

CITY OF ROHNERT PARK, CALIFORNIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

Prepared by
Finance Department

Sandra M. Lipitz
Director of Administrative Services

CITY OF ROHNERT PARK

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CITY OF ROHNERT PARK

FINANCE DEPARTMENT

December 17, 2009

Members of the City Council:

City Council

Amie Breeze
Mayor

Gina Belforte
Vice-Mayor

Joseph T. Callinan
Jake Mackenzie
Pam Stafford
Council Members

Daniel Schwarz
Interim City Manager

Judy Hauff
City Clerk

Michelle Marchetta Kenyon
City Attorney

James J. Atencio
Benjamin D. Winig
Assistant City Attorneys

Brian Masterson
Director of Public Safety

Ron Bendorff
Director of Community Development

Darrin W. Jenkins
Director of Engineering Services
/ City Engineer

Sandra M. Lipitz
Director of Administrative Services

John McArthur
Director of Utilities / General Services

The Comprehensive Annual Financial Report (CAFR) of the City of Rohnert Park for the fiscal year 2008-2009 is hereby submitted. This report was prepared by the Finance Department, which is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe the data, as presented, is accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and changes in financial position of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

This is the eighth year that the City has prepared the CAFR using the financial reporting requirements as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*. This GASB Statement requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

THE REPORTING ENTITY

The CAFR includes the funds and account groups of the primary government, which includes several enterprise activities, as well as all of its component units. Component units include legally separate entities for which the primary government is financially accountable and that have substantially the same board as the City or provide services entirely to the City. Accordingly, the Community Development Commission of the City of Rohnert Park and the Rohnert Park Financing Authority are blended with the City. The City was incorporated in August 1962. The City has a council-manager form of government. Five persons are elected by popular vote to serve four-year terms on the City Council. Elections are held every two years. The Mayor is separately elected to a one-year term by members of the City Council from among the City Council members. The Mayor acts as the presiding officer of the City Council. Policies established by the City Council are implemented through the office of the City Manager.

Economic Condition and Outlook

The City is located in beautiful Sonoma County, approximately forty-five miles north of San Francisco. Sonoma County's economy has declined dramatically in the past year, like the State and Nation, and continues to weaken. The unemployment rate has risen to an all-time high of 9.6%, but is still 2% below the State's rate. Since 2006, the County has had a 9% job loss, with recent losses in both the wine related and technology manufacturing industries.

Due to the weakened consumer spending on high priced wines, the wine related industries have experienced major layoffs in the metro areas during the first half of 2009. The County is optimistic that recovery will begin during the second half of 2010, which will once again spark demand for luxury items, including expensive wines.

The recession has had a strong impact on tourism in the County. Leisure and hospitality employment is projected to fall by 9% from its peak in 2008, as there are less discretionary funds available for visits to wineries, resorts, gaming casinos and other recreational destinations. The downturn in tourism has resulted in the City not meeting its budget by about \$178,000. The County anticipates that the economic recovery for this sector will begin sometime in 2010, as the County is known both nationally and abroad as a premier tourist destination area.

Housing prices are continuing to decline and will most likely bottom out by the first half of 2010 at about 46% of their peak median price in 2006 (\$575,000). Foreclosures jumped in the second quarter of 2009 and are expected to continue due to job loss and tightened mortgage credit. The dramatic loss of about \$310,500 in property value has a positive side in that it has created housing affordability for many households that previously would not qualify. In fact, housing affordability levels are at their highest level in over two decades, making Sonoma County an attractive option for many first-time homebuyers.

Taxes are a large part of the City's revenues and have taken the biggest hit. Sales tax declined 15% (\$1.063 million) over the prior year. Historically, the City's diversified business mix has not been able to weather the downturn in the economy; however, for the first time, this downturn in the economy has negatively impacted department store and restaurant sales. In an effort to attract consumer spending, many retail stores reduced prices and offered other incentives. However, some retailers, including large chains, could not weather the recession and were forced to shut their doors. The construction and business-to-business sectors continue to be hit hard by the recession, as businesses are contracting and most development projects have been shelved. As sales tax is the largest source of revenue for the City's General Fund (31%), the City is focusing on economic development to attract new business and is working with the Chamber of Commerce to assist local businesses. The fiscal year 2009-10 sales tax projection is slightly higher than last year's receipts; however, the State recently reviewed the sales tax data and revised the allocation downward, which will result in the City falling below budget by as much as \$700,000. Property tax has also been negatively impacted with the economic downturn. According to the Assessor's Office, the assessed value of property declined by 9% percent over the prior year due to the falling prices in the housing market.

To address the decline in revenues, the City offered the PERS early retirement incentive to all eligible employees, which resulted in twenty-one employees accepting the offer. The City also laid off five positions in the Public Safety Department and froze some full-time vacant positions. Recently, the City completed negotiations with all of the bargaining units, except one and was successful in negotiating furlough time to reduce compensation. The estimated reduction in costs from all of these measures is approximately \$3.4 million.

In summary, Sonoma County's short-term outlook is poor, but consistent with what is happening throughout the state and nation. Recent economic indicators show that the recovery should begin in 2010 and the City is laying the groundwork to be in position to take early advantage of all opportunities once the economy begins to rebound.

MAJOR INITIATIVES

For the Year. The 2009-10 budget was the most challenging budget in the City's history. Revenue projections were down about \$2.5 million, primarily in taxes, investment earnings and recreation. In order to address this shortfall and the existing structural deficit, the City drastically reduced salary and benefits through early retirement incentives, layoffs, furloughs and freezing positions. Each department also reduced their operating budgets, postponing building maintenance and capital equipment purchases. The City also continued its practice of selling surplus property to offset some of the deficit. However, even with all these budget measures, the City continues to face a large deficit and will need to draw down from reserves to fill the gap, leaving reserves at a dangerously low level. The City is currently looking into the possibility of a tax measure to enhance revenues, as well as reviewing the cost savings of operating at reduced service levels.

The State, as well as the City, continues to experience budget deficits due to an economic downturn. The following is a list of the funding received from the State of California:

| Funding: | 2008-09 Amount |
|---|---------------------------|
| AB 3229 (COPs) | \$ 100,000 |
| Park Bond Grant | 301,574 |
| Alcoholic Beverage Control Grant | 46,989 |
| Total State Funding for FY 2008-09 | \$ 448,563 |

In 2003, the Federated Indians of the Graton Rancheria (FIGR) announced plans to build a hotel/resort/casino outside the City limits. The City and the FIGR entered into a Memorandum of Understanding in October 2003. The MOU provides that the FIGR will make the following payments:

- 1) \$2,664,000 one-time payment to the City in lieu of development and related fees.
- 2) \$5,000,000 per year to the City's General Fund.
- 3) \$1,000,000 per year to an educational trust fund.
- 4) \$2,000,000 per year to a charitable foundation to support projects in the Rohnert Park community.
- 5) \$1,000,000 per year to the City for neighborhood and housing upgrades.
- 6) \$17,300,000 one time payment for various capital improvements.

The MOU has a 20-year term with an automatic renewal clause. Payments will be phased in when the hotel/resort/casino is constructed and opens. During the 2004-05 fiscal year, the FIGR purchased additional property closer to the City limits. They intend to build the casino on this new property. The casino opening will be delayed due to additional environmental impact studies required on the new land. The final EIR is expected to be completed some time in 2010.

The City continued implementation of a water conservation program with the assistance of the Sonoma County Water Agency (SCWA). In cooperation with the SCWA, the City is implementing the California Urban Water Conservation Council's "Best Management Practices" (BMPs) to conserve water. The City provides rebates for front loading washing machines, high efficiency toilets, smart irrigation controllers, and irrigation system retrofits. The City's voluntary audit program, Water Smart Home, determines if there are any leaks on the property, provides efficient irrigation schedules and distributes low flow showerheads and aerators. The Large Landscape Water Conservation Program consists of notifying commercial customers of over usage based on their specific landscape material and lot size, providing free site visits to determine ways to save, including effective irrigation schedules, and offering rebates through Weather Based Irrigation Controller Rebate program for improvements made based on the site visit.

The City also continued working on several projects, including a new City Hall, rehabilitation and resurfacing of several city streets, maintenance of the Rohnert Park Expressway, construction of a bike path along the Copeland Creek, development of a plaza at the City Center and the construction of the eastside sewer main. Projects completed during the year include five playground renovations and a new bike lane on Rohnert Park Expressway.

In 2006, the City dropped plans to build a new City Hall and instead chose to renovate an existing commercial building to a "green" building, which supports the Council's goal of sustainability. The primary source of funding for the project were Certificates of Participation issued in 1999. The City relocated both employees at the old City Hall and employees at the annex to the new City Hall in October 2008. The existing City Hall was sold to the Community Development Commission as an affordable housing site. The City is still reviewing the City Hall annex property to determine its best use.

The City places a high importance on technology and information systems. The City network serves five primary facilities: City Hall, Public Safety, Public Works, Finance Annex and the Community Center Complex. These primary sites are linked using leased fiber-optic services. Data and voice information is run over these links and the appropriate firewalls, routers and switches are in place. Each facility has one or more servers on-site for local operations and all internet traffic is routed through a data center at the City of Rohnert Park Annex. The City leases servers, desktops, and notebooks so there is very little cost in keeping the equipment up to date and removing outdated hardware. The City licenses software using California State Master Contracts through the Department of

General Services. A new enterprise agreement was signed to control software cost for the next several years. A plan to control energy usage per computer was started in 2009. The City began laying the foundation for a city video surveillance system along with a city master alarm system and an access control system was installed at the new City hall and public works yard to help protect City assets. Future plans are to continue to consolidate resources in an effort to control cost and maintain a high level of service. One way the City is doing this is to move all resources to a central location. Auditing telco costs have saved the city several thousand dollars from last years bills.

The Public Works and Community Services Department is a full service department that is responsible for the construction, operation, maintenance, and repair of most of the City's infrastructure and facilities. In addition to normal duties, staff responds to over 4,200 service requests each year. Public Works' Department personnel serve on an after-hours standby rotation where they are available to respond to a variety of service requests and emergency situations 24 hours per day, 7 days per week. There are three primary divisions within the Department – Utilities, General Services, and Recreation. The Department completed several projects and initiated multiple programs including: eliminating two costly landscape maintenance contracts and shifting landscape maintenance activities to City staff thereby saving the General Fund as much as \$500,000/year; completed, adopted and began implementation of the Sewer System Management Plan; hosted the 30th Annual Holiday Arts & Crafts Faire – Over 75 vendors and hundreds of shoppers participated, making it the most successful faire in its history, and completed new children's playgrounds at Benicia, Colegio Vista, and Honeybee Parks.

The Rohnert Park Department of Public Safety serves the citizens by performing both Police and Fire functions. While making Rohnert Park the safest city is still the department's mission the agency faced a 20% reduction in budget. This cutback saw a 16% reduction in full time employees. One measure of effectiveness for Public Safety is the occurrence of Part 1 crimes. Part 1 crimes are the most violent of crimes, ranging from the infliction of harm (violent crimes, such as murder and aggravated assault) to forms of theft. Part 1 crimes as a whole from January to November 2009 saw a rise following our historic low from 2008. Property crime increased 25%, burglary increased 45%. On the other hand, motor vehicle thefts dropped 34% and assaults saw a slight decrease. The total part 1 crimes increased from 844 in 2008 to 1006 in 2009. Reductions in staff may be contributing to this increase in Part 1 crimes.

The Public Safety Department also supports community programs such as the annual Fish Derby, Easter Egg Hunt, Special Olympics and Santa's Sleigh. Public Safety employees are committed to keeping our city safe and providing the very best in police and fire services.

For the Future. Rohnert Park is home to some of the region's most affordable, high-quality commercial space. The downsizing of the telecommunication industry in the early 2000's has left Rohnert Park with a surplus of commercial units. Economic development efforts are focused on stimulating interest in locating to Rohnert Park. Recently, several companies have moved to the former Agilent site, now known as Sonoma Mountain Village. The staff is optimistic that one or two medium-sized companies will move into the City's central office area in the coming year. The City has encouraged or directly invested in several projects to increase foot traffic and daytime presence in the City's central area, including a new civic plaza that opened in the Summer of 2009.

Tourism is a key industry in Rohnert Park, contributing significantly to the tax base. Through the Community Development Commission (the City's redevelopment agency), the City partners with the Chamber of Commerce and the Sonoma County Tourism Bureau to promote Rohnert Park as a destination. Rohnert Park has seven hotels/motels with 911 available rooms. The largest property is the Doubletree Hotel, which offers convention and meeting facilities. A Hampton Inn recently opened in Rohnert Park, capturing a previously unmet segment of the tourism market. Rohnert Park offers a number of amenities for the traveler, including two 18-hole golf courses, a Performing Arts Center, and a strong base of dining experiences. In the next few years, the City anticipates the completion of Sonoma State University's Green Music Center. The music center will provide for music and education programs year-round and will be a regional attraction for major indoor/outdoor concert events.

The City is committed to realizing new development anticipated in its General Plan. This Plan articulates a vision for the City that includes an urban growth boundary correlated with a growth management program. It describes a framework of targeted growth areas, including the creation of a City Center area, the development of a mixed use area north of the Sonoma State University to integrate with the Green Music Center, the development of balanced neighborhoods with a variety of housing types, the expansion of commercial uses to the northwest, and the

continued expansion of the City's network of parks and open space. The Plan provides for an average growth rate of 1% with an ultimate build-out of approximately 20,000 housing units, 405 acres of commercial, office and industrial uses, 60 acres of mixed use, and 190 acres of open space over the next twenty years. The City's Public Facilities Financing Plan which outlines the developer fee for all new infrastructure, as well as a maintenance annuity fee for services. Legal challenges to the City's General Plan have been resolved in the City's favor and the City is in the midst of Development Agreement discussions with several development groups. Due to recent downward economic trends, construction is not anticipated until 2012. However, development groups remain active in their pursuit of entitlements.

The City is also engaged in a planning process that will produce a 5-year capital investment plan. The program will be funded through redevelopment monies. Projects anticipated in the near future include a civic plaza, roadway enhancements in key commercial corridors, mixed-use development in the City's central area, and a new fire station. These projects are designed to contribute to the quality of life of existing residents while also bringing new residents and businesses to Rohnert Park.

Departmental Focus. Each year the City selects a department to highlight its efforts and accomplishments. In 2008-09, the Engineering Department has been selected.

The Engineering Department is responsible for successful project delivery to maintain the City's water distribution system, wastewater collection system, drainage system, transportation network and capital public facilities, as well as to plan, design and implement capital infrastructure expansion to support future development and carry out Rohnert Park's General Plan.

In Fiscal Year 2008-09, the department completed ten capital improvement projects totaling almost \$30 million. The projects included:

- Phase I of the Eastside Trunk Sewer, the largest capital project undertaken in the City's history at over \$13 million
- Rohnert Park City Hall, a \$8.5 million "green building" project designed to receive a Gold rating from the U.S. Green Building Council
- Rohnert Park City Center Plaza, a \$3.4 million project to create a focal point for pedestrian-oriented, mixed-used development around City Center Drive
- Two projects amounting to \$3.2 million in rehabilitation of some of the City's most well-used streets
- Over \$0.5 million in preventive maintenance for neighborhood streets
- Two projects totaling almost \$450,000 in improvements to the water system
- Construction of a new bike trail on the north side of Copeland Creek, west of Highway 101, as well as rehabilitation to deteriorated sections of the Copeland Creek Bike Path east of 101
- Bike lane striping on Rohnert Park Expressway overcrossing and east of the highway

These projects were funded from a variety of sources that included Federal and State monies dedicated for transportation improvements such as Gas Tax, Prop. 42 (Transportation Congestion Improvement Act), Transportation Development Act, and Transportation Fund for Clean Air; Measure M local sales tax proceeds; Federal-aid transportation funds received as a competitive grant for smart growth; State grant funds for use of recycled tire rubber; redevelopment bond proceeds; and sewer and water utility revenues.

