roseville (R1/SA-NR). A single-family residence is currently located on Parcel 9A; however the DA allows for the subdivision of the property up to seven lots. Parcel 9B has a General Plan designation and zoning of Open Space (OS) and is located within the 100 year flood plain. In most cases, OS parcels are deeded to the City; however, in this case, the OS parcel (Parcel 9B) is under ownership of the applicant and is currently used for horse stables and a horse pen.

Figure 2: Vicinity Map



EVALUATION

Under the existing Diamond Creek Development Agreement, the landowner has the right to subdivide Parcel DC-9A into seven lots and utilize Parcel DC-9B for ancillary uses related to a horse ranch as identified in the NRSP (i.e. horse pen, open space, etc.). To preserve development rights related to DC-9A and ensure the continued use of DC-9B, the applicant requests a 20-year extension of the DA. The proposed extension will not affect the existing use of the property and will not have an impact on surrounding parcels. Furthermore, no changes are proposed that would allow the developer any additional rights not otherwise provided for in the original DA.

At this time, staff is also recommending adding language to ensure that the existing backflow preventor located onsite has the appropriate connection to prevent potential cross contamination of the potable water source. Over the past years, staff from the Environmental Utilities Department has communicated to the applicant that specific improvements would be required to protect the City's potable water supply and to comply with state law. The requested DA extension has provided an

opportunity to ensure the appropriate measures are taken to remedy the issue. In summary, staff has added language requiring the existing potable water serving the parcels to reconnect to the City supplied connection from a newly installed meter and backflow prevention assembly. At the completion of this work, ownership and maintenance of this equipment will rest with the City. The DAA will reflect the obligations of the property owner and the City regarding construction and maintenance of the appropriate equipment. With the incorporation of language requiring the property owner to make modifications to the existing potable water service, staff supports the request to extend the terms of the DA as noted herein.

SUMMARY / CONCLUSION

Based on the evaluation above, staff finds that the proposed amendments will not alter the intent of the previously approved DA and believes that the required findings noted in the Recommendation section of this report can be made.

ENVIRONMENTAL DETERMINATION

The proposed amendment is consistent with the original project description and the findings of the Environmental Impact Report (EIR) prepared for the North Roseville Specific Plan (NRSP EIR, SCH# 96112014) which was certified by the City Council in August of 1997. Therefore, in compliance with the requirements of the California Environmental Quality Act (CEQA) no further environmental review is required.

RECOMMENDATION

The Planning Division recommends that the Planning Commission take the following actions:

- A. Recommend the City Council adopt five (5) findings of fact as listed below for the Development Agreement Amendment and approve the Development Agreement Amendment.
- a) *The Development Agreement is consistent with the objectives, policies, programs and land use designations of the City of Roseville General Plan;*
 - b) *The Development Agreement is consistent with the City of Roseville Zoning Ordinance;*
 - c) *The Development Agreement is in conformance with the public health, safety and welfare;*
 - d) *The Development Agreement will not adversely affect the orderly development of the property or the preservation of property values; and*
 - e) *The provisions of the Development Agreement will provide sufficient benefit to the City to justify entering into the Agreement.*

EXHIBIT

A. Diamond Creek Development Agreement Amendment

Note to Applicant and/or Developer: Please contact the Planning Division staff at (916) 774-5276 prior to the Committee meeting if you have any questions on any of the recommended conditions for your project. If you challenge the decision of the Committee in court, you may be limited to raising only those issues which you or someone else raised at the public hearing held for this project, or in written correspondence delivered to the Planning Director at, or prior to, the public hearing.
--

RECORDING REQUESTED BY AND
WHEN RECORDED, MAIL TO:

City Clerk
City of Roseville
311 Vernon Street
Roseville, CA 95678
Attn: Sonia Orozco

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

**TENTH AMENDMENT OF
DEVELOPMENT AGREEMENT BY AND BETWEEN
THE CITY OF ROSEVILLE AND BBC DIAMOND CREEK, LLC
RELATIVE TO THE NORTH ROSEVILLE SPECIFIC PLAN
(Diamond Creek Parcels 9A and 9B)**

THIS TENTH AMENDMENT (the “**Tenth Amendment**”) is entered into this ____ day of _____, 2018 by and between the CITY OF ROSEVILLE, a municipal corporation (“**City**”), and STEPHEN L. DES JARDINS and BRANDY ‘LIZABETH REINERT, CO-TRUSTEES of the Des Jardins/Reinert Family Trust (hereinafter “**Landowner**”), pursuant to the authority of Section 65864 through 65869.5 of the Government Code of California.