This fiscal year, the Engineering Department also had about \$3.4 million in capital improvement projects in preliminary engineering, design or construction phases. Almost \$2.9 million of preventative maintenance projects for streets were in design, which received an economic stimulus boost from the American Recovery and Reinvestment Act of 2009. Other projects in design included improvements to water tanks and a video bike detection project.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled timely and accurately to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The City's internal controls are designed to provide reasonable,

but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Financial Position.

The financial downturn caused by the “dot.com” bust in the first part of the 2000’s decade began a slow, but steady, decline in the City’s financial strength. Although the City experienced significant growth in its retail and service sectors during this decade, the City’s commitment to providing a high-level of service to the community coupled with rising payroll costs created an annual structural deficit. To address this deficit, the City implemented various cost-reduction measures, such as a 2003 staff restructuring that eliminated many management and mid-management level positions. Though these measures helped address the structural deficit, they did not cure it. To continue providing a broad spectrum of municipal services at optimum levels, the City used one-time revenue sources, such as the sale of City-owned property, to balance its budget. Reserves were also used to cover shortfalls. Several key development projects were anticipated throughout the decade and were expected to fill this funding gap. These projects were not realized, primarily due to a series of lawsuits challenging development plans. The City ultimately prevailed in these suits, but resolution of the most important case came after the onset of the current global economic crisis.

The economic crisis has resulted in a substantial downturn in City revenues, particularly taxes and investment earnings. This downturn exacerbated the City’s structural deficit. In 2009, the City initiated a series of measures to address the situation: reduction in workforce (through retirement incentives and layoffs); reduction in employee compensation (primarily through furloughs); reduction or elimination of non-essential City services; and departmental restructurings meant to improve efficiencies. While, these measures reduced the budget by \$4.5 million, the City still faces a deficit that is deepening due to the worsening economy and the growing impact on the City of the State’s budget problems. With no changes, the City will run out of cash in its General Fund. In 2010, the City will cut expenditures further by focusing on delivering only core services. The City is also looking at new revenue opportunities, including a limited-term tax measure. The City is committed to the implementation of new fiscal policies that will stabilize its situation and restore financial vitality.

Budgetary Controls. The objective of budgetary controls is to assure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General, certain Special Revenue, Enterprise Funds and Community Development Commission Capital Project funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the departmental level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. All unencumbered appropriations lapse at the end of the fiscal year.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Cash Management. The following table illustrates the cash invested by the City as of June 30, 2009, by investment type:

Cash and Investments - June 30, 2009

| | | |
|-----------------------------------|----------------------|---------------|
| Sonoma County Investment Pool | \$ 163,818 | 0.2% |
| Cash, CD’s and money market funds | 15,883,146 | 19.6% |
| Guaranteed investment contracts | 33,890,305 | 41.8% |
| State Treasurer LAIF | 25,094,235 | 30.9% |
| Government securities | 6,121,436 | 7.5% |
| Total Cash & Investments | <u>\$ 81,152,940</u> | <u>100.0%</u> |

Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, obligations of U.S. Government Agencies, State of California Local Agency Investment Fund (LAIF), Sonoma County Investment Pool and mutual funds. The average yield on investments at June 30, 2009 for the City was

1.99% and for the Commission 3.97%. Both the City's and CDC's investment performance is higher than the yield rate of 0.55% for 1-yr U.S. Treasury Bills. The same is true for CDC's investment performance compared to the 5-year U.S. Treasury Note at a yield rate of 2.54%; The City's investment performance, however, was below the 5-year U.S. Treasury Note, as investments were placed for the short-term to reflect the City's cautious position of having sufficient idle cash to meet the cash flow requirements created by the structural deficit. Investments are placed in accordance with the investment policy, which includes the criteria for selecting investments with a priority of safety first, then liquidity, and last, yield. All CDs are FDIC secured and the City works with two brokerage firms to find attractive investment opportunities. Over the past year, interest rates have steadily declined and are forecasted to continue to decline with the downturn in the economy and credit crisis. Close to 81% of the Commission's cash is from bond proceeds that are invested in short-term treasury notes and guaranteed investment contracts for immediate liquidity for capital spending.

Risk Management. The City is a member of Redwood Empire Municipal Insurance Fund (REMIF), a joint powers authority composed of cities located in Northern California. The City maintains coverage for property, liability and workers' compensation through REMIF. As of June 30, 1995, REMIF discontinued its indemnity-type health insurance program and accordingly, the City presently contracts with Blue Cross. Other health related employee fringe benefit programs used to be self-administered by the City and funded by the General Fund. The City presently contracts with Delta Dental for dental benefits and V.S.P. for vision benefits. During the fiscal year, the City received a refund of \$187,439 for the liability program. For 2009-10, the City's workers' compensation premium increased 8% and the liability/property/auto premium increased 10% based on experience rates and the value of insured properties.

OTHER INFORMATION

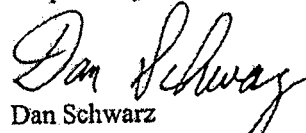
Independent Audit. Management considers an annual audit by independent certified public accountants a sound and prudent business practice. The accounting firm of Odenberg Ullakko Muranishi & Co. LLP performed the annual audit for the City during 2008-2009. The independent auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

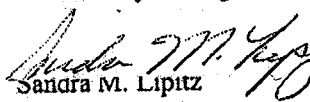
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the twenty-seventh consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,


Dan Schwarz
Interim City Manager


Sandra M. Lipitz
Director of Administrative Services/City Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rohnert Park
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director



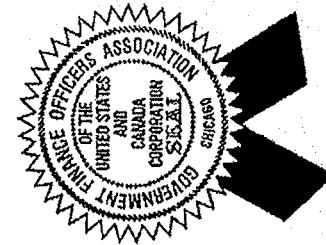
The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

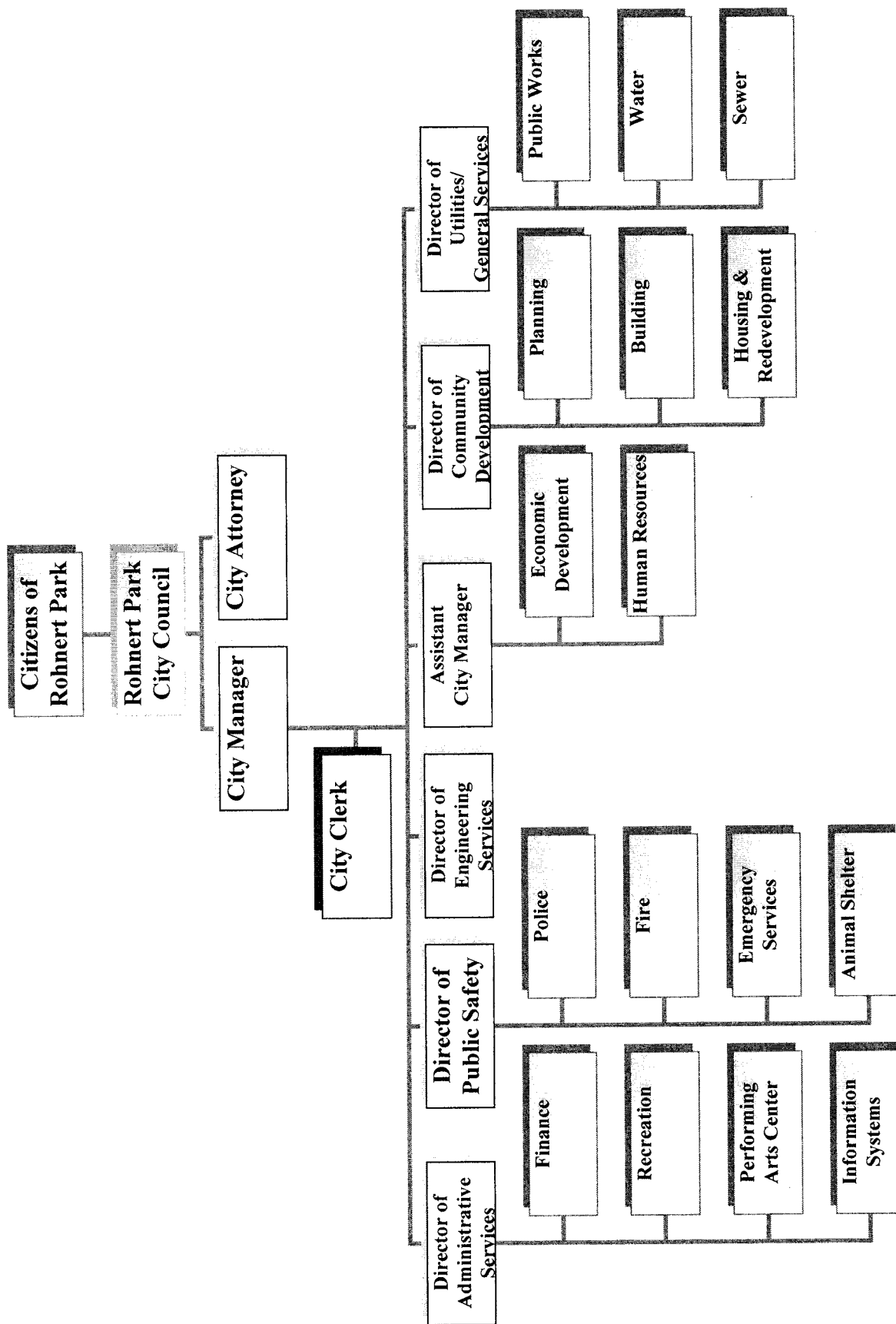
Finance Department
City of Rohnert Park, California



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Date September 8, 2009



CITY OF ROHNERT PARK

LIST OF PRINCIPAL OFFICIALS

City Council

Amie Breeze (Mayor)

Gina Belforte (Vice Mayor)

Joe Callinan

Jake Mackenzie

Pam Stafford

City Staff

Interim City Manager

Dan Schwarz

Assistant City Manager

Dan Schwarz

City Attorney

Michelle Kenyon

Director of Administrative Services/City Treasurer

Sandra M. Lipitz

Director of Public Safety

Brian Masterson

Director of Development Services/City Engineer

Darrin Jenkins

Director of Public Works and Community Services

John McArthur

City Clerk

Judy Hauff

Advisory Commissions or Committees

Rohnert Park Association of the Arts

Mobile Home Rent Appeals Board

Parks and Recreation Commission

Planning Commission

Senior Citizens Advisory Commission

Cultural Arts Commission

Sister City Relations Committee

Bicycle Advisory Committee

December 10, 2009

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of Rohnert Park, California

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rohnert Park, California, (the "City") as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic 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 for 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rohnert Park as of June 30, 2009, and the respective changes in financial position and cash flows where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 10, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying required supplementary information, such as Management's Discussion and Analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basis financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rohnert Park's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, 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 nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Odeberg Ulatko Murainshi & Co LLP

San Francisco, California

City of Rohnert Park
Management's Discussion and Analysis
June 30, 2009

This section of the City of Rohnert Park's Comprehensive Annual Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities at the close of the 2008-2009 fiscal year by \$106,110,437 (*net assets*). Of this amount, \$28,582,243 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors, \$13,873,842 is restricted for specific purposes (*restricted net assets*), and \$63,654,352 is invested in capital assets, net of related debt.
- The City's total net assets decreased by \$5,767,918 during the fiscal year. Business-type activities decreased by \$484,863, which was mainly attributable to the rollback of sewer utility rates to the rate in place January 1, 2006 required by the Measure L sewer initiative adopted in December 2008. Governmental activities decreased by \$5,283,055 due to the required recording of the unfunded other postemployment retirement benefits ("OPEB") cost of \$3,027,000, as well as a reduction in sales tax revenue of approximately \$1million.
- The City's capital assets increased by \$4,062,665 due to a major emphasis on capital projects to eliminate blight, improve street and roadways, improve water and sewer infrastructure and build a new City Hall. This resulted in a decrease of \$16,110,383 in restricted cash and investments.
- As of June 30, 2009, the City's governmental funds reported combined ending fund balances of \$76,963,404, a net decrease of \$16,700,522. The decrease relates primarily to the reduction in restricted cash and investments, as well as a reduction in General Fund revenue. As mentioned above, the bond proceeds were used to purchase capital items, which are not reported on the governmental funds balance sheet. Approximately 23% of the combined fund balances, or \$17,852,368, is available to meet the City's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$9,589,701, or 33% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements. This report also contains required and other **supplementary information** in addition to the basic financial statements themselves.

Government-wide Financial Statements are designed to provide readers with a broad overview of City finances, in a manner similar to a private-sector business.

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

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

City of Rohnert Park
Management's Discussion and Analysis
June 30, 2009

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, and other. The business-type activities of the City include water operations, sewer operations and refuse collection operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also legally separate entities, the Community Development Commission of the City of Rohnert Park (the Commission), and the Rohnert Park Financing Authority (the Financing Authority), for which the City is financially accountable. Included within the governmental activities of the government-wide financial statements are the operations of the Commission and the Financing Authority.

Fund Financial Statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects and permanent funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund; Commission's Capital Projects Fund and Housing Projects Fund; Financing Authority; and the City Capital Projects Fund; all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation entitled "other governmental funds". Individual and combining fund data for each of these nonmajor governmental funds is provided as supplementary information elsewhere in this report.

Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or internal units of departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

- *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the water, sewer, and refuse collection operations.
- *Internal service funds* are used to report activities that provide supplies and services for certain City programs and activities. The City uses an internal service fund to account for information systems services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

City of Rohnert Park
Management's Discussion and Analysis
June 30, 2009

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City's private-purpose trust fund is reported under the fiduciary funds. Since the resources of this fund are not available to support the City's own programs, it is not reflected in the government-wide financial statements. The accounting used for the private-purpose trust fund is much like that used for proprietary funds.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The required supplementary information includes the City's General Fund budgetary comparison schedule. The City adopts an annual appropriated budget for its General Fund, and a budgetary comparison schedule has been provided to demonstrate compliance with this budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table represents a comparative analysis of the net assets of governmental and business-type activities for the years ended June 30, 2009 and June 30, 2008:

| | Statement of Net Assets | | | | | |
|--|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Current and other assets | \$ 83,678,519 | \$ 98,923,954 | \$ 25,791,435 | \$ 24,683,990 | \$ 99,414,229 (a) | \$ 117,045,384 |
| Capital assets, net | 84,501,441 | 81,175,847 | 36,311,834 | 35,574,763 | 120,813,275 | 116,750,610 |
| Total assets | <u>168,179,960</u> | <u>180,099,801</u> | <u>62,103,269</u> | <u>60,258,753</u> | <u>220,227,504</u> | <u>233,795,994</u> |
| Current and other liabilities | 8,684,684 | 4,529,433 | 11,848,428 | 9,049,293 | 10,477,387 (a) | 7,016,166 |
| Long-term liabilities | 85,120,968 | 95,913,005 | 18,518,712 | 18,988,468 | 103,639,680 | 114,901,473 |
| Total liabilities | <u>93,805,652</u> | <u>100,442,438</u> | <u>30,367,140</u> | <u>28,037,761</u> | <u>114,117,067</u> | <u>121,917,639</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 46,572,533 | 41,665,445 | 17,081,819 | 18,976,107 | 63,654,352 | 60,641,552 |
| Restricted | 13,873,842 | 17,660,944 | - | - | 13,873,842 | 17,660,944 |
| Unrestricted | <u>13,927,933</u> | <u>20,330,974</u> | <u>14,654,310</u> | <u>13,244,885</u> | <u>28,582,243</u> | <u>33,575,859</u> |
| Total net assets | <u>\$ 74,374,308</u> | <u>\$ 79,657,363</u> | <u>\$ 31,736,129</u> | <u>\$ 32,220,992</u> | <u>\$ 106,110,437</u> | <u>\$ 111,878,355</u> |

(a) The total column for 2009 and 2008 includes the elimination of the advance from the CDC to the Sewer Fund of \$10,055,725 and \$6,562,560, respectively, to eliminate the effects of interfund activity.

Note: Certain amounts within the 2008 governmental activities net assets have been reclassified to conform with the 2009 presentation. These reclassifications had no effect upon the reported net assets or changes in net assets for 2008.

Analysis of Net Assets – As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$106.1 million at the close of the current fiscal year. Total assets decreased by \$13.6 million during the year. This decrease is comprised of a decrease in current assets of \$17.6 million offset by an increase in net capital assets of \$4.1 million. Restricted cash and investments accounted for most of the decrease in current assets (\$16.1 million), which was mainly attributable to the use of the Commission's bond proceeds for capital projects and the tender of \$9.6 million in bond proceeds from the 2007 Housing Bonds. Capital assets increased by \$4.1 million due to a major emphasis on capital projects to eliminate blight, improve street and roadways, improve water and sewer infrastructure and build a new City Hall.

Total liabilities decreased by \$7.8 million during the year. This decrease is comprised of an increase in current and other liabilities of \$3.5 million offset by a decrease in long-term liabilities of \$11.3 million. The increase in current

City of Rohnert Park
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and other liabilities primarily relates to an increase in accounts payable of \$.4 million, and an increase in OPEB liability of \$3 million upon the adoption of GASB 45. Long-term liabilities decreased due to the debt service payments on the outstanding bonds, as well as the \$9.6 million tender on the 2007 Housing Bonds.

A portion of the City's net assets (27%) represents *unrestricted net assets* of \$28.6 million, which may be used to meet the City's ongoing obligations to citizens and creditors.

Another significant portion of the City's net assets is the \$63.7 million (60%) that reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets of \$13.9 million (13%) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the City reported positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

City of Rohnert Park
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The following table indicates the comparative changes in net assets for governmental and business-type activities for fiscal year June 30, 2009 and 2008:

| | Statement of Activities | | | |
|--|-------------------------|---------------|--------------------------|---------------|
| | Governmental Activities | | Business-type Activities | |
| | 2009 | 2008 | 2009 | 2008 |
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 4,225,462 | \$ 5,060,017 | \$ 22,489,787 | \$ 24,166,356 |
| Operating grants and contributions | 3,366,714 | 2,628,459 | - | - |
| Capital grants and contributions | 1,480,622 | 1,991,493 | 214,617 | 566,411 |
| General revenues: | | | | |
| Property taxes | 16,989,860 | 17,054,597 | - | - |
| Franchise taxes | 1,411,622 | 1,440,749 | - | - |
| Other taxes | 1,812,696 | 2,016,907 | - | - |
| State contributions not restricted to specific programs: | | | | |
| Sales taxes | 6,172,593 | 7,236,048 | - | - |
| Motor vehicle license fees | 3,042,186 | 3,142,034 | - | - |
| Investment income | 3,726,188 | 4,256,977 | 352,519 | 458,866 |
| Other | 1,986,180 | 5,089,703 | - | - |
| Total revenues | 44,214,123 | 49,916,984 | 23,056,923 | 25,191,633 |
| Expenses: | | | | |
| General government | 16,036,110 | 12,955,293 | - | - |
| Public safety | 19,823,047 | 20,758,556 | - | - |
| Public works | 4,050,312 | 4,421,182 | - | - |
| Parks and recreation | 4,687,184 | 4,979,212 | - | - |
| Cultural Arts Center | 841,126 | 902,319 | - | - |
| Interest on long-term debt | 4,586,047 | 4,629,601 | - | - |
| Water | - | - | 6,306,127 | 7,122,292 |
| Sewer | - | - | 11,318,825 | 9,830,647 |
| Refuse collection | - | - | 5,390,186 | 5,344,215 |
| Total expenses | 50,023,826 | 48,646,163 | 23,015,138 | 22,297,154 |
| Excess (deficiency) before transfers | (5,809,703) | 1,270,821 | 41,785 | 2,894,479 |
| Transfers | 526,648 | 518,348 | (526,648) | (518,348) |
| Change in net assets | (5,283,055) | 1,789,169 | (484,863) | 2,376,131 |
| Net assets, beginning of year | | | | |
| As previously reported | 79,657,363 | 64,791,795 | 32,220,992 | 29,844,861 |
| Prior period adjustment | - | 13,076,399 | - | - |
| Restated | 79,657,363 | 77,868,194 | 32,220,992 | 29,844,861 |
| Net assets, end of year | \$ 74,374,308 | \$ 79,657,363 | \$ 31,736,129 | \$ 32,220,992 |

Note: 2009 includes the elimination of gain on sale of land of \$2,995,000 sold by the City to the Commission

City of Rohnert Park
Management's Discussion and Analysis
June 30, 2009

Governmental activities. Governmental activities decreased the City's net assets by \$5,283,055.

Key elements of the change in net assets are as follows:

- The City's governmental activities Charges for Services revenues decreased by \$.8 million due to a decline in development activity and consequently less revenue in building permits, engineering fees and developer fees. Capital Grants and Contributions decreased by \$.5 million due to no funding.
- The City's General Revenues decreased in the areas of sales tax and property tax as a result of the continued decline in the economy and in investment rates. Sales tax decreased by \$1.1 million and investment income decreased by \$.5 million.
- Total expenses increased by \$1.4 million (2.8%). Operating expenses were reduced as the City made a concerted effort to control costs; however, per GASB 45, the City recorded an OPEB unfunded liability of \$3 million for retiree health and life insurance benefits. (see Note 10 of notes to the financial statements)

Business-type activities. Business-type activities decreased the City's net assets by \$484,863. Key factors of this increase are as follows:

- The Water Fund net assets increased by \$340,880 as revenues from operations exceeded expenditures. Revenue from operations increased by \$288,727 due to an 11% rate increase which was effective October 1, 2008. Expenses decreased by \$816,165 from the prior year due mainly to vacancies in the Water Department, as well as an increase in the pumping versus purchased water ratio.
- The Sewer Fund net assets decreased by \$990,550 as revenues declined by \$2,066,096 due to the implementation of the Measure L sewer initiative on December 14, 2008 which required the City to rollback the sewer rates to the rate in effect on January 1, 2006. The City is currently conducting a review of both the water and sewer rates to analyze the rate structure and determine the revenue base necessary to support the operations. Expenses increased \$1,496,147 due an 8% increase in the cost of the subregional sewer system (\$613,898). Also, during fiscal year 2008, the City received refunds of \$856,460 from the City of Santa Rosa after a review of the subregional sewer system operational costs; however, in fiscal year 2009, the review did not result in any refunds.
- The refuse collection net assets increased by \$164,807. This increase was due an increase in the refuse rates to cover increased expenses.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses **fund accounting** to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the City's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, special revenue funds, debt service funds, capital projects funds and the Permanent Fund.

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$76,963,404, a decrease of \$16,700,522 in comparison with the prior year. Of this total amount, \$17,852,368 constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is *not* available for new spending because: 1) it reflects fund equity in assets that are long-term in nature and thus, do not represent available spendable resources (\$20,946,877); 2) it is restricted

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for housing projects (\$13,116,873); 3) it is restricted for street projects (\$636,662); 4) it is restricted for community development projects (\$21,237,647); 5) it is restricted to pay debt service (\$1,757,450); 6) it represents prepaid items and other assets (\$149,676), and 7) it represents an endowment, of which the principal may not be spent (\$1,265,851).

For the fiscal year ended June 30, 2009, revenues for governmental funds totaled \$42,222,871, while expenditures totaled \$64,204,655. Expenditures from governmental funds exceeded revenues by \$21,981,784.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$9,589,701 while total fund balance was \$12,168,653. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 33% of total General Fund expenditures of \$29,220,728, while total fund balance represents 42% of that same amount.

The fund balance in the City's General Fund decreased by \$4,250,756 during the fiscal year, primarily due to a decline in revenues by \$2,848,488 and the cost to complete the new City Hall of approximately \$1.5 million. The City's General Fund sales tax decreased by \$1,063,455 or 14.7% as economic conditions declined. Investment earnings declined by \$508,417, as interest rates continued to decrease and reserves were used to cover the operating deficit. Expenditures decreased \$918,954 by freezing vacant positions and reducing operation cost for materials, supplies and equipment. In addition, the City sold surplus land for a net of \$3,995,000 to help offset the deficit. Overall, the General Fund's performance resulted in expenditures in excess of revenues in the fiscal year ended June 30, 2009 by \$4,250,756. It is apparent that the City's major sources of revenue are far below the amount necessary to sustain the City's cost of operation, of which 75% are in salaries and benefits.

The Community Development Commission Capital Projects and Housing Projects funds fund balances decreased by \$3,650,223 and \$7,487,179, respectively, as restricted cash and investments was used to fund capital projects and \$9,630,000 of debt was tendered to reduce the Housing Fund's annual debt service. The Financing Authority Fund balance increased by \$23,792 as the Authority earned interest on bond proceeds. The City Capital Projects Fund balance decreased by \$824,796 as projects were funded in advance of developer fees and grants.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net assets for the Water Fund were \$4,062,746, the Sewer Fund \$9,727,723, and the Refuse Collection Fund \$863,841.

The total decrease in net assets for proprietary funds was \$484,863. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities.

Fiduciary funds. The City's fiduciary fund consists of the Special Enforcement Unit – South (Private-purpose Trust Fund). The Special Enforcement Unit – South accounts for assets seized by the Department of Public Safety. Net assets in the Special Enforcement Unit – South Fund increased by \$6,066.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was one amendment to the 2008-09 budget, the Council's travel budget was reduced by \$18,728 in an effort to reduce costs. Highlights of the budget are:

- Total operating revenues were budgeted at \$23.5 million, about \$1.4 million lower than the 2007-08 budget. Some revenue projections, like sales tax, which was based on the City's sales tax consultant's estimate, fell significantly below budget due to the recession. Declining economic conditions also negatively impacted property tax, transient occupancy tax and the state motor vehicle in-lieu tax. Investment earnings did not meet budget expectations as interest rates continued to decline and available idle cash was used to offset the growing deficit. Building permits, engineering fees and fire inspections were also below budget as the weak economy

City of Rohnert Park
Management's Discussion and Analysis
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impacted plans for new development. Recreation and Performing Arts Center targeted revenues were reduced in anticipation of less participation from the public; however, attendance in programs, performances and events was even less than budgeted. Overall, revenue performance was unfavorable to budget by \$2,329,677.

- Total expenditures (including enterprise fund and Community Development Commission allocations) were budgeted at \$30.9 million, a decrease of \$0.3 million over the previous year's budget. The City made a concerted effort to reduce departmental operating budgets to the minimum requirements to provide the current level of service. Total expenditures were under budget by \$1,682,919 for the fiscal year, primarily due to a freeze on vacant positions that did not impact health and safety, the postponement of facility maintenance and tighter controls on materials, supplies and equipment.
- Total reserves were budgeted to increase by \$4.6 million, primarily through the sale of surplus property (\$10.6 million), with 5.8 million used to offset the deficit, \$2 million allocated to the Retired Employee Health Insurance Reserve to fully fund the required contribution) and the balance of \$2.8 million allocated to the General Fund Endowment Reserve. However, due to the delayed sale of some of the parcels (\$6 million) and the deficit ending up at close to \$7 million, there were no excess funds available to set aside in the reserves. Furthermore, it was necessary to draw an additional \$1.8 million from the reserves to close the gap. Total reserves at the end of fiscal year 2009 were approximately \$8.9 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounted to \$120,813,275 (net of accumulated depreciation). This investment in capital assets includes land and easements, infrastructure, structures and improvements, equipment, and construction in progress. Major capital asset events during the current fiscal year included the following:

- For government activities, construction in progress increased by a net of \$5,742,190 due in part to the continuance of several projects: City Hall (\$2.5 million); Rohnert Park Expressway Maintenance (\$0.6 million), 2007 Streets Rehab Project (\$0.4 million), Copeland Creek Bike Path (\$0.4 million) 2008 Various Street Surface Repair (\$0.5 million), Overland/Reconstruction Lancaster Drive (\$0.5 million), City Center Plaza Development (\$2.4 million) and other miscellaneous projects. In total, \$7.8 million was spent on open projects, while \$2.4 million of completed projects were transferred to structures and improvements. During the year, the City transferred \$569,292 for five park playground renovations, \$151,650 for the RPX Bike Lane, \$203,357 for the Westside Public Safety Facility, \$627,141 for the Rohnert Park Community Center Improvements, \$400,412 for Martin Avenue Storm Drain, \$352,482 for Public Safety Parking Lot and a few miscellaneous projects totaling \$101,806.
- For business-type activities, construction in progress increased by \$2,157,698, due primarily to the continuance of a few major water and sewer projects, the Eastside Sewer Main project (\$1.4 million) the Canon Manor Sewer Project (\$0.2 million), Cathodic Protection Tanks 3 & 4 (\$0.2 million). The City did not complete any water or sewer projects during the fiscal year.

For government-wide financial statement presentation, all depreciable capital assets were from acquisition date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures.

City of Rohnert Park
Management's Discussion and Analysis
June 30, 2009

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

| | Governmental activities | | Business-type activities | | Total | | Increase/ (Decrease) |
|---|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|-------------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | Percent of Change |
| Land and easements | \$ 8,564,276 | \$ 8,564,276 | \$ - | \$ - | \$ 8,564,276 | \$ 8,564,276 | 0.0% |
| Infrastructure, structures and improvements | 113,461,278 | 111,319,599 | 21,029,308 | 21,907,803 | 134,490,586 | 133,227,402 | 0.9% |
| Equipment | 13,802,700 | 13,592,259 | 2,783,331 | 3,275,167 | 16,586,031 | 16,867,426 | -1.7% |
| Construction in progress | 20,888,419 | 15,146,229 | 28,325,437 | 26,167,739 | 49,213,856 | 41,313,968 | 19.1% |
| Accumulated depreciation | (72,215,232) | (67,446,516) | (15,826,242) | (15,775,946) | (88,041,474) | (83,222,462) | 5.8% |
| Total | <u>\$ 84,501,441</u> | <u>\$ 81,175,847</u> | <u>\$ 36,311,834</u> | <u>\$ 35,574,763</u> | <u>\$ 120,813,275</u> | <u>\$ 116,750,610</u> | <u>3.5%</u> |

The City's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34.

Additional information about the City's capital assets can be found in Note 7 to the financial statements.

Debt Administration

At June 30, 2009, the City had total long-term debt outstanding of \$102,177,675, excluding compensated absences, which was comprised of \$16,289,884 of certificates of participation, \$5,727,733 of lease revenue refunding bonds, \$72,919,668 of tax allocation bonds, \$6,028,828 of water revenue bonds and \$1,211,562 of capital leases. Long-term debt decreased by \$11,318,386 due to principal payments made during the year on the outstanding bonds, as well as a tender of \$9.6 million of bond proceeds on the 2007 Housing Bonds.

The City's Ordinance imposes a limit on the amount of general obligation bonds the City can have outstanding at any give time. As of June 30, 2009, the City's debt limit (15% of assessed valuation) was \$608 million. At June 30, 2009, the City did not have any debt applicable to the limit outstanding.

| | Governmental activities | | Business-type activities | | Total | | Increase/ (Decrease) |
|--|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|-------------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | Percent of Change |
| Certificates of participation | \$3,800,000 | \$3,960,000 | \$12,489,884 | \$12,742,496 | \$16,289,884 | \$16,702,496 | -2.5% |
| Lease revenue refunding bonds including discount and deferred loss on refunding | 5,727,733 | 5,936,515 | - | - | 5,727,733 | 5,936,515 | -3.5% |
| Tax allocation bonds, including accretion, premium and deferred loss on refunding | 72,919,668 | 83,072,380 | - | - | 72,919,668 | 83,072,380 | -12.2% |
| Water revenue bonds, net of discount | - | - | 6,028,828 | 6,245,972 | 6,028,828 | 6,245,972 | -3.5% |
| Capital leases | 1,211,562 | 1,538,698 | - | - | 1,211,562 | 1,538,698 | -21.3% |
| Compensated absences | 1,462,005 | 1,405,412 | - | - | 1,462,005 | 1,405,412 | 4.0% |
| Total | <u>\$ 85,120,968</u> | <u>\$ 95,913,005</u> | <u>\$ 18,518,712</u> | <u>\$ 18,988,468</u> | <u>\$ 103,639,680</u> | <u>\$ 114,901,473</u> | <u>-9.8%</u> |

Additional information about the City's long-term obligations can be found in Note 8 to the financial statements.