WITNESSETH:

A. On September 19, 1997, the City and Landowner’s predecessor in interest entered into that certain agreement entitled “Development Agreement By and Between The City of Roseville and Diamond Creek Partners Relative to the North Roseville Specific Plan”, which was recorded in the Official Records of Placer County on September 29, 1997, as Document No. 97-0059806 (the “**Original Development Agreement**”).

B. Thereafter, City and Landowner’s predecessor(s) in interest and/or successor(s) in interest to Diamond Creek Partners entered into the following Amendments to the Original Development Agreement: the First Amendment, dated August 31, 1998, and recorded September 15, 1998 as Document No. 98-0073814; the Second Amendment, dated November 30, 1999, and recorded December 15, 1999 as Document No. 1999-0106726; the Third Amendment, dated October 9, 2002, and recorded November 14, 2002 as Document No. 2002-0143109; the Fourth Amendment, dated April 20, 2004, and recorded May 7, 2004 as Document No. 2004-0058294; the Fifth Amendment, dated September 15, 2004, and recorded November 12, 2004 as Document No. 2004-0151579; the Sixth Amendment, dated March 15, 2006, and recorded March 21, 2006 as Document No. 2006-0029929; the Seventh Amendment, dated March 7, 2007, and recorded April 11, 2007 as Document No. 2007-0036507; the Eighth Amendment, dated June 20, 2012, and recorded July 25, 2012 as Document No. 2012-0066789; and the Ninth Amendment, dated March 19, 2014, and recorded March 25, 2014 as Document No. 2014-0018329 (collectively, the “**Prior Amendments**”). The Prior Amendments and Original Development Agreement are collectively referred to herein as

the "**Development Agreement.**" Except as otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed thereto in the Development Agreement.

C. This Tenth Amendment amends the Development Agreement as to the property identified in the North Roseville Specific Plan as Parcels 9A and 9B, which property is more particularly described in **Exhibit "A"** attached hereto (the "**DC-9A/9B Property**"). This Tenth Amendment shall run with the land with respect to the DC-9A/9B Property.

D. To facilitate the processing of this Tenth Amendment, the Development Services Director, pursuant to Section 1.4 of the Development Agreement and by letter dated August 28, 2017, approved a minor modification to the Development Agreement to extend the Term of the Development Agreement for six (6) months to and through March 19, 2018.

E. On December 14, 2017, the City Planning Commission, designated by Roseville Ordinance No. 3014 as the planning agency for purposes of development agreement review pursuant to Government Code Section 65867, in a duly noticed and conducted public hearing, considered this Tenth Amendment and recommended that the City Council approve this Agreement.

F. The City Council has determined that the adoption of this Tenth Amendment involves no new impacts not considered in the environmental documents previously certified and approved in connection with the approval of the Development Agreement, as amended; therefore, no further environmental documents relating to the adoption of this Tenth Amendment are required.

G. The City Council has found and determined that this Tenth Amendment of the Development Agreement is consistent with the General Plan and the North Roseville Specific Plan.

NOW THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. Amendment of Development Agreement. The following sections of the Development Agreement for the development of the DC-9A/9B Property are hereby amended as follows:

a. Extended Term. For purposes of Section 1.3, the City and Landowner hereby agree to extend the term of the Development Agreement as applied to the DC-9A/9B Property to and through March 31, 2038, unless the Development Agreement is terminated, modified or extended by circumstances set forth in the Development Agreement, as amended, or by mutual consent of the parties hereto.

b. Revised Section 3.7 (Reclaimed Water). Section 3.7 of the Development Agreement as applied to the DC-9A/9B Property is revised in its entirety to read as follows:

"3.7 Reclaimed Water. Landowner shall provide improvements to the City's reclaimed water system as provided in this section.

"3.7.1 Use of Reclaimed Water. Reclaimed water will be used for irrigation of parks within the Plan Area and may be developed and used by City to cascade from the North School Park south along the linear parkway to Pleasant Grove Creek, as generally shown on **Exhibit "G"**.