City of Rohnert Park
Management's Discussion and Analysis
June 30, 2009

Economic Factors and Next Year's Budget and Rates

- Sonoma County's economy, like the State and Nation, has declined dramatically over the prior year and continues to contract. Weak consumer spending is keeping the County in a recession. Since 2006, the County has lost 9% of jobs, over 2% more than the Nation. The unemployment rate has risen to 9.6% and is above the National rate, but 2% below the State's rate. Wine related industries and technology manufacturing industries have created the most job losses in recent months.
- As stated above, the wine related industries have experienced major layoffs in the metro areas during the first half of 2009. Consumer spending on high priced wines has fallen. The County is optimistic that the anticipated economic recovery during that begins during the second half of 2010 will spark the demand for luxury items, including expensive wines.
- Housing prices are expected to continue to fall and bottom out by the first half of 2010 at about 46% of their peak price of 2006 (\$575,000), a loss in property value of \$310,500. Foreclosures jumped in the second quarter of 2009 and are expected to continue as a result of job loss and difficulty obtaining mortgage credit. On a positive note, housing affordability levels are at their highest level in over two decades. Sixty-three percent of households are now able to afford an entry-level home in Sonoma County.
- Property taxes were reduced by 9% from prior year based on a recent valuation from the County Assessor's Office.
- Sales in Rohnert Park declined 15% (\$1.063 million) over the prior year. In the past, the City's diversified business mix has always weathered downturns in the economy, but the recession has had a large impact on sales tax revenue. In the last two years, the City has experienced a combined loss of about \$1.5 million in sales tax dollars. For the first time, the City saw a reduction in department store sales and restaurant sales, a definite sign that the recession has hit hard in Sonoma County. Furthermore, the recession continues to impact the construction and business-to-business sectors. During the year, many businesses reduced their operations and expenditures and some businesses, including large chains, closed their doors. The lack of new development, as well as commercial reconstruction and home remodels, has held the construction sector down for another year. As sales tax is the largest source of revenue for the Rohnert Park General Fund (31%), the City is focusing on economic development to attract new business and is working with the chamber to assist local businesses. The 2009-10 sales tax projection is about \$117,000 less than last year's receipts; however, based on the State's revised allocations, it is most likely that the City's revenue will be about \$500K - \$700K less than budget.
- One of the sectors strongly impacted by a recession is Tourism, due to the contraction of discretionary spending. The decrease in the number of visitors to the County is expected to continue until 2010. Hotel occupancy and taxes fell in the first half of 2009. Transient Occupancy Tax for the City was about \$178,000 (9%) below budget. Leisure and hospitality employment is expected to fall by 9% from its peak in 2008. The long term outlook for tourism is strong as the County has developed a reputation as a premier tourist destination within California.
- Based on declining economic conditions, the City offered a "Golden Handshake" to all eligible employees and twenty-one employees retired before September 1, 2009. The City also laid off five full time positions, three Community Services Officers and two Public Safety Officers, and froze some vacant full-time positions. In addition, the City recently completed bargaining with some of the units and successfully negotiated furlough hours over a two-year contract. The estimated reduction in costs from these measures is approximately \$3.4 million.
- Operations expenditures were reviewed and reduced by 10 to 15 percent, which included reductions in janitorial, telephone, supplies and other expenses; postponement of equipment purchases and major building maintenance; the closure of two swimming pools; reduced programs at the recreation centers and fewer performances at the Performing Arts Center, with no in-house productions. The City also brought the landscape contract in-house, adding additional Public Works staff, for an estimated annual savings of \$300,000.

City of Rohnert Park
Management's Discussion and Analysis
June 30, 2009

- The City participated in the Proposition 1A Securitization Program and pledged its receivable of \$601,604. The bonds were successfully sold on November 10, 2009 and the City will receive 100% of its property tax funding in two equal installments on the scheduled dates of January 15, 2010 and May 3, 2010.
- The City's general fund deficit for fiscal year 2009 was partially offset by the sale of surplus property (\$4 million). The projected deficit for the fiscal year 2010 budget is \$3.2 million, with revenues adjusted downward to reflect the worsening economy. Based on recent sales tax projection, the deficit will most likely grow by at least \$500,000 to \$700,000. It is uncertain whether the property tax and motor vehicle in-lieu tax receipts will be close to budget as the first installment payment will not be received until December, 2009.

All of these factors were considered in preparing the City's budget for fiscal year 2010.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administrative Services, P.O. Box 1489, Rohnert Park, CA 94927-1489.

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CITY OF ROHNERT PARK

STATEMENT OF NET ASSETS

JUNE 30, 2009

| | Primary Government | | | |
|--|----------------------------|---------------------------------|---------------------|-----------------------|
| | Governmental Activities | Business- type Activities | Eliminations | Total |
| ASSETS | | | | |
| Cash and investments | \$ 22,047,613 | \$ 12,042,718 | \$ - | \$ 34,090,331 |
| Receivables, net of allowance | 3,168,192 | 3,791,054 | | 6,959,246 |
| Prepaid items and other assets | 149,676 | - | | 149,676 |
| Restricted cash and investments | 37,502,790 | 9,475,442 | | 46,978,232 |
| Loans and notes receivable, net | 9,171,156 | - | | 9,171,156 |
| Advances to Enterprise Fund | 10,055,725 | - | (10,055,725) | - |
| Deferred costs of issuance | 1,583,367 | 482,221 | | 2,065,588 |
| Capital assets: | | | | |
| Nondepreciable assets | 29,452,695 | 28,325,437 | | 57,778,132 |
| Depreciable assets, net of accumulated depreciation | 55,048,746 | 7,986,397 | | 63,035,143 |
| | <u>168,179,960</u> | <u>62,103,269</u> | <u>(10,055,725)</u> | <u>220,227,504</u> |
| LIABILITIES | | | | |
| Accounts payable | 3,337,227 | 1,158,377 | | 4,495,604 |
| Accrued liabilities | 483,607 | - | | 483,607 |
| Deposits | 206,767 | 525,638 | | 732,405 |
| Advances from CDC | - | 10,055,725 | (10,055,725) | - |
| Unearned revenue | 259,510 | - | | 259,510 |
| Interest payable | 1,370,573 | 108,688 | | 1,479,261 |
| Net OPEB liability (Note 10) | 3,027,000 | - | | 3,027,000 |
| Long-term liabilities: | | | | |
| Due within one year | 2,599,138 | 484,758 | | 3,083,896 |
| Due in more than one year | 82,521,830 | 18,033,954 | | 100,555,784 |
| | <u>93,805,652</u> | <u>30,367,140</u> | <u>(10,055,725)</u> | <u>114,117,067</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 46,572,533 | 17,081,819 | | 63,654,352 |
| Restricted for: | | | | |
| Housing projects | 9,795,829 | - | | 9,795,829 |
| Street projects | 955,163 | - | | 955,163 |
| Community development projects | 99,549 | - | | 99,549 |
| Debt service | 1,757,450 | - | | 1,757,450 |
| Performing Arts Center Endowment | 1,265,851 | - | | 1,265,851 |
| Unrestricted | 13,927,933 | 14,654,310 | | 28,582,243 |
| | <u>\$ 74,374,308</u> | <u>\$ 31,736,129</u> | <u>\$ -</u> | <u>\$ 106,110,437</u> |

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

| | | Program Revenues | |
|--------------------------------|---------------|-------------------------|--|
| | | Charges for Services | Operating Grants and Contributions |
| FUNCTION/PROGRAM ACTIVITIES: | Expenses | | |
| Primary government: | | | |
| Governmental activities: | | | |
| General government | \$ 16,036,110 | \$ 1,137,111 | \$ 705,044 |
| Public safety | 19,823,047 | 623,483 | 853,611 |
| Public works | 4,050,312 | 859,348 | 1,741,639 |
| Parks and recreation | 4,687,184 | 1,156,550 | - |
| Cultural Arts Center | 841,126 | 448,970 | 66,420 |
| Interest on long-term debt | 4,586,047 | - | - |
| Total governmental activities | 50,023,826 | 4,225,462 | 3,366,714 |
| Business-type activities: | | | |
| Water | 6,306,127 | 6,630,287 | - |
| Sewer | 11,318,825 | 10,304,507 | - |
| Refuse Collection | 5,390,186 | 5,554,993 | - |
| Total business-type activities | 23,015,138 | 22,489,787 | - |
| Total primary government | \$ 73,038,964 | \$ 26,715,249 | \$ 3,366,714 |

General revenues:

Property taxes

Franchise taxes

Transient occupancy taxes

Real property transfer taxes

State contributions not restricted to specific programs:

Sales taxes

Motor vehicle license fees

Rental income

Investment income

Gain on sale of capital assets

Gain on retirement of bonds

Other

Transfers

Total general revenues and transfers

Change in net assets

NET ASSETS, BEGINNING OF YEAR,

NET ASSETS, END OF YEAR

See accompanying notes to the basic financial statements.

| Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Assets | | |
|--|---|---------------------------------|-----------------|
| | Primary Government | | |
| | Governmental Activities | Business- type Activities | Total |
| \$ - | \$ (14,193,955) | \$ - | \$ (14,193,955) |
| - | (18,345,953) | - | (18,345,953) |
| 1,480,622 | 31,297 | - | 31,297 |
| - | (3,530,634) | - | (3,530,634) |
| - | (325,736) | - | (325,736) |
| - | (4,586,047) | - | (4,586,047) |
| 1,480,622 | (40,951,028) | - | (40,951,028) |
| 164,379 | - | 488,539 | 488,539 |
| 50,238 | - | (964,080) | (964,080) |
| - | - | 164,807 | 164,807 |
| 214,617 | - | (310,734) | (310,734) |
| \$ 1,695,239 | (40,951,028) | (310,734) | (41,261,762) |
| | 16,989,860 | - | 16,989,860 |
| | 1,411,622 | - | 1,411,622 |
| | 1,722,049 | - | 1,722,049 |
| | 90,647 | - | 90,647 |
| | 6,172,593 | - | 6,172,593 |
| | 3,042,186 | - | 3,042,186 |
| | 31,823 | - | 31,823 |
| | 3,726,188 | 352,519 | 4,078,707 |
| | 997,720 | - | 997,720 |
| | 759,614 | - | 759,614 |
| | 197,023 | - | 197,023 |
| | 526,648 | (526,648) | - |
| | 35,667,973 | (174,129) | 35,493,844 |
| | (5,283,055) | (484,863) | (5,767,918) |
| | 79,657,363 | 32,220,992 | 111,878,355 |
| \$ 74,374,308 | \$ 31,736,129 | \$ 106,110,437 | |

See accompanying notes to the basic financial statements

CITY OF ROHNERT PARK

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

| | General | Community Development Commission | | | | Financing Authority | City Capital Projects | Other Governmental Funds | Total |
|-------------------------------------|----------------------|----------------------------------|----------------------|---------------------|-------------------|---------------------|-----------------------|--------------------------|---------------|
| | | Capital Projects | Housing Projects | Debt Service | | | | | |
| ASSETS | | | | | | | | | |
| Cash and investments | \$ 10,789,323 | \$ 6,290,269 | \$ - | \$ - | \$ - | \$ - | \$ 105,104 | \$ 4,862,917 | \$ 22,047,613 |
| Receivables, net: | | | | | | | | | |
| Taxes | 1,425,990 | 87,162 | - | - | - | - | - | 15,857 | 1,529,009 |
| Accounts | 424,983 | 388,310 | - | - | - | - | 248,796 | 418,221 | 1,480,310 |
| Accrued interest | 156,188 | 2,685 | - | - | - | - | - | - | 158,873 |
| Due from other funds | 60,503 | 288,500 | 13,927 | - | - | - | - | - | 362,930 |
| Prepaid items and other assets | 149,676 | - | - | - | - | - | - | - | 149,676 |
| Restricted cash and investments | 157,979 | 21,237,647 | 13,468,968 | 1,757,105 | 880,746 | - | - | 345 | 37,502,790 |
| Loans and notes receivable, net | 195,276 | - | 8,975,880 | - | - | - | - | - | 9,171,156 |
| Advances to other funds | 2,234,000 | 10,055,725 | - | - | - | - | - | - | 12,289,725 |
| | <u>\$ 15,593,918</u> | <u>\$ 38,350,298</u> | <u>\$ 22,458,775</u> | <u>\$ 1,757,105</u> | <u>\$ 880,746</u> | <u>\$ 353,900</u> | <u>\$ 5,297,340</u> | <u>\$ 84,692,082</u> | |
| LIABILITIES | | | | | | | | | |
| Accounts payable | \$ 1,856,248 | \$ 433,369 | \$ 365,821 | \$ - | \$ - | \$ - | \$ 681,789 | \$ - | \$ 3,337,227 |
| Accrued liabilities | 483,607 | - | - | - | - | - | - | - | 483,607 |
| Due to other funds | 288,500 | 24,229 | 201 | - | - | - | - | 50,000 | 362,930 |
| Deposits | 206,767 | - | - | - | - | - | - | - | 206,767 |
| Deferred revenue | 590,143 | - | 514,004 | - | - | - | - | - | 1,104,147 |
| Advances from other funds | - | 2,234,000 | - | - | - | - | - | - | 2,234,000 |
| | <u>3,425,265</u> | <u>2,691,598</u> | <u>880,026</u> | <u>-</u> | <u>-</u> | <u>681,789</u> | <u>50,000</u> | <u>7,728,678</u> | |
| FUND BALANCES (DEFICIT) | | | | | | | | | |
| Reserved for: | | | | | | | | | |
| Prepaid items and other assets | 149,676 | - | - | - | - | - | - | - | 149,676 |
| Advances, loans and notes | 2,429,276 | 10,055,725 | 8,461,876 | - | - | - | - | - | 20,946,877 |
| Housing projects | - | - | 13,116,873 | - | - | - | - | - | 13,116,873 |
| Street projects | - | - | - | - | - | - | - | 636,662 | 636,662 |
| Community development projects | - | 21,237,647 | - | - | - | - | - | - | 21,237,647 |
| Debt service | - | - | - | 1,757,105 | - | - | - | 345 | 1,757,450 |
| Performing Arts Center endowment | - | - | - | - | - | - | - | 1,265,851 | 1,265,851 |
| Unreserved, reported in: | | | | | | | | | |
| General Fund | 9,589,701 | - | - | - | - | - | - | - | 9,589,701 |
| Special revenue funds | - | - | - | - | - | - | - | 3,249,461 | 3,249,461 |
| Capital project funds | - | 4,365,328 | - | - | 880,746 | (327,889) | 95,021 | - | 5,013,206 |
| | <u>12,168,653</u> | <u>35,658,700</u> | <u>21,578,749</u> | <u>1,757,105</u> | <u>880,746</u> | <u>(327,889)</u> | <u>5,247,340</u> | <u>76,963,404</u> | |
| Total fund balances (deficit) | | | | | | | | | |
| | <u>\$ 15,593,918</u> | <u>\$ 38,350,298</u> | <u>\$ 22,458,775</u> | <u>\$ 1,757,105</u> | <u>\$ 880,746</u> | <u>\$ 353,900</u> | <u>\$ 5,297,340</u> | <u>\$ 84,692,082</u> | |
| Total liabilities and fund balances | | | | | | | | | |

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2009**

Amounts reported for governmental activities in the statement of net assets are different because:

| | | |
|---|----|--------------------------|
| Fund balances - total governmental funds (page F-17) | \$ | 76,963,404 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 84,495,206 |
| Internal service funds are used by management to charge the costs of management of centralized data processing services and related billings to other City departments and individual funds. The assets and liabilities are included in governmental activities in the statement of net assets. | | 6,235 |
| Long-term receivables and interest on deferred loans are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis. | | 844,637 |
| Costs of issuance are capitalized on the government-wide statement of net assets, whereas, they are reported as expenditures in the governmental funds. | | 1,583,367 |
| Interest payable on long-term debt that does not require the use of current financial resources and, therefore, interest payable is not accrued as a liability in the balance sheet of governmental funds. | | (1,370,573) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. | | |
| Unfunded OPEB Liability | \$ | (3,027,000) |
| Certificates of participation | | (9,527,733) |
| Tax allocation bonds, net (including accreted interest) | | (72,919,668) |
| Capital leases | | (1,211,562) |
| Compensated absences | | (1,462,005) |
| | | <u>(88,147,968)</u> |
| Net assets of governmental activities (page F-14) | \$ | <u><u>74,374,308</u></u> |

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

| | General | Community Development Commission | | | | Financing Authority | City Capital Projects | Other Governmental Funds | Total |
|---|---------------|----------------------------------|------------------|--------------|------------|---------------------|-----------------------|--------------------------|---------------|
| | | Capital Projects | Housing Projects | Debt Service | | | | | |
| REVENUES | | | | | | | | | |
| Taxes | \$ 12,425,940 | \$ 13,479,152 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 481,679 | \$ 26,386,771 |
| Intergovernmental | 3,610,980 | 647,996 | - | - | - | - | 1,368,341 | 1,624,580 | 7,251,897 |
| Interest and rentals | 1,359,082 | 1,574,606 | 1,087,649 | 12,420 | 20,500 | - | - | 154,645 | 4,208,902 |
| Charges for current services | 1,706,094 | - | - | - | - | - | 106,333 | - | 1,812,427 |
| Licenses, permits and fees | 807,234 | - | - | - | - | - | - | 30,444 | 837,678 |
| Fines, forfeitures and penalties | 212,849 | - | - | - | - | - | - | - | 212,849 |
| Donations and miscellaneous | 1,005,674 | - | 56,673 | - | - | - | - | 450,000 | 1,512,347 |
| Total revenues | 21,127,853 | 15,701,754 | 1,144,322 | 12,420 | 20,500 | - | 1,474,674 | 2,741,348 | 42,222,871 |
| EXPENDITURES | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | 4,503,445 | 6,837,669 | 1,369,791 | - | - | - | - | 20,696 | 12,731,601 |
| Public safety | 18,978,007 | - | - | - | - | - | - | - | 18,978,007 |
| Public works | 1,715,606 | - | - | - | - | - | - | - | 1,715,606 |
| Parks and recreation | 3,062,625 | - | - | - | - | - | - | - | 3,062,625 |
| Cultural arts center | 841,126 | - | - | - | - | - | - | - | 841,126 |
| Capital outlay | 119,919 | 5,522,099 | 14,217 | - | - | - | 5,612,486 | - | 11,268,721 |
| Debt service: | | | | | | | | | |
| Principal | - | - | - | 10,955,000 | 400,000 | - | - | 327,136 | 11,682,136 |
| Interest and fiscal charges | - | 207,360 | 27,167 | 3,197,578 | 436,551 | - | - | 56,177 | 3,924,833 |
| Cost of issuance | - | - | - | - | - | - | - | - | - |
| Total expenditures | 29,220,728 | 12,567,128 | 1,411,175 | 14,152,578 | 836,551 | - | 5,612,486 | 404,009 | 64,204,655 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (8,092,875) | 3,134,626 | (266,853) | (14,140,158) | (816,051) | - | (4,137,812) | 2,337,339 | (21,981,784) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | |
| Proceeds from tender of bonds | - | - | - | 759,614 | - | - | - | - | 759,614 |
| Proceeds from the sale of capital assets | 3,995,000 | - | - | - | - | - | - | - | 3,995,000 |
| Transfers in | 2,252,754 | 303,913 | 3,601,320 | 13,365,972 | 839,843 | - | 3,345,817 | 409,362 | 24,118,981 |
| Transfers out | (2,405,635) | (7,088,762) | (10,821,646) | - | - | - | (32,801) | (3,243,489) | (23,592,333) |
| Total other financing sources (uses) | 3,842,119 | (6,784,849) | (7,220,326) | 14,125,586 | 839,843 | - | 3,313,016 | (2,834,127) | 5,281,262 |
| NET CHANGE IN FUND BALANCES | (4,250,756) | (3,650,223) | (7,487,179) | (14,572) | 23,792 | - | (824,796) | (496,788) | (16,700,522) |
| FUND BALANCES (DEFICIT), BEGINNING OF YEAR | 16,419,409 | 39,308,923 | 29,065,928 | 1,771,677 | 856,954 | - | 496,907 | 5,744,128 | 93,663,926 |
| FUND BALANCES (DEFICIT), END OF YEAR | \$ 12,168,653 | \$ 35,658,700 | \$ 21,578,749 | \$ 1,757,105 | \$ 880,746 | \$ - | \$ (327,889) | \$ 5,247,340 | \$ 76,963,404 |

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

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

| | |
|--|-----------------|
| Net change in fund balances - total governmental funds (page F-19) | \$ (16,700,522) |
|--|-----------------|

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | |
|---|--------------------|-----------|
| Capital asset additions, reported as capital outlay | \$ 8,273,721 | |
| Basis in capital assets sold | (2,055) | |
| Depreciation | <u>(4,942,406)</u> | 3,329,260 |

Revenues recognized in the governmental funds that were earned and recognized in previous years and reported as beginning net assets in the statement of activities. Revenues earned in the current year that did not meet the revenue recognition criteria for governmental funds are reported as revenues in the statement of activities.

233,918

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal repayments:

| | | |
|-------------------------------|----------------|------------|
| Tax allocation bonds | \$ 10,955,000 | |
| Certificates of participation | 400,000 | |
| Capital leases | <u>327,136</u> | 11,682,136 |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

| | | |
|--|-----------------|-------------|
| Change in unfunded OPEB liability | \$ (3,027,000) | |
| Amortization of deferred costs of issuance | (79,374) | |
| Change in accrued interest payable | 172,292 | |
| Amortization of premium, discount and deferred amount on refunding | (11,537) | |
| Interest accretion on capital appreciation bonds | (821,969) | |
| Change in long-term compensated absences | <u>(56,593)</u> | (3,824,181) |

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.

(3,666)

Change in net assets of governmental activities (page F-16)

\$ (5,283,055)

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

STATEMENT OF FUND NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2009

| | Business-type Activities - Enterprise Funds | | | | Governmental Activity |
|---|---|---------------|-------------------|---------------|-----------------------|
| | Water | Sewer | Refuse Collection | Total | Internal Service |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and investments: | | | | | |
| Operating | \$ 3,153,701 | \$ 8,236,048 | \$ 652,969 | \$ 12,042,718 | \$ - |
| Held for capital improvements | 2,347,723 | 6,623,166 | - | 8,970,889 | - |
| Deposits | 52,681 | 407,972 | 43,900 | 504,553 | - |
| Total cash and investments | 5,554,105 | 15,267,186 | 696,869 | 21,518,160 | - |
| Accounts receivable | 1,209,677 | 1,621,286 | 960,091 | 3,791,054 | - |
| Total current assets | 6,763,782 | 16,888,472 | 1,656,960 | 25,309,214 | - |
| Noncurrent assets: | | | | | |
| Deferred costs of issuance | 177,253 | 304,968 | - | 482,221 | - |
| Capital assets: | | | | | |
| Structures and improvements | 12,566,540 | 8,462,768 | - | 21,029,308 | - |
| Furniture, fixtures and equipment | 1,791,619 | 986,204 | 5,509 | 2,783,332 | 93,110 |
| Construction in progress | 3,991,539 | 24,333,898 | - | 28,325,437 | - |
| Total capital assets | 18,349,698 | 33,782,870 | 5,509 | 52,138,077 | 93,110 |
| Less: accumulated depreciation | (8,912,581) | (6,913,662) | - | (15,826,243) | (86,875) |
| Net capital assets | 9,437,117 | 26,869,208 | 5,509 | 36,311,834 | 6,235 |
| Total noncurrent assets | 9,614,370 | 27,174,176 | 5,509 | 36,794,055 | 6,235 |
| Total assets | 16,378,152 | 44,062,648 | 1,662,469 | 62,103,269 | 6,235 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 281,904 | 128,098 | 748,378 | 1,158,380 | - |
| Interest payable | 62,054 | 46,634 | - | 108,688 | - |
| Deposits | 71,409 | 409,485 | 44,741 | 525,635 | - |
| Advances from CDC | - | 10,055,725 | - | 10,055,725 | - |
| Unearned revenue | - | - | - | - | - |
| Bonds payable | 222,146 | 262,612 | - | 484,758 | - |
| Total current liabilities | 637,513 | 10,902,554 | 793,119 | 12,333,186 | - |
| Noncurrent liabilities: | | | | | |
| Bonds payable | 5,806,682 | 12,227,272 | - | 18,033,954 | - |
| Total liabilities | 6,444,195 | 23,129,826 | 793,119 | 30,367,140 | - |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 5,871,211 | 11,205,099 | 5,509 | 17,081,819 | 6,235 |
| Unrestricted | 4,062,746 | 9,727,723 | 863,841 | 14,654,310 | - |
| Total net assets | \$ 9,933,957 | \$ 20,932,822 | \$ 869,350 | \$ 31,736,129 | \$ 6,235 |

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

| | Business-type Activities - Enterprise Funds | | | | Governmental Activity |
|---|--|---------------|------------------------------|---------------|----------------------------------|
| | Water | Sewer | Refuse Collection | Total | Internal Service |
| OPERATING REVENUES: | | | | | |
| Utility service charges | \$ 6,555,728 | \$ 10,192,669 | \$ 5,492,861 | \$ 22,241,258 | \$ - |
| Charges for services | - | - | - | - | 471,276 |
| Penalties and other | 74,559 | 111,838 | 62,132 | 248,529 | - |
| Total operating revenues | 6,630,287 | 10,304,507 | 5,554,993 | 22,489,787 | 471,276 |
| OPERATING EXPENSES: | | | | | |
| Contractual services | 1,627,463 | 73,006 | 5,335,911 | 7,036,380 | - |
| Rent and leases | 6,064 | 8,213,372 | - | 8,219,436 | - |
| Payroll and related costs | 2,031,157 | 1,263,546 | - | 3,294,703 | - |
| Heat, light and power | 278,775 | 82,848 | - | 361,623 | - |
| Other | 501,994 | 349,336 | 41,308 | 892,638 | - |
| Depreciation | 763,078 | 308,035 | - | 1,071,113 | 3,441 |
| Repairs, operations and maintenance | 179,930 | 78,020 | - | 257,950 | 471,501 |
| Professional services | 200,583 | 306,303 | 12,967 | 519,853 | - |
| Supplies | 126,229 | 65,931 | - | 192,160 | - |
| Total operating expenses | 5,715,273 | 10,740,397 | 5,390,186 | 21,845,856 | 474,942 |
| OPERATING INCOME (LOSS) | 915,014 | (435,890) | 164,807 | 643,931 | (3,666) |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Loss on disposal of capital assets | (327,795) | - | - | (327,795) | - |
| Investment income | 63,646 | 288,873 | - | 352,519 | - |
| Interest expense | (263,059) | (578,428) | - | (841,487) | - |
| Total nonoperating revenues (expenses) | (527,208) | (289,555) | - | (816,763) | - |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | 387,806 | (725,445) | 164,807 | (172,832) | (3,666) |
| Capital contributions | 164,379 | 50,238 | - | 214,617 | - |
| Transfers In | - | 19,467 | - | 19,467 | - |
| Transfers out | (211,305) | (334,810) | - | (546,115) | - |
| CHANGE IN NET ASSETS | 340,880 | (990,550) | 164,807 | (484,863) | (3,666) |
| NET ASSETS, BEGINNING OF YEAR | 9,593,077 | 21,923,372 | 704,543 | 32,220,992 | 9,901 |
| NET ASSETS, END OF YEAR | \$ 9,933,957 | \$ 20,932,822 | \$ 869,350 | \$ 31,736,129 | \$ 6,235 |

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

| | Business-type Activities - Enterprise Funds | | | | Governmental Activity |
|--|---|----------------------|-------------------|----------------------|-----------------------|
| | Water | Sewer | Refuse Collection | Total | Internal Service |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash receipts from customers | \$ 6,622,125 | \$ 10,931,994 | \$ 5,381,821 | \$ 22,935,940 | \$ 471,276 |
| Cash paid to suppliers for goods and services | (2,964,312) | (9,926,010) | (5,290,099) | (18,180,421) | (471,501) |
| Cash paid to employees for services | (2,031,157) | (1,263,546) | - | (3,294,703) | - |
| Net cash provided by (used in) operating activities | 1,626,656 | (257,562) | 91,722 | 1,460,816 | (225) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Transfers in | - | 19,467 | - | 19,467 | - |
| Transfers out | (211,305) | (334,810) | - | (546,115) | - |
| Net cash provided by (used in) noncapital financing activities | (211,305) | (315,343) | - | (526,648) | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Proceeds from long-term borrowings | - | - | - | - | - |
| Costs of issuance | - | - | - | - | - |
| Payment on capital debt | (220,001) | (245,000) | - | (465,001) | - |
| Interest paid on capital debt | (251,871) | (575,391) | - | (827,262) | - |
| Acquisition of capital assets | (385,879) | (1,744,591) | (5,509) | (2,135,979) | 225 |
| Advances from CDC | - | 3,493,165 | - | 3,493,165 | - |
| Contributions from developers and other agencies | 164,378 | 50,238 | - | 214,616 | - |
| Net cash provided by (used in) capital and related financing activities | (693,373) | 978,421 | (5,509) | 279,539 | 225 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Interest received | 63,646 | 288,873 | - | 352,519 | - |
| Net cash provided by investing activities | 63,646 | 288,873 | - | 352,519 | - |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 785,624 | 694,389 | 86,213 | 1,566,226 | - |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 4,768,481 | 14,572,797 | 610,656 | 19,951,934 | - |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 5,554,105 | \$ 15,267,186 | \$ 696,869 | \$ 21,518,160 | \$ - |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | | |
| Operating income | \$ 915,014 | \$ (435,890) | \$ 164,807 | \$ 643,931 | \$ (3,666) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | |
| Depreciation | 763,078 | 308,035 | - | 1,071,113 | 3,441 |
| Changes in assets and liabilities: | | | | | |
| Decrease (increase) in accounts receivable | (12,624) | 624,874 | (174,623) | 437,627 | - |
| Increase (decrease) in accounts payable | (43,274) | (757,194) | 100,087 | (700,381) | - |
| Increase (decrease) in deposits | 4,462 | 2,613 | 1,451 | 8,526 | - |
| Net cash provided by (used in) operating activities | \$ 1,626,656 | \$ (257,562) | \$ 91,722 | \$ 1,460,816 | \$ (225) |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | | | | |
| Amortization of premiums (discounts) | \$ (2,854) | \$ 7,612 | \$ - | \$ 4,758 | \$ - |
| Book value on disposed capital assets | \$ - | \$ - | \$ - | \$ - | \$ - |

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
SPECIAL ENFORCEMENT UNIT - SOUTH
JUNE 30, 2009**

ASSETS

| | | |
|----------------------|----|----------|
| Cash and investments | \$ | 84,377 |
| Accounts receivable | | <u>-</u> |
| Total Assets | | 84,377 |

LIABILITIES

| | | |
|------------------|--|---------------|
| Accounts payable | | <u>65,244</u> |
|------------------|--|---------------|

| | | |
|-------------------|-----------|-----------------------------|
| NET ASSETS | \$ | <u><u>19,133</u></u> |
|-------------------|-----------|-----------------------------|

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
SPECIAL ENFORCEMENT UNIT - SOUTH
FOR THE YEAR ENDED JUNE 30, 2009**

ADDITIONS

| | |
|--------------------------|---------------|
| Interest and rentals | \$ 486 |
| Seizures and forfeitures | <u>10,174</u> |
| | 10,660 |

DEDUCTIONS

| | |
|-----------------------|--------------|
| Law enforcement costs | <u>4,594</u> |
|-----------------------|--------------|

CHANGE IN NET ASSETS 6,066

NET ASSETS:

BEGINNING OF THE YEAR 13,067

END OF YEAR \$ 19,133

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

1. DESCRIPTION OF THE REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity - The basic financial statements of the City of Rohnert Park, California (City), include the financial activities of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. The blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units is combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize it is legally separate from the primary government. The City's blended and discretely presented component units have June 30 year-ends.