“All other reclaimed uses as may be desired by Landowner shall be reviewed and approved by the Environmental Utilities Director. In particular, City agrees that Landowner may use reclaimed water for irrigation of Landowner's Ranch Parcel (Parcel DC-9A), provided the costs of connecting to and extending the reclaimed line from Woodcreek Oaks Boulevard shall be paid by Landowner. In connection with any such use by Landowner and provision of reclaimed water to the park site(s), Landowner shall be responsible for preparation and approval of a reclaimed water engineering report for submission to appropriate state agencies. In connection with the use of reclaimed water other than such use for the park sites, Landowner shall also be responsible for obtaining any and all necessary permits prior to actual use of reclaimed water and for the payment of all City fees and charges related thereto, including without limitation, the reclaimed water connection fee to be paid at time of building permit. Provided Landowner satisfies all of the foregoing requirements, City shall make reclaimed water available to Landowner in amounts reasonably required for the use(s) proposed therefor and shall charge Landowner the same rate or rates as are charged to any other private user(s) of reclaimed water within the City.

“Furthermore, if Landowner satisfies all of the foregoing requirements, City acknowledges and agrees that potable water may be utilized for such park irrigation and other reclaimed uses, including irrigation of Parcels DC-9A and DC-9B, if reclaimed water is unavailable in emergencies as determined by the Environmental Utilities Director.

“Prior to July 1, 2018, the Landowner of Parcels DC-9A and DC-9B (“Ranch Landowner”) shall make the following modifications to the existing potable water service serving these parcels: (1) disconnect the existing potable service downstream of the presently connected meter; (2) reconnect the potable service to the City supplied 1.5-inch potable connection downstream from the newly installed meter and backflow prevention assembly; and (3) upon completion of the work outlined above, the disconnected portion of the existing line will be disconnected from the water main, drained, capped, and abandoned in place (to avoid damage to existing, mature landscaping), Ranch Landowner shall deliver to the City the old meter to be removed as part of the work. The City's Water Division will cooperate with Ranch Landowner to coordinate the scheduling of such work and provide shut-off service as needed to facilitate Ranch Landowner's disconnection and reconnection work. Provided the foregoing requirements are satisfied, City shall continue to make recycled water available to Ranch Landowner at user charges specified in the Roseville Municipal Code (RMC). For billing purposes, the newly installed 1.5-inch potable meter shall be billed at the 1-inch billing rate in effect per the RMC and the ownership of the backflow prevention device, its routine testing and maintenance shall remain with City.

“If Ranch Landowner does not complete the work specified in this paragraph by July 1, 2018, City may, at its option, terminate delivery of recycled water and physically disconnect the recycled water system serving Parcels DC-9A and DC-9B. Any such termination of delivery of recycled water to the Ranch Parcel shall not affect the City's continued delivery of potable water to the Ranch Parcel through the existing service.”

c. New and Revised Exhibits. New **Exhibit “A”** (Legal Description for DC-9A/9B Property) and new **Exhibit “G-1”** (Form of Right of Entry to Maintain Backflow Prevention Assembly) are attached hereto and hereby incorporated into and made a part of the Development Agreement.

2. Consistency with General Plan. The City hereby finds and determines that execution of this Tenth Amendment is in the best interest of the public health, safety and general welfare and is consistent with the General Plan.

3. Amendment. This Tenth Amendment amends, but does not replace or supersede, the Development Agreement except as specified herein. All remaining terms, covenants and conditions of the Development Agreement not amended hereby shall remain in full force and effect as applied to the DC-9A/9B Property. This Tenth Amendment only affects the development of the DC-9A/9B Property described in **Exhibit “A”** attached hereto and does not amend or modify the rights or obligations associated with the development of any other Parcels within the Specific Plan.

4. Form of Amendment. This Tenth Amendment is executed in two duplicate counterparts, each of which is deemed to be an original.

[Signatures on Following Page]

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Amendment in duplicate by its City Manager and the attestation to this Amendment by its City Clerk under the authority of Ordinance No. _____, adopted by the Council of the City of Roseville on the ____ day of _____, 2018, and Landowner has caused this Amendment to be executed.