Blended Component Units - The Community Development Commission of the City of Rohnert Park (Commission) was established under the provisions of the State of California Community Redevelopment Law to assist in the rehabilitation of areas determined to be in a declining condition in the City. The Commission is governed by a board consisting of all the members of the City Council.

The Rohnert Park Financing Authority (Financing Authority) is a joint powers authority, organized pursuant to a joint exercise of powers agreement (Agreement), dated as of January 1, 1999, between the City and the Commission. The Agreement was entered into pursuant to the Government Code of the State of California, commencing with Section 6500. The Financing Authority is a separate entity constituting a public instrumentality of the State of California and was formed for the public purpose of assisting in financing activities for the benefit of the City and the Commission. The Financing Authority is governed by a board consisting of all the members of the City Council.

Component unit financial statements for the Commission and the Financing Authority can be obtained from the Finance Department of the City at 130 Avram Avenue, Rohnert Park, CA 94928.

Description of Joint Powers Participation - The City participates in a joint powers activity through a formally organized and separate entity. The financial activities of the Redwood Empire Municipal Insurance Fund are not included in the basic financial statements of the City as it is administered by a board that is separate from and independent of the City.

Basis of Presentation

The accompanying financial statements have been prepared assuming the City will continue as a going concern. For each of the last several years, the City's General Fund has struggled to balance its revenues and expenditures, and it has attempted to balance its deficit spending through the sale of surplus assets, reduction in employee compensation packages and reductions in the workforce. Additionally, the economic downturn has had a dramatic negative impact to the City's revenues. The City adopted a budget for fiscal 2010, but will have mid-year amendments based on the further decline in revenues and some unanticipated costs in expenditures. For the long term, the City believes additional revenue will be generated by new development, however, during this year; the City will address the growing structural deficit by prioritizing service levels, optimizing cost recovery and reviewing all opportunities to increase revenues, including a tax measure. The City believes that success in increasing revenues and controlling costs is achievable, and that available cash and cash equivalents will provide adequate liquidity to fund the City's operations through at least June 30, 2010. The financial statements do not include any adjustments to reflect the future effects in the recoverability and classification of assets or the amounts and classification of liabilities that might result from the possible inability of the City to continue as a going concern.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

1. DESCRIPTION OF THE REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Government-wide Financial Statements - The statement of net assets and statement of activities display information about the primary government (City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City and between the City and its discretely presented component unit. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on 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 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead 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 operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- General Fund is the general operating fund of the City. It accounts for all financial resources traditionally associated with governments, which are not required to be accounted for in another fund.
- Community Development Commission Capital Projects Fund accounts for redevelopment of designated areas within the approved project area of the City.
- Community Development Commission Housing Projects Fund accounts for 20% of tax increment revenues, which are designated by law to increase or improve low and moderate income housing in the designated areas within the approved project area of the City.
- Community Development Commission Debt Service Fund accumulates monies for payment of Tax Allocation Refunding Bonds, Tax Allocation Bonds, Refunding Certificates of Participation, and other indebtedness. Financing is provided by a specific annual property tax increment, as well as lease revenues received from the City.
- Financing Authority Fund accounts for capital items financed by certificates of participation.
- City Capital Projects Fund accounts for resources used for the acquisition of capital facilities, except for those capital facilities financed by enterprise funds, special assessment resources or Community Development Commission resources.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

1. DESCRIPTION OF THE REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

The City reports the following major enterprise funds:

- Water Fund accounts for water production to the residents of the City. The activities necessary to provide such service are accounted for in the fund, including, but not limited to, operations, maintenance, financing and related debt service, and billing and collection.
- Sewer Fund accounts for sewage disposal to the residents of the City. The activities necessary to provide such service are accounted for in the fund, including, but not limited to, operations, maintenance, financing and related debt service, and billing and collection.
- Refuse Collection Fund accounts for service performed by an independent contractor. The activities necessary to provide such service are accounted for in the fund, including but not limited to contractual services and billing and collection services.

The City reports the following additional fund types:

- Permanent Fund (a governmental fund type) accounts for accumulation of capital donated for the City of Rohnert Park's Dorothy Rohnert Spreckels Performing Arts Center. The interest generated from the donations will be used for the operations of the Performing Arts Center while the corpus is permanently restricted.
- Internal Service Fund (a proprietary fund type) accounts for the activities of centralized data processing services and the related billings to other City departments and funds.
- Special Enforcement Unit - South Private-purpose Trust Fund (a fiduciary fund type) accounts for assets held by the City in a trustee capacity for the benefit of law enforcement agencies in the region.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

The government-wide, proprietary and private-purpose trust fund financial statements are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. Operating statements of these funds present increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

- Government-wide financial statements are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.
- Governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The City considers property taxes as available if they are levied and collected within 60 days after year-end. The availability period for all other revenues susceptible to accrual is also 60 days. Revenues considered susceptible to accrual include property taxes, sales tax, licenses, interest and rentals, charges for services and intergovernmental revenues. All other revenues are recognized only when the cash receipts are collected. Expenditures are recorded when the related fund liability is incurred, except that principal and interest on general long-term debt, compensated absences and claims are recognized when due.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

I. DESCRIPTION OF THE REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

- Proprietary funds and the private-purpose trust fund are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Water, sewer and refuse collection service revenues earned at June 30, but unbilled, are recognized.

For the business type activities in the government-wide statements and proprietary fund financial statements, the City has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America (GAAP) for governmental units. The City has elected not to follow subsequent private-sector guidance of FASB after November 30, 1989 for its business type activities in the government-wide or enterprise fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for customer services including: water, sewer and refuse collection, and service support charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash Equivalents - For purposes of the statement of cash flows, the City considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. The proprietary funds "deposits" in the City cash and investments pool are, in substance, demand deposits and are therefore considered cash equivalents.

Investments - Investment transactions are recorded on the trade date. Investments in nonparticipating interest-earning investment contracts (certificates of deposits and guaranteed investment contracts) are reported at cost, and all other investments are reported at fair value. Fair value is defined as the amount that the City could reasonably expect to receive for an investment in a current sale between a willing buyer and seller and is generally measured by quoted market prices.

Transactions with Joint Powers - Premiums paid to the Redwood Empire Municipal Insurance Fund are recorded as expenditures of the General Fund and expenses in the statement of activities. Dividends received are recorded as a reduction of expenditures/expenses.

Bond Discounts, Premiums, Issuance Costs, and Deferred Amounts on Refundings - For governmental fund financial statements, bond premiums and discounts, as well as issuance costs are recognized during the period the bonds are issued. Bonds issued are reported as other financing sources including any applicable premiums. Discounts are reported as a separate financing use. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures. For government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

1. DESCRIPTION OF THE REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Gains or losses occurring from advance refunding are deferred and amortized into expense for both business-type activities and proprietary funds. For governmental activities, they are deferred and amortized into expense if they occurred subsequent to June 30, 2001. Bonds payable are reported net of deferred amounts on refundings.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets - are valued at historical cost or, for donated capital assets, at their fair market value on the date donated. Capital assets include public domain (infrastructure) general capital assets consisting of certain improvement including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The City defines capital assets as assets with an estimated useful life in excess of one year and a value of \$5,000 or more. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide and proprietary fund financial statements. The estimated useful lives are as follows:

| | <u>Primary Government</u> |
|-----------------------------------|---------------------------|
| Infrastructure | 30 years |
| Structures and improvements | 35 years |
| Furniture, fixtures and equipment | 3 - 35 years |

Accumulated Unpaid Vacation and Sick Pay - It is the policy of the City to permit employees to accumulate earned but unused vacation and sick leave benefits. Vested or accumulated vacation and sick leave are reported as long-term liabilities on the statement of net assets. If amounts are due and payable at fiscal year-end, they are recorded as liabilities in the governmental funds.

Claims Liabilities - The City has accrued for claim liabilities including estimated claims incurred but not yet reported and related allocated loss adjustment expenses.

Property Tax Levy, Collection and Maximum Rates - The State of California Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless an additional amount for debt or assessments has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be increased no more than two percent per year unless the property is sold, transferred or improved. The State Legislature has determined the method of distribution of receipts from a one percent tax levy among the counties, cities, school districts and other districts. Sonoma County assesses properties, bills for and collects property taxes as follows:

| | <u>Secured</u> | <u>Unsecured</u> |
|------------------|---|------------------|
| Lien dates | January 1 | January 1 |
| Levy dates | July 1 | July 1 |
| Due dates | 50% on November 1 50% on February 1 | July 1 |
| Delinquent after | December 10 (for November) April 10 (for February) | August 31 |

The term “unsecured” refers to taxes on personal property other than land and buildings. Secured taxes are secured by liens on the property being taxed.

Property tax revenues are recognized in the fiscal year for which the taxes have been levied.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

1. DESCRIPTION OF THE REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Interfund Transactions - Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans and residual balances outstanding in the fund financial statements are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (e.g., the current portion of interfund loans) or "advances to/from other funds" (e.g., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances to other funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Deficits

At June 30, 2009, the City Capital Projects fund had a deficit fund balance of \$327,889 due to capital expenditures exceeding its revenues. The deficit will be reimbursed in the future by the developer fees, Assessment District proceeds and State and Federal Grants.

3. CASH AND INVESTMENTS

The City maintains a cash and investments pool that is available for use by all funds, except the Community Development Commission. In addition, cash is separately held by several of the City's funds. Cash and investments are comprised of the following amounts as shown on the financial statements:

| | |
|----------------------------|----------------------|
| Primary government: | |
| Unrestricted | \$ 34,090,331 |
| Restricted | 46,978,232 |
| Private-purpose Trust Fund | <u>84,377</u> |
| Total cash and investments | <u>\$ 81,152,940</u> |

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2009, the carrying value of the City's deposits and cash on hand was \$8,350,623. The City is not exposed to such risks as all deposits are insured or collateralized.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

3. CASH AND INVESTMENTS (continued)

Investments

Investments permitted by the City's investment policy include the following:

- State of California Local Agency Investment Fund (LAIF),
- Sonoma County Investment Pool,
- Securities of the United States Government or its agencies,
- Certificates of deposits with commercial banks, savings & loan companies or credit unions,
- Negotiable certificates of deposits,
- Bankers' acceptances,
- Mutual funds invested in United States Government securities.

United States Government and agency investments are required to be of the highest rating available at the time of purchase. Certificates of deposit, bankers' acceptances and savings type accounts must be fully insured or collateralized.

Credit risk

Credit risk relates to the possibility that an issuer/counterparty to an investment will be unable to fulfill its obligations. The City's investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general avoid speculative investments. The City's investment policy includes investments permitted by the California Government Code and limits medium-term negotiable certificates of deposits, bankers' acceptances and commercial paper investments as follows:

- Medium-term corporate notes, including bank notes and deposits notes, must be issued by corporations doing business in the United States as outlined in the California Government Code. Issuers must possess an acceptable long-term senior debt rating by two of the nationally recognized rating services; i.e., Moody's Investors Services, Standard & Poor's Fitch or Duff & Phelps for maturities of five years or less, a minimum rating of "AAA" or better.
- Negotiable certificates of deposit must be issued by a federal or state chartered bank or a state saving association or a state licensed, domestic bank of a foreign bank. Issuers must possess an acceptable long-term senior debt rating by two of the nationally recognized rating services; i.e., Moody's Investors Services, Standard & Poor's Fitch or Duff & Phelps for maturities of five years or less, a minimum rating of "AAA" or better.
- Commercial Paper- State law limits investments in commercial paper to be of "prime" quality of the highest ranking of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO).

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City has an investment policy of lengthening its maturities when rates are falling and shortening its maturities when rates are rising as a means of managing its exposure to fair value losses and to take advantage of advantageous interest rates. The City has about 45% of its investments in maturities of less than 1 year in order to take advantage of anticipated rising interest rates.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

3. CASH AND INVESTMENTS (continued)

As of June 30, 2009, the City's investments consisted of the following:

| Investment Type | Fair Value | Less than 1 year | 1-3 years | More than 3 years | Credit Rating |
|---------------------------------------|----------------------|----------------------|---------------------|----------------------|---------------|
| Federal Home Loan Bank | \$ 1,002,500 | \$ - | \$ 1,002,500 | \$ - | AAA |
| Federal Home Loan Mortgage Corp. | 3,121,126 | - | 1,005,060 | 2,116,066 | AAA |
| Federal National Mortgage Association | 997,500 | - | - | 997,500 | AAA |
| Federal Farm Community Bank | 1,000,310 | - | - | 1,000,310 | AAA |
| State Local Agency Investment Fund | 25,094,235 | 25,094,235 | - | - | Not rated |
| Sonoma County Investment Pool | 163,818 | - | 163,818 | - | Not rated |
| Guaranteed investment contracts | 33,890,305 | - | - | 33,890,305 | Not rated |
| Money market funds | 7,532,523 | 7,532,523 | - | - | AAAm |
| | <u>\$ 72,802,317</u> | <u>\$ 32,626,758</u> | <u>\$ 2,171,378</u> | <u>\$ 38,004,181</u> | |

As of June 30, 2009, the City's investment in LAIF was \$25,094,235, which has a weighted average maturity of 235 days. The total amount invested by all public agencies in LAIF at that date is approximately \$25.2 billion. The City's proportionate share of structured notes and asset-backed securities held by the LAIF was \$3,319,967 or 13.23% of the City's investment in LAIF. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool. The City's investment in LAIF is unrated for credit risk.

As of June 30, 2009, the City's investment in the County's Pool was \$163,818, which has a weighted average maturity of 265 days. The total amount invested by the County's Pool at that date is approximately \$1.5 billion. The County's Pool is subject to regulatory oversight by the Treasury Oversight Committee. The value of the pool shares in the County Pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool. The City's investment in the County Pool is unrated for credit risk.

Concentration of credit risk

The City's investment policy does not place restrictions within the permitted categories of investment that may be entered into and how much may be held by individual issuers. More than 5% of the City's investments are invested in Royal Bank of Canada guaranteed investment contracts (46.6%).

4. LOANS AND NOTES RECEIVABLE, NET

In August 2003, the City entered into an amendment to a ground lease dated May 29, 2001 with Rohnert Park Golf, L.P. (Tenant), whereby the tenant leases certain property and improvements from the City. The City made a one-time advance totaling \$355,000 to the Tenant for the purpose of making improvements to the golf course, and on-going capital contributions to the Tenant as defined in the agreement. At June 30, 2009, the outstanding balance owed to the City was \$193,647, and principal payments of the advance are paid in equal monthly installments over 10 years. Interest is earned by the City on the unpaid principal portion at a rate of 5% per annum.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

4. LOANS AND NOTES RECEIVABLE, NET (continued)

The Commission extends various developer loans, first-time homebuyer loans, and rehabilitation loans to property owners for the rehabilitation and improvements of commercial buildings and residential homes, and other loans for families and individuals of low/moderate income. The Commission has a secured interest in the properties for which the loans were made. Management has established an allowance for bad debts in the amount of \$2,504,116 based on historical payment history on forgivable loans. This allowance represents 90% of the 1998 First-Time Homebuyers loans (\$555,000) and 100% of the Sonoma County Rehabilitation loans (\$824,716), both of which are forgivable, as well as 100% of the accrued interest on the two Burbank notes (\$679,900). Interest amounting to \$364,004 on the Commission's loans and notes receivable is reported as deferred revenue in the fund financial statements. Additionally, the Commission has established an allowance of \$403,260 related to accrued interest on certain of the loans.