CITY:

**CITY OF ROSEVILLE,
a municipal corporation**

BY: _____
Rob Jensen
City Manager

ATTEST:

BY: _____
Sonia Orozco
City Clerk

APPROVED AS TO FORM:

BY: _____
Robert R. Schmitt
City Attorney

APPROVED AS TO SUBSTANCE:

BY: _____
Kevin Payne
Development Services Director

LANDOWNER:

STEPHEN L. DES JARDINS,
CO-TRUSTEE of the Des Jardins/Reinert
Family Trust

BRANDY 'LIZABETH REINERT,
CO-TRUSTEE of the Des Jardins/Reinert
Family Trust

[ALL SIGNATURES MUST BE NOTARIZED]

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____

County of _____

On _____, 2018, before me, _____
(Here insert Name and Title of Officer)

personally appeared _____,
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

NOTARY PUBLIC SIGNATURE

NOTARY PUBLIC SEAL

EXHIBIT “A”

Legal Description of DC-9A/9B Property

That certain real property situated in the City of Roseville, County of Placer, State of California,
described as follows:

[Legal Description to Be Inserted]

APN: _____

EXHIBIT “G-1”

Form of Right of Entry to Maintain Backflow Prevention Assembly

[To Be Attached]

ORDINANCE NO. ____

ADOPTING THE TENTH AMENDMENT TO THE DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF ROSEVILLE AND BBC DIAMOND CREEK, LLC RELATIVE TO THE NORTH ROSEVILLE SPECIFIC PLAN (DIAMOND CREEK PARCELS 9A AND 9B) AND AUTHORIZING THE CITY MANAGER TO EXECUTE IT ON BEHALF OF THE CITY OF ROSEVILLE

THE CITY OF ROSEVILLE ORDAINS:

SECTION 1. In accordance with Chapter 19.84 of Title 19 of the Roseville Municipal Code (the Zoning Ordinance) of the City of Roseville, the City Council has received the recommendation of the Planning Commission that the City of Roseville enter into a Tenth Amendment to Development Agreement by and between The City of Roseville and BBC Diamond Creek, LLC relative to the North Roseville Specific Plan (Diamond Creek Parcels 9A and 9B).

SECTION 2. The proposed amendment is consistent with the original project description and the findings of the Environmental Impact Report (EIR) prepared for the North Roseville Specific Plan (NRSP EIR, SCH# 96112014) which was certified by the City Council in August of 1997.

SECTION 3. The Council of the City of Roseville has reviewed the findings of the Planning Commission recommending approval of the Tenth Amendment to Development Agreement, and makes the following findings:

1. The Tenth Amendment to Development Agreement is consistent with the objectives, policies, programs and land use designations of the City of Roseville General Plan and the North Roseville Specific Plan;
2. The Tenth Amendment to Development Agreement is consistent with the provisions of the City of Roseville Zoning Ordinance;
3. The Tenth Amendment to Development Agreement is in conformance with the public health, safety and welfare;
4. The Tenth Amendment to Development Agreement will not adversely affect the orderly development of the property or the preservation of property values; and
5. The provisions of the Tenth Amendment to Development Agreement will provide sufficient benefit to the City to justify entering into said Amendment.

SECTION 4. The Tenth Amendment to Development Agreement, by and between the City of Roseville and BBC Diamond Creek, LLC relative to the North Roseville Specific Plan (Diamond Creek Parcels 9A and 9B), a copy of which is on file in the City Clerk's Department

and incorporated herein by reference, is hereby approved and the City Manager is authorized to execute it on behalf of the City of Roseville upon receipt and approval by the City Attorney's office.

SECTION 5. The City Clerk is directed to record the executed Development Agreement Amendment within ten (10) days of the execution of the agreement by the City Manager with the County Recorder's Office of the County of Placer.

SECTION 6. This ordinance shall be effective at the expiration of thirty (30) days from the date of its adoption.

SECTION 7. The City Clerk is hereby directed to cause this ordinance to be published in full at least once within fourteen (14) days after it is adopted in a newspaper of general circulation in the City, or shall within fourteen (14) days after its adoption cause this ordinance to be posted in full in at least three (3) public places in the City and enter in the Ordinance Book a certificate stating the time and place of said publication by posting.

PASSED AND ADOPTED by the Council of the City of Roseville this ____ day of _____, 20__, by the following vote on roll call:

AYES COUNCILMEMBERS:

NOES COUNCILMEMBERS:

ABSENT COUNCILMEMBERS:

MAYOR

ATTEST:

City Clerk

RECORDING REQUESTED BY AND
WHEN RECORDED, MAIL TO:

City Clerk
City of Roseville
311 Vernon Street
Roseville, CA 95678
Attn: Sonia Orozco

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

**TENTH AMENDMENT OF
DEVELOPMENT AGREEMENT BY AND BETWEEN
THE CITY OF ROSEVILLE AND BBC DIAMOND CREEK, LLC
RELATIVE TO THE NORTH ROSEVILLE SPECIFIC PLAN
(Diamond Creek Parcels 9A and 9B)**

THIS TENTH AMENDMENT (the **"Tenth Amendment"**) is entered into this ____ day of _____, 2018 by and between the CITY OF ROSEVILLE, a municipal corporation ("**City**"), and STEPHEN L. DES JARDINS, TRUSTEE of the Stephen L. Des Jardins Living Trust, Under Amended And Restated Trust Agreement, Dated November 17, 2000 (hereinafter **"Landowner"**), pursuant to the authority of Section 65864 through 65869.5 of the Government Code of California.

WITNESSETH:

A. On September 19, 1997, the City and Landowner's predecessor in interest entered into that certain agreement entitled "Development Agreement By and Between The City of Roseville and Diamond Creek Partners Relative to the North Roseville Specific Plan", which was recorded in the Official Records of Placer County on September 29, 1997, as Document No. 97-0059806 (the **"Original Development Agreement"**).

B. Thereafter, City and Landowner's predecessor(s) in interest and/or successor(s) in interest to Diamond Creek Partners entered into the following Amendments to the Original Development Agreement: the First Amendment, dated August 31, 1998, and recorded September 15, 1998 as Document No. 98-0073814; the Second Amendment, dated November 30, 1999, and recorded December 15, 1999 as Document No. 1999-0106726; the Third Amendment, dated October 9, 2002, and recorded November 14, 2002 as Document No. 2002-0143109; the Fourth Amendment, dated April 20, 2004, and recorded May 7, 2004 as Document No. 2004-0058294; the Fifth Amendment, dated September 15, 2004, and recorded November 12, 2004 as Document No. 2004-0151579; the Sixth Amendment, dated March 15, 2006, and recorded March 21, 2006 as Document No. 2006-0029929; the Seventh Amendment, dated March 7, 2007, and recorded April 11, 2007 as Document No. 2007-0036507; the Eighth Amendment, dated June 20, 2012, and recorded July 25, 2012 as Document No. 2012-0066789; and the Ninth Amendment, dated March 19, 2014, and recorded March 25, 2014 as Document No. 2014-0018329 (collectively, the **"Prior Amendments"**).

The Prior Amendments and Original Development Agreement are collectively referred to herein as the "**Development Agreement.**" Except as otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed thereto in the Development Agreement.

C. This Tenth Amendment amends the Development Agreement as to the property identified in the North Roseville Specific Plan as Parcels 9A and 9B, which property is more particularly described in **Exhibit "A"** attached hereto (the "**DC-9A/9B Property**"). This Tenth Amendment shall run with the land with respect to the DC-9A/9B Property.

D. To facilitate the processing of this Tenth Amendment, the Development Services Director, pursuant to Section 1.4 of the Development Agreement and by letter dated August 28, 2017, approved a minor modification to the Development Agreement to extend the Term of the Development Agreement for six (6) months to and through March 19, 2018.

E. On December 14, 2017, the City Planning Commission, designated by Roseville Ordinance No. 3014 as the planning agency for purposes of development agreement review pursuant to Government Code Section 65867, in a duly noticed and conducted public hearing, considered this Tenth Amendment and recommended that the City Council approve this Agreement.

F. The City Council has determined that the adoption of this Tenth Amendment involves no new impacts not considered in the environmental documents previously certified and approved in connection with the approval of the Development Agreement, as amended; therefore, no further environmental documents relating to the adoption of this Tenth Amendment are required.

G. The City Council has found and determined that this Tenth Amendment of the Development Agreement is consistent with the General Plan and the North Roseville Specific Plan.

NOW THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. Amendment of Development Agreement. The following sections of the Development Agreement for the development of the DC-9A/9B Property are hereby amended as follows:

a. Extended Term. For purposes of Section 1.3, the City and Landowner hereby agree to extend the term of the Development Agreement as applied to the DC-9A/9B Property to and through March 31, 2038, unless the Development Agreement is terminated, modified or extended by circumstances set forth in the Development Agreement, as amended, or by mutual consent of the parties hereto.

b. Revised Section 3.7 (Reclaimed Water). Section 3.7 of the Development Agreement as applied to the DC-9A/9B Property is revised in its entirety to read as follows:

"3.7 Reclaimed Water. Landowner shall provide improvements to the City's reclaimed water system as provided in this section.