On April 1, 2001, the Commission entered into an agreement with Millennium Housing of California ("Millennium") to aid in Millennium's purchase of a mobile home park from the Rohnert Park Finance Authority. The Commission loaned Millennium \$250,000 for costs associated with the sale. The loan accrues simple interest at 3% per annum, with no payments due until April 14, 2016. Beginning April 2016, total unpaid principal and interest are to be paid in thirty equal annual installments. Principal and interest totaled \$383,500 at June 30, 2009.

On September 13, 2005, the Commission entered into an Affordable Housing and Loan Agreement with Burbank Housing to develop a 56-unit affordable housing project on a City-owned City Hall Drive site. The Commission purchased the site from the City and assisted Burbank with the financing and pre-development costs. Burbank purchased the land from the Commission for \$1,335,000 (the amount paid by the Commission to the City for the property). The term of the loan agreement is a non-recourse loan in the amount of \$4,015,000, which will accrue interest at the rate of 2% per annum and is deferred for 55 years. Principal and accrued interest totaling \$4,303,708 related to this loan is included in loans and notes receivable on the accompanying financial statements.

On May 23, 2006, the Commission entered into an Affordable Housing and Loan Agreement with Vida Nueva Partners for the development of the Vida Nueva Affordable Housing Project, which includes twenty-four (24) very-low income permanent supportive housing units (carrying 55-year affordability restrictions), a community building, laundry facilities, a management office and activity and counseling rooms. The Commission purchased the site from the City at the appraised value of \$1,630,000 to be financed over a three-year period beginning in fiscal 2006-07. The final installment payment from the Commission was paid during the fiscal year. The City's basis in the land was \$390,000. The loan agreement provided for the Commission to loan \$1,675,000 to Vida Nueva Partners at an accrued interest rate of 2% per annum, with the principal and accrued interest deferred for 55 years. Principal and accrued interest totaling \$1,704,235 related to this loan is included in loans and notes receivable on the accompanying financial statements. Vida Nueva Partners purchased the site from the Commission for \$810,000 during the fiscal year ended June 30, 2008.

In December 2007, the Commission loaned \$500,000, with interest accruing at 3% simple interest per annum, to the Sonoma Mountain Business Cluster (Incubator) to pay a portion of the cost for tenant improvements at the former Agilent site. The loan terms call for continued operation of the incubator, increased occupancy and eventually job creation. The loan provides that as long as the improvements are made as specified in the agreement and continues to operate the Incubator, and is not in default of any terms of the loan, the loan and accrued interest will be forgiven ten years from the date business incubator is open for business. As of June 30, 2009, the Incubator was not in default of any terms of the loan. The Commission has recorded an allowance against the full amount of the loan.

On December 12, 2007, the Commission executed a loan agreement to Rainbow-Copeland Creek LLC for improvements to Copeland Creek Apartments (an all senior affordable housing complex) for \$1.2 million. The funds were primarily used for energy efficient improvements at the complex. The loan accrues interest at a rate of 1% per annum, with the principal and accrued interest deferred for 55 years, as defined in the agreement. Principal and accrued interest totaling \$1,218,575 related to this loan is included in loans and notes receivable on the accompanying financial statements.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

5. DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues not considered available to liquidate liabilities of the current period (unavailable). Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned).

At June 30, 2009, the unavailable and unearned revenues reported were as follows:

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|---|--------------------|-------------------|---------------------|
| Governmental activities: | | | |
| Major funds: | | | |
| General Fund: | | | |
| Due from governmental agencies | \$ 136,986 | \$ - | \$ 136,986 |
| Courseco loan receivable | 193,647 | - | 193,647 |
| Parks and recreation and other advances | - | 259,510 | 259,510 |
| Community Development Commission - | | | |
| Housing Projects Fund: | | | |
| Housing loans | 514,004 | - | 514,004 |
| Total governmental activities | <u>\$ 844,637</u> | <u>\$ 259,510</u> | <u>\$ 1,104,147</u> |

6. INTERFUND TRANSACTIONS

Interfund Receivables/Payables - The composition of interfund balances as of June 30, 2009 was as follows:

| <u>Fund reporting receivable</u> | <u>Fund reporting payable</u> | <u>Amount</u> |
|--------------------------------------|-------------------------------|----------------------|
| Due to/from other funds: | | |
| General Fund | SLESF Fund | \$ 50,000 |
| | CDC Capital Projects Fund | 10,302 |
| | CDC Housing Projects Fund | 201 |
| CDC Capital Projects Fund | General Fund | 288,500 |
| CDC Housing Projects Fund | CDC Capital Projects Fund | 13,927 |
| | | <u>\$ 362,930</u> |
| Advances to/from other funds: | | |
| General Fund | CDC Capital Projects Fund | \$ 2,234,000 |
| CDC Capital Projects Fund | Sewer Enterprise Fund | 10,055,725 |
| | | <u>\$ 12,289,725</u> |

The General Fund loaned \$4,200,000 to the Community Development Commission Capital Projects Fund to construct the Rohnert Park Performing Arts Center. The loan bears interest at a rate of 9 percent per annum. At June 30, 2009, the outstanding balance remaining on this loan is \$2,234,000.

The General Fund paid for a Gang Enforcement Officer, which is reimbursed with the State funding paid to the Supplemental Law Enforcement Services Fund (SLESF). At the end of the fiscal year, the State still owed \$50,000 for the 3rd and 4th Quarter Funding to SLESF. This amount was received and the General Fund was reimbursed subsequent to June 30, 2009.

The General Fund worked on CDC capital projects totaling \$10,302, which will be reimbursed during the next fiscal year.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

6. INTERFUND TRANSACTIONS (continued)

The Commission purchased land from the City in fiscal 2006-07 for its appraised value of \$1,630,000, which the City was financing with a loan of \$1,630,000, to be repaid over three years. The final installment from the Commission was paid during the fiscal. The land was subsequently sold for \$810,000 to a nonprofit organization for an affordable housing project during fiscal year 2008.

The Commission purchased from the City the existing City Hall site in June 2008 in addition to the two adjacent lots for a total acquisition price of approximately \$4.3 million with bonds proceeds from the 2007H tax allocation bonds. The Commission intends to select a developer to construct a mixed-use affordable housing project.

The Commission purchased a parking lot from the City for \$3,001,063 in fiscal 2009 to acquire additional acreage to implement aspects of the City Center Concept Plan. The land had zero cost basis, and the General Fund recorded a gain on sale of capital assets on this transaction, which was eliminated in the government-wide Statement of Activities.

The Commission and the City entered into a Ground Lease Agreement (Lease Agreement) dated July 8, 2003, whereby the Commission agreed to pay the City \$210,000 annually for the Community Center. The Basic Lease Payment will be reviewed and adjusted every five years after the commencement of the Lease Agreement to determine whether an adjustment in the Basic Lease Payment is warranted to reflect increases in fair market value of the property. Commencing in fiscal 2010, the Basic Lease Payment was adjusted to \$241,000 annually.

The General Fund paid for PERS payroll costs for CDC housing staff, which was reimbursed during the year, with the exception of an outstanding amount of \$201, which will be reimbursed during the next fiscal year.

The Community Development Commission Capital Projects Fund purchased the Hazel Wetland Preserve for \$288,500, which is to be reimbursed by the General Fund upon the sale of stadium lands.

The CDC Housing Projects Fund is due 20% of the tax increment received by the CDC Capital Projects Fund in July, 2009 (\$13,927), which will be reimbursed during the next fiscal year.

On May 22, 2007 (amended August 26, 2008), the Commission entered into a reimbursement agreement with the City whereby the Commission would fund 88% of the project cost of the Eastside Sewer Main Phase 1 Improvement, which is the portion of the project that lies within the project area, in advance of the City receiving the money through public facilities finance fees. The Commission is funding this project from the 2007R Tax Allocation Bond proceeds, and pursuant to the terms of the reimbursement agreement, the maximum amount to be funded by the Commission is \$12,144,000. As of June 30, 2009, the Commission had advanced \$10,055,725 to the Sewer Fund for this project.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

6. INTERFUND TRANSACTIONS (continued)

Interfund Transfers - The composition of interfund transfers during the year ended June 30, 2009 was as follows:

| <u>Fund Reporting Transfer In</u> | <u>Fund Reporting Transfer Out</u> | <u>Amount</u> |
|-----------------------------------|------------------------------------|----------------------|
| General Fund | CDC Capital Projects Fund | \$ 128,125 d |
| | CDC Housing Projects Fund | 179,240 a |
| | Nonmajor governmental funds | 1,399,275 c |
| | Water Enterprise Fund (1) | 14,455 d |
| | Sewer Enterprise Fund (1) | 9,636 d |
| | Water Enterprise Fund (1) | 55,095 e |
| | Sewer Enterprise Fund (1) | 240,594 e |
| | Water Enterprise Fund (1) | 141,752 f |
| | Sewer Enterprise Fund (1) | 84,582 f |
| | | <u>2,252,754</u> |
| CDC Capital Projects Fund | General Fund | 36,871 d |
| | CDC Housing Projects Fund | 267,042 h |
| | | <u>303,913</u> |
| CDC Housing Projects Fund | CDC Capital Projects Fund | 3,601,320 g |
| Financing Authority Fund | General Fund | 471,132 d |
| | CDC Capital Projects Fund | 368,711 d |
| | | <u>839,843</u> |
| City Capital Projects fund | General Fund | 1,514,318 b |
| | Nonmajor governmental funds | 1,831,499 b |
| | | <u>3,345,817</u> |
| Nonmajor governmental funds | General Fund | 383,313 d |
| | City Capital Projects Fund | 26,048 i |
| | CDC Capital Projects Fund | 2,990,608 d |
| | CDC Housing Projects Fund | 10,375,365 d |
| | | <u>13,775,334</u> |
| Sewer Enterprise Fund | City Capital Projects Fund | 6,753 i |
| | Nonmajor governmental funds | 12,714 b |
| | | <u>19,467</u> |
| Total | | <u>\$ 24,138,448</u> |

- (1) Net amount reported as transfers between governmental and business-type activities in the government-wide statement of activities, and the remaining transfers are eliminated.

The purpose for the interfund transfers during the fiscal year ended June 30, 2009 is as follows:

- a) These transfers were to reimburse the General Fund for 85% of the salary and benefits of the Housing Manager and to reimburse the General Fund for the City Council's attendance at the CDC board meetings.
- b) These transfers represent reimbursement of capital project costs.
- c) This transfer is to repay the General Fund for programs funded through other sources.
- d) These transfers are made for the payment of debt service.
- e) The General Fund transferred interest earnings to the proprietary funds during the year.
- f) This transfer was made to reimburse the General Fund for the Enterprise Fund's share of retiree medical costs.
- g) This transfer represent 20% of the tax increment earned for the year ended June 30, 2009, which is required to be set aside in a separate fund to provide adequate housing for families and individuals with low or moderate income (\$2,410,095). The CDC Capital Projects Fund also provided the cash shortfall in the Housing Fund (\$1,091,890), as well as its share of the staff's costs as stated in footnote (a) (\$99,335).

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

6. INTERFUND TRANSACTIONS (continued)

- h) This transfer was made to reimburse the CDC Capital Projects Fund for the previous year's transfer to the CDC Housing Projects Fund for the cash shortfall.
- i) This transfer was made to reimburse the funds for overfunding certain capital projects.

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

| | Balance June 30, 2008 | Additions | Retirements | Transfers | Balance June 30, 2009 |
|---|--------------------------|---------------------|---------------------|-----------------------|--------------------------|
| Governmental activities | | | | | |
| <i>Capital assets, not being depreciated:</i> | | | | | |
| Land | \$ 8,564,276 | \$ - | \$ - | \$ - | \$ 8,564,276 |
| Construction in progress | 15,146,229 | 8,147,740 | - | (2,405,550) | 20,888,419 |
| Total capital assets, not being depreciated | 23,710,505 | 8,147,740 | - | (2,405,550) | 29,452,695 |
| <i>Capital assets, being depreciated</i> | | | | | |
| Infrastructure, structures and improvements | 111,319,599 | 2,141,679 | - | - | 113,461,278 |
| Equipment | 13,592,259 | 383,789 | (173,348) | - | 13,802,700 |
| Total capital assets, being depreciated | 124,911,858 | 2,525,468 | (173,348) | - | 127,263,978 |
| <i>Less accumulated depreciation for:</i> | | | | | |
| Infrastructure, structures and improvements | (56,969,738) | (4,110,259) | - | - | (61,079,997) |
| Equipment | (10,476,778) | (829,525) | 171,068 | - | (11,135,235) |
| Total accumulated depreciation | (67,446,516) | (4,939,784) | 171,068 | - | (72,215,232) |
| Total capital assets, being depreciated, net | 57,465,342 | (2,414,316) | (2,280) | - | 55,048,746 |
| Governmental activities capital assets, net | <u>\$ 81,175,847</u> | <u>\$ 5,733,424</u> | <u>\$ (2,280)</u> | <u>\$ (2,405,550)</u> | <u>\$ 84,501,441</u> |
| Business-type activities | | | | | |
| <i>Capital assets, not being depreciated</i> | | | | | |
| Construction in progress | \$ 26,167,739 | \$ 2,157,698 | \$ - | \$ - | \$ 28,325,437 |
| <i>Capital assets, being depreciated</i> | | | | | |
| Structures and improvements | 21,907,803 | - | (878,495) | - | 21,029,308 |
| Equipment | 3,275,167 | 35,957 | (527,793) | - | 2,783,331 |
| Total capital assets, being depreciated | 25,182,970 | 35,957 | (1,406,288) | - | 23,812,639 |
| <i>Less accumulated depreciation for:</i> | | | | | |
| Structures and improvements | (14,226,748) | (844,843) | 565,547 | - | (14,506,044) |
| Equipment | (1,549,198) | (226,270) | 455,270 | - | (1,320,198) |
| Total accumulated depreciation | (15,775,946) | (1,071,113) | 1,020,817 | - | (15,826,242) |
| Total capital assets, being depreciated, net | 9,407,024 | (1,035,156) | (385,471) | - | 7,986,397 |
| Business-type activities capital assets, net | <u>\$ 35,574,763</u> | <u>\$ 1,122,542</u> | <u>\$ (385,471)</u> | <u>\$ -</u> | <u>\$ 36,311,834</u> |

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

7. CAPITAL ASSETS (continued)

Construction in progress for governmental activities at June 30, 2009 is comprised of the following:

| | Project Authorization | Expended to June 30, 2009 | Project Funds Unexpended (Overexpended) |
|--|--------------------------|------------------------------|---|
| City Projects: | | | |
| City Hall Project | \$ 6,788,000 | \$ 8,535,164 | \$ (1,747,164) |
| Citywide pavement maintenance | 2,291,201 | 4,461,043 | (2,169,842) |
| Water Supply Assessment Project | N/A | 1,340,520 | N/A |
| Citywide Bike Path Projects | N/A | 425,888 | N/A |
| University District Specific Plan | N/A | 423,007 | N/A |
| Various other projects | 341,607 | 2,505,099 | (2,163,492) |
| Community Development Commission Projects: | | | |
| City Center Plaza | 3,000,000 | 2,826,604 | 173,396 |
| P/S Bay & Driveway Realignment | 650,000 | 260,036 | 389,964 |
| West-side Public Safety Facility | 13,113,320 | 57,810 | 13,055,510 |
| Avram Housing Project | 23,000,000 | 14,217 | 22,985,783 |
| Various other projects | 3,900,000 | 39,031 | 3,860,969 |
| Total | <u>\$ 53,084,128</u> | <u>\$ 20,888,419</u> | <u>\$ 34,385,124</u> |

During the year, the City completed governmental activities projects totaling \$2,405,550 that were transferred from construction in progress to improvements.