"3.7.1 Use of Reclaimed Water. Reclaimed water will be used for irrigation of parks within the Plan Area and may be developed and used by City to cascade from the

North School Park south along the linear parkway to Pleasant Grove Creek, as generally shown on **Exhibit "G"**.

“All other reclaimed uses as may be desired by Landowner shall be reviewed and approved by the Environmental Utilities Director. In particular, City agrees that Landowner may use reclaimed water for irrigation of Landowner's Ranch Parcel (Parcel DC-9A), provided the costs of connecting to and extending the reclaimed line from Woodcreek Oaks Boulevard shall be paid by Landowner. In connection with any such use by Landowner and provision of reclaimed water to the park site(s), Landowner shall be responsible for preparation and approval of a reclaimed water engineering report for submission to appropriate state agencies. In connection with the use of reclaimed water other than such use for the park sites, Landowner shall also be responsible for obtaining any and all necessary permits prior to actual use of reclaimed water and for the payment of all City fees and charges related thereto, including without limitation, the reclaimed water connection fee to be paid at time of building permit. Provided Landowner satisfies all of the foregoing requirements, City shall make reclaimed water available to Landowner in amounts reasonably required for the use(s) proposed therefor and shall charge Landowner the same rate or rates as are charged to any other private user(s) of reclaimed water within the City.

“Furthermore, if Landowner satisfies all of the foregoing requirements, City acknowledges and agrees that potable water may be utilized for such park irrigation and other reclaimed uses, including irrigation of Parcels DC-9A and DC-9B, if reclaimed water is unavailable in emergencies as determined by the Environmental Utilities Director.

“Prior to July 1, 2018, the Landowner of Parcels DC-9A and DC-9B (“Ranch Landowner”) shall make the following modifications to the existing potable water service serving these parcels: (1) disconnect the existing potable service downstream of the presently connected meter; (2) reconnect the potable service to the City supplied 1.5-inch potable connection downstream from the newly installed meter and backflow prevention assembly; and (3) upon completion of the work outlined above, the disconnected portion of the existing line will be capped, and abandoned in place (to avoid damage to existing, mature landscaping) and Ranch Landowner shall deliver to the City the old meter to be removed as part of the work. The City's Water Division will cooperate with Ranch Landowner to coordinate the scheduling of such work and provide shut-off service as needed to facilitate Ranch Landowner's disconnection and reconnection work. Following completion thereof, the City may separately elect to disconnect the existing line from the water main and restore any driveway improvements disrupted thereby. Upon such election by the City, Landowner shall execute a right of entry agreement in a form reasonably acceptable to the City Attorney to allow City access for such work, which shall terminate upon completion of such work by the City. Provided the foregoing requirements are satisfied, City shall continue to make recycled water available to Ranch Landowner at user charges specified in the Roseville Municipal Code (RMC). The City confirms that the City-installed backflow preventer and new potable meter, in conjunction with Ranch Landowner's work above and the recycled water improvements previously installed by the City, meet all current standards as to Ranch Landowner's potable and reclaimed systems.

“For billing purposes, the newly installed 1.5-inch potable meter shall be billed at the 1-inch billing rate in effect per the RMC and the ownership of the backflow prevention device, its routine testing and maintenance shall remain with City.

“If Ranch Landowner does not complete the work specified in this paragraph by July 1, 2018, City may, at its option, terminate delivery of recycled water and physically disconnect the recycled water system serving Parcels DC-9A and DC-9B. Any such termination of delivery of recycled water to the Ranch Parcel shall not affect the City’s continued delivery of potable water to the Ranch Parcel through the existing service.”

c. New Exhibit. New **Exhibit “A”** (Legal Description for DC-9A/9B Property) is attached hereto and hereby incorporated into and made a part of the Development Agreement.

2. Consistency with General Plan. The City hereby finds and determines that execution of this Tenth Amendment is in the best interest of the public health, safety and general welfare and is consistent with the General Plan.

3. Amendment. This Tenth Amendment amends, but does not replace or supersede, the Development Agreement except as specified herein. All remaining terms, covenants and conditions of the Development Agreement not amended hereby shall remain in full force and effect as applied to the DC-9A/9B Property. This Tenth Amendment only affects the development of the DC-9A/9B Property described in **Exhibit “A”** attached hereto and does not amend or modify the rights or obligations associated with the development of any other Parcels within the Specific Plan.

4. Form of Amendment. This Tenth Amendment is executed in two duplicate counterparts, each of which is deemed to be an original.

[Signatures on Following Page]

IN WITNESS WHEREOF, the City of Roseville, a municipal corporation, has authorized the execution of this Amendment in duplicate by its City Manager and the attestation to this Amendment by its City Clerk under the authority of Ordinance No. _____, adopted by the Council of the City of Roseville on the ____ day of _____, 2018, and Landowner has caused this Amendment to be executed.

CITY:

**CITY OF ROSEVILLE,
a municipal corporation**

BY: _____
Rob Jensen
City Manager

ATTEST:

BY: _____
Sonia Orozco
City Clerk

APPROVED AS TO FORM:

BY: _____
Robert R. Schmitt
City Attorney

APPROVED AS TO SUBSTANCE:

BY: _____
Kevin Payne
Development Services Director

LANDOWNER:



STEPHEN L. DES JARDINS,
TRUSTEE of the Stephen L. Des Jardins Living
Trust, Under Amended And Restated Trust
Agreement, Dated November 17, 2000

[ALL SIGNATURES MUST BE NOTARIZED]

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Placer

On December 20, ²⁰¹⁷~~2018~~, before me, Jeananne Bricker, Notary Public
(Here insert Name and Title of Officer)
personally appeared Stephen L. Des Jardins,
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Jeananne Bricker
NOTARY PUBLIC SIGNATURE



NOTARY PUBLIC SEAL

EXHIBIT “A”

Legal Description of DC-9A/9B Property

See Attached Legal Description

LEGAL DESCRIPTION

Real property in the City of Roseville , County of Placer, State of California, described as follows:

PARCEL 1:

ALL THAT PORTION OF THE TRACT OF LAND SHOWN AND DESIGNATED AS "PARCEL 9A" ON THE PLAT OF DIAMOND CREEK LARGE LOT SUBDIVISION, FILED IN [BOOK U OF MAPS AT PAGE 86](#), PLACER COUNTY RECORDS, DESCRIBED AS "PROPOSED PARCEL B" ON EXHIBIT C IN THE CERTIFICATE OF COMPLIANCE RECORDED IN INSTRUMENT NO. [2000-0004762](#), OFFICIAL RECORDS OF PLACER COUNTY, LOCATED IN SECTION 17, TOWNSHIP 11 NORTH, RANGE 06 EAST, M.D.M., CITY OF ROSEVILLE, PLACER COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEASTERLY MOST CORNER OF THE ABOVE DESCRIBED PARCEL 9A, THENCE ALONG THE SOUTHERLY AND WESTERLY BOUNDARY OF PARCEL 9A THE FOLLOWING SIXTEEN (16) CONSECUTIVE COURSES AND DISTANCES:

1. NORTH 89 DEGREES 43 MINUTES 04 SECONDS WEST FOR A DISTANCE OF 131.21 FEET;
2. NORTH 85 DEGREES 56 MINUTES 42 SECONDS WEST FOR A DISTANCE OF 40.58 FEET;
3. NORTH 67 DEGREES 45 MINUTES 55 SECONDS WEST FOR A DISTANCE OF 55.18 FEET;
4. NORTH 53 DEGREES 45 MINUTES 56 SECONDS WEST FOR A DISTANCE OF 43.17 FEET;
5. SOUTH 86 DEGREES 59 MINUTES 22 SECONDS WEST FOR A DISTANCE OF 44.17 FEET;
6. NORTH 49 DEGREES 59 MINUTES 16 SECONDS WEST FOR A DISTANCE OF 82.13 FEET;
7. NORTH 62 DEGREES 47 MINUTES 06 SECONDS WEST FOR A DISTANCE OF 116.11 FEET;
8. SOUTH 89 DEGREES 11 MINUTES 55 SECONDS WEST FOR A DISTANCE OF 74.50 FEET;
9. SOUTH 75 DEGREES 44 MINUTES 45 SECONDS WEST FOR A DISTANCE OF 102.91 FEET;
10. SOUTH 89 DEGREES 45 MINUTES 38 SECONDS WEST FOR A DISTANCE OF 179.64 FEET;
11. NORTH 31 DEGREES 18 MINUTES 17 SECONDS WEST FOR A DISTANCE OF 23.55 FEET;
12. NORTH 02 DEGREES 24 MINUTES 44 SECONDS EAST FOR A DISTANCE OF 35.71 FEET;
13. NORTH 26 DEGREES 34 MINUTES 52 SECONDS WEST FOR A DISTANCE OF 69.92 FEET;
14. NORTH 19 DEGREES 55 MINUTES 18 SECONDS EAST FOR A DISTANCE OF 89.07 FEET;
15. NORTH 47 DEGREES 31 MINUTES 05 SECONDS WEST FOR A DISTANCE OF 67.56 FEET; AND
16. NORTH 27 DEGREES 32 MINUTES 13 SECONDS WEST FOR A DISTANCE OF 117.22 FEET TO THE NORTHWEST CORNER OF SAID PARCEL 9A; THENCE NORTH 88 DEGREES 42 MINUTES 41 SECONDS EAST ALONG THE NORTHERLY LINE OF PARCEL 9A FOR A DISTANCE OF 10.49 FEET TO A POINT ON THE NORTHERLY LINE OF THE ABOVE DESCRIBED "PARCEL B"; THENCE ALONG SAID NORTHERLY LINE THE FOLLOWING SEVEN (7) CONSECUTIVE COURSES AND DISTANCES:

1. ALONG THE ARC OF A NON-TANGENT CURVE TO THE LEFT, CONCAVE NORTHERLY, HAVING A RADIUS OF 52.00 FEET, A CENTRAL ANGLE OF 81 DEGREES 45 MINUTES 13 SECONDS, A LENGTH OF 74.20 FEET AND A CHORD BEARING SOUTH 77 DEGREES 14 MINUTES 56 SECONDS EAST FOR A DISTANCE OF 68.06 FEET TO A POINT OF REVERSE CURVATURE;
2. ALONG THE ARC OF A TANGENT CURVE TO THE RIGHT, CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 32.00 FEET, A CENTRAL ANGLE OF 28 DEGREES 21 MINUTES 57 SECONDS, A LENGTH OF 15.84 FEET AND A CHORD BEARING NORTH 75 DEGREES 51 MINUTES 39 SECONDS EAST FOR A DISTANCE OF 15.68 FEET;
3. SOUTH 89 DEGREES 57 MINUTES 24 SECONDS EAST FOR A DISTANCE OF 530.56 FEET;
4. ALONG THE ARC OF A TANGENT CURVE TO THE LEFT CONCAVE NORTHERLY, HAVING A RADIUS OF 471.00 FEET, A CENTRAL ANGLE OF 08 DEGREES 19 MINUTES 21 SECONDS, A LENGTH OF 68.42 FEET AND A CHORD BEARING NORTH 85 DEGREES 38 MINUTES 28 SECONDS EAST FOR A DISTANCE OF 68.35 FEET;
5. NORTH 81 DEGREES 28 MINUTES 47 SECONDS EAST FOR A DISTANCE OF 33.71 FEET;
6. ALONG THE ARC OF A TANGENT CURVE TO THE RIGHT, CONCAVE SOUTHWESTERLY, HAVING A

RADIUS OF 27.00 FEET, A CENTRAL ANGLE OF 87 DEGREES 17 MINUTES 03 SECONDS, A LENGTH OF 41.13 FEET AND A CHORD BEARING SOUTH 53 DEGREES 48 MINUTES 23 SECONDS EAST FOR A DISTANCE OF 37.27 FEET; AND NORTH 79 DEGREES 32 MINUTES 16 SECONDS EAST FOR A DISTANCE OF 8.00 FEET TO A POINT ON THE EASTERLY LINE OF SAID PARCEL 9A; THENCE ALONG SAID EASTERLY LINE THE FOLLOWING TWO (2) CONSECUTIVE COURSES AND DISTANCES:

1. ALONG THE ARC OF A NON-TANGENT CURVE TO THE LEFT, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 1238.00 FEET, A CENTRAL ANGLE OF 16 DEGREES 50 MINUTES 08 SECONDS, A LENGTH OF 363.77 FEET AND A CHORD BEARING SOUTH 18 DEGREES 52 MINUTES 47 SECONDS EAST FOR A DISTANCE OF 362.46 FEET; AND
2. SOUTH 27 DEGREES 17 MINUTES 50 SECONDS EAST FOR A DISTANCE OF 125.58 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

PARCEL 9B AS SHOWN ON THAT CERTAIN MAP ENTITLED "PLAT OF DIAMOND CREEK LARGE LOT SUBDIVISION", FILED IN THE OFFICE OF THE COUNTY RECORDER OF PLACER COUNTY, CALIFORNIA ON JULY 22, 1998, IN [BOOK U OF MAPS, AT PAGE 86](#).

APN: 017-117-053-000 and 017-117-022-000