Construction in progress for business-type activities at June 30, 2009 is comprised of the following:

| | Project Authorization | Expended to June 30, 2009 | Project Funds Unexpended (Overexpended) |
|---|--------------------------|------------------------------|---|
| Commercial Water Meter Retrofit Project | \$ 2,711,224 | \$ 2,711,414 | \$ (190) |
| Parallel Sewer Interceptor Project | 12,260,000 | 10,217,864 | 2,042,136 |
| Eastside Sewer Project | 6,558,600 | 13,234,656 | (6,676,056) |
| Various other projects | 19,855,000 | 2,161,503 | 17,693,497 |
| Total | <u>\$ 41,384,824</u> | <u>\$ 28,325,437</u> | <u>\$ 13,059,387</u> |

The City did not complete any business-type activities projects during the fiscal year.

Depreciation expense was charged to governmental functions as follows:

| | |
|---|---------------------|
| General government | \$ 132,038 |
| Public safety | 845,040 |
| Public works | 2,334,706 |
| Parks and recreation | 1,624,559 |
| Depreciation on capital assets held by the City's internal service fund is charged to the various functions based on their usage of the assets. | <u>3,441</u> |
| Total depreciation expense – governmental functions | <u>\$ 4,939,784</u> |

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

7. CAPITAL ASSETS (continued)

Depreciation expense was charged to the business-type functions as follows:

| | |
|--|----------------------------|
| Water | \$ 763,078 |
| Sewer | <u>308,035</u> |
| Total depreciation expense – business-type functions | <u><u>\$ 1,071,113</u></u> |

8. LONG-TERM LIABILITIES

The City's long-term debt payable at June 30, 2009 follows:

| | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Annual Principal Installments</u> | <u>Original Issue Amount</u> | <u>Outstanding at June 30, 2009</u> |
|---|---------------------------|---------------------------|--|--------------------------------------|---|
| Governmental Activities | | | | | |
| (a) 1991 Tax Allocation Refunding Bonds: | | | | | |
| Redevelopment Project (includes accreted interest) | 2021 | 5.90-6.80% | \$150,551-\$965,000 | \$ 13,099,895 | \$ 1,504,950 |
| (a) 1999 Tax Allocation Bonds: | | | | | |
| Redevelopment Project (includes accreted interest) | 2036 | 3.60-5.30% | 154,386-553,597 | 11,936,651 | 14,244,776 |
| (b) 1999 Certificates of Participation: | | | | | |
| Capital Facilities Project | 2025 | 3.60-5.00% | 120,000-330,000 | 5,055,000 | 3,800,000 |
| (b) 2003 Lease Revenue Refunding Bonds: | | | | | |
| Master Equipment Lease Project and Public Safety Facility | 2025 | 2.50-4.80% | 240,000-470,000 | 6,950,000 | 5,780,000 |
| (b) 2001 Tax Allocation Bonds: | | | | | |
| Redevelopment Project | 2021 | 3.50-5.25% | 55,000-810,000 | 8,200,000 | 6,800,000 |
| (a) 2007 Tax Allocation Bonds: | | | | | |
| Redevelopment Project | 2038 | 3.60 - 5.00% | 290,000 - 3,465,000 | 34,680,000 | 33,180,000 |
| Housing | 2038 | 3.50 - 5.00% | 25,000 - 1,790,000 | 26,760,000 | 16,390,000 |
| (d) Capital leases | | | | | |
| | 2020 | Various | Various | Various | 1,211,562 |
| Total Governmental Activities | | | | | <u>82,911,288</u> |
| Business-Type Activities | | | | | |
| (e) 2002 Water Revenue Bonds | | | | | |
| | 2023 | 2.00-4.50% | 80,000-145,000 | 2,090,000 | 1,585,000 |
| (c) 2005 Sewer System Revenue Certificates of Participation | | | | | |
| Capital Facilities Project | 2036 | 3.00-5.00% | 230,000-775,000 | 13,000,000 | 12,285,000 |
| (e) 2005 Water Revenue Bonds | | | | | |
| | 2030 | 2.50-4.50% | 120,000-305,000 | 5,000,000 | 4,500,000 |
| Total Business-Type Activities | | | | | <u>18,370,000</u> |
| Total governmental and business-type activities – bonds, certificates of participation, capital leases, and accreted interest on capital appreciation bonds | | | | | <u><u>\$ 101,281,288</u></u> |

Debt service payments, as listed in the table above, are generally made from the following sources:

- (a) Property tax increment allocated to the Community Development Commission Capital Projects Fund.
- (b) Lease revenues from the General Fund, as provided for by an agreement between the Financing Authority and the City.
- (c) 75% Utility billing from the Sewer Department and 25% from new development.
- (d) General revenues of the City.
- (e) Utility billing from the Water department.

**CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

8. LONG-TERM LIABILITIES (continued)

Governmental Activities:

1991 Tax Allocation Refunding Bonds

On May 1, 1991, the CDC issued Tax Allocation Refunding Bonds in the amount of \$13,099,895 ("Series 1991 Bonds"). The bonds were issued for the purpose of advance refunding the entire outstanding \$11,765,000 principal amount of the 1988 Rohnert Park Redevelopment Project Tax Allocation Bonds, to fund a reserve account and to pay the costs of issuance of the 1991 Tax Allocation Refunding Bonds. The 1991 Tax Allocation Refunding Bonds are limited obligations of the CDC payable from and secured by tax revenues to be derived from the Rohnert Park Redevelopment Project and from interest earnings on the funds and accounts on deposit with the Trustee. The pledge of future revenues ends upon final payment scheduled to occur in 2021.

1999 Tax Allocation Bonds

On January 15, 1999, the CDC issued Tax Allocation Bonds, Series 1999 ("1999 TABs") in the amount of \$11,936,651. The 1999 TABs were issued for the purpose of funding certain capital improvements, to fund a reserve fund and to pay the costs of issuing the Series 1999 Bonds. The 1991 TABs are limited obligations of the CDC payable from and secured by tax revenues to be derived from the project area. The pledge of future revenues ends upon final payment scheduled to occur in 2036.

1999 Certificates of Participation

On January 15, 1999, the Financing Authority issued the 1999 Certificates of Participation ("1999 COPs") in the amount of \$5,055,000. The 1999 COPs were issued to provide funding for the acquisition by the Financing Authority of the site and improvements for the community center complex.

2003 Lease Revenue Refunding Bonds

On July 1, 2003 the Financing Authority issued the Rohnert Park Financing Authority Lease, Series 2003 ("2003 LRBs") to refinance the Refunding Certificates of Participation (Rohnert Park Public Safety Facility Project-the Series 1994 Certificates) outstanding principal amount of \$5,780,000 and the Certificates of Participation (Master Equipment Lease Program- Series 1999 Certificates) outstanding principal balance of \$785,000, and to provide for deposit of a surety bond in a reserve fund and to pay certain costs of issuance. The 2003 LRBs are payable from and secured by base rental payments to be made by the City under the lease between the City and the Financing Authority for the lease of the Department of Public Safety Main Station, which houses the City's Department of Safety which provides police and fire services in the City. The pledge of future revenues ends upon final payment scheduled to occur in 2025. In fiscal 2009, revenues pledged totaled \$492,432 and the required debt service was \$490,431.

2001 Tax Allocation Bonds

On September 25, 2001, the CDC issued the Rohnert Park Redevelopment Project Tax Allocation Refunding Bonds, Series 2001 ("2001 TABs") for the purpose of refunding a portion of the CDC's outstanding Series 1991 Bonds, funding certain capital improvements, funding a reserve fund and paying the issuance costs. The 2001 TABs are limited obligation bonds of the CDC payable from and secured by a portion of tax increment revenues. The pledge of future revenues ends upon final payment scheduled to occur in 2021.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

8. LONG-TERM LIABILITIES (continued)

2007 Tax Allocation Bonds

On March 28, 2007 the CDC issued the Rohnert Park Redevelopment Project Tax Allocation Bonds, Series 2007R ("2007 Redevelopment Project Bonds") in the amount of \$34,680,000, and the Rohnert Park Redevelopment Project Housing Tax Allocation Bonds ("2007 Housing Bonds") in the amount of \$26,760,000, for the purpose of financing certain public improvements, including certain housing projects, purchasing municipal bond debt service reserve fund policies in order to satisfy the reserve requirements for the respective reserve accounts, and paying the costs of issuing the bonds. The 2007 Redevelopment Project Bonds are special obligations of the CDC payable from and secured by tax revenues. The pledge of future revenues ends upon final payment scheduled to occur in 2038 for both of the 2007 Tax Allocation Bonds. Based on a recent analysis of the future housing project needs, the Commission determined that there were surplus bond proceeds. On June 18, 2009, the Commission tendered \$9,630,000 of a 2037 Term Bond, with \$450,000 remaining outstanding.

In fiscal year 2009, pledged revenues for the Series 1991 Bonds, 1999 TABs, 2001 TABs, and 2007 Redevelopment Project Bonds totaled \$11,069,058, and required debt service was \$3,210,827, as follows: 1991 Bonds - \$580,000; 1999 TABs - \$387,880; 2001 TABs - \$388,968; and 2007 Redevelopment Project Bonds - \$1,853,979. The 2007 Housing Bonds are special obligations of the CDC and payable from and secured by the housing set-aside amount. Revenues pledged in fiscal year 2009 for the 2007 Housing Bonds were \$2,410,095, and the required debt service was \$1,151,419.

Business-Type Activities:

2005 Sewer System Revenue Certificates of Participation

On May 27, 2005, the City issued Sewer System Revenue Certificates of Participation, Series 2005 (Certificates) in the amount of \$13,000,000. Proceeds of the Certificates are being used for a) financing certain improvements, betterments, renovations and expansions of facilities within the Sewer System of the City b) paying capitalized interest with respect to the Certificates to June 1, 2006, c) providing for the deposit of a reserve fund surety bond and d) paying costs of delivery of the Certificates. The Certificates will mature in the year 2036 and carry interest rates ranging from 3.00% - 5.00%. The City has pledged future sewer services charges, net of specified operating expenses, to repay the debt. In November 2008, a voter initiative was passed (Measure L) that required the City to rollback the sewer utility rates to the rates in effect in January 2006. As a result of the rollback, the 2009 net operating loss for sewer was \$435,890. However, there is a sufficient cash reserve in the sewer fund of \$8.2M to cover both the operating expenses and debt service of \$812,098 for fiscal year 2010. The City has recently hired a consultant to review both the water and sewer rates and determine what rate increases, if any, are necessary to maintain the systems and provide sufficient reserves.

2002 and 2005 California Statewide Communities Development Authority Water Revenue Bonds

In October 2002, the City became a program participant in the California Statewide Communities Development Authority Water and Wastewater Pooled Financing Program (Program). As a participant in the Program, the City was able to issue California Statewide Communities Development Authority (Authority) Water Revenue Bonds. The 2002 Water Revenue Bonds were authorized and issued by the California Statewide Communities Development Authority on behalf of the City in the amount of \$2,090,000. The proceeds are to be used for water improvement projects. System net revenues, as defined in the agreement, are irrevocably pledged for the debt service payments until maturity.

On May 1, 2005, the City issued Series 2005A (Bonds) in the amount of \$5,000,000 under the program. Proceeds of the Bonds were used to finance the acquisition and construction of water and wastewater public capital improvements. The Bonds will mature in 2030 and carry interest rates from 2.5% to 4.5%. The City entered into an Installment Purchase Agreement with the Authority that provides that all system net revenues are pledged to the payment of the installment payments until maturity.

In fiscal 2009, system net revenues available to fund the 2002 and 2005 Water Revenue Bonds totaled \$915,014 and debt service was \$471,872.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

8. LONG-TERM LIABILITIES (continued)

The following is a summary of changes to long-term liabilities for the year ended June 30, 2009:

| | Balance July 1, 2008 | Additions/ Accretions | Retirements | Balance June 30, 2009 | Amount due Within One Year |
|---|-------------------------|--------------------------|----------------------|--------------------------|----------------------------------|
| Governmental activities: | | | | | |
| Certificates of participation | \$ 3,960,000 | \$ - | \$ 160,000 | \$ 3,800,000 | \$ 165,000 |
| Lease revenue refunding bonds | 6,020,000 | - | 240,000 | 5,780,000 | 245,000 |
| Tax allocation bonds | 76,164,249 | - | 10,558,993 | 65,605,256 | 1,057,092 |
| Capital leases | 1,538,698 | - | 327,136 | 1,211,562 | 195,684 |
| Accreted interest on capital appreciation bonds | 6,088,508 | 821,969 | 396,007 | 6,514,470 | 407,908 |
| Total long-term debt | 93,771,455 | 821,969 | 11,682,136 | 82,911,288 | 2,070,684 |
| Original issue premium | 1,354,909 | - | 52,318 | 1,302,591 | 52,318 |
| Original issue discount | (398,486) | - | (14,279) | (384,207) | (14,279) |
| Deferred amount on refunding | (220,285) | - | (49,576) | (170,709) | (49,576) |
| Compensated absences | 1,405,412 | 1,128,060 | 1,071,467 | 1,462,005 | 539,991 |
| Total governmental activities | <u>\$ 95,913,005</u> | <u>\$ 1,950,029</u> | <u>\$ 12,742,066</u> | <u>\$ 85,120,968</u> | <u>\$ 2,599,138</u> |
| Business-type activities: | | | | | |
| Water revenue bonds | \$ 6,305,000 | \$ - | \$ 220,000 | \$ 6,085,000 | \$ 225,000 |
| Sewer revenue certificates of participation | 12,530,000 | - | 245,000 | 12,285,000 | 255,000 |
| Original issue premium | 212,496 | - | 7,612 | 204,884 | 7,612 |
| Original issue discount | (59,028) | - | (2,856) | (56,172) | (2,854) |
| Total business-type activities | <u>\$ 18,988,468</u> | <u>\$ -</u> | <u>\$ 469,756</u> | <u>\$ 18,518,712</u> | <u>\$ 484,758</u> |

For the governmental activities, compensated absences are generally liquidated by the General Fund.

Future debt service requirements (principal and interest) for governmental activities are as follows:

| Fiscal Year Ending June 30: | Certificates of Participation | | Lease Revenue Bonds | | Tax Allocation Bonds | | |
|-----------------------------------|-------------------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Accreted Interest |
| 2010 | \$ 165,000 | \$ 179,538 | \$ 245,000 | \$ 243,756 | \$ 1,057,092 | \$ 2,583,143 | \$ 407,908 |
| 2011 | 175,000 | 172,480 | 255,000 | 236,129 | 1,045,355 | 2,552,640 | 579,645 |
| 2012 | 180,000 | 164,935 | 265,000 | 227,704 | 1,041,810 | 2,526,627 | 603,190 |
| 2013 | 190,000 | 156,885 | 270,000 | 218,373 | 1,988,453 | 2,479,547 | 186,547 |
| 2014 | 195,000 | 148,318 | 280,000 | 208,333 | 2,046,007 | 2,408,528 | 198,993 |
| 2015 - 2019 | 1,130,000 | 587,590 | 1,580,000 | 861,713 | 12,356,308 | 10,594,719 | 1,488,691 |
| 2020 - 2024 | 1,435,000 | 268,625 | 1,965,000 | 460,156 | 12,314,505 | 8,072,904 | 4,915,495 |
| 2025 - 2029 | 330,000 | 8,250 | 920,000 | 44,174 | 12,727,058 | 5,897,761 | 6,652,943 |
| 2030 - 2034 | - | - | - | - | 10,608,902 | 3,402,266 | 7,151,098 |
| 2035 - 2038 | - | - | - | - | 10,419,766 | 1,182,500 | 2,975,234 |
| Total | <u>\$ 3,800,000</u> | <u>\$ 1,686,621</u> | <u>\$ 5,780,000</u> | <u>\$ 2,500,338</u> | <u>\$ 65,605,256</u> | <u>\$ 41,700,635</u> | <u>\$ 25,159,744</u> |

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

8. LONG-TERM LIABILITIES (continued)

Future debt service requirements (principal and interest) for business-type activities are as follows:

| Fiscal Year ending June 30: | Water Revenue Bonds | | Sewer Revenue Certificates of Participation | |
|--------------------------------|---------------------|---------------------|---|---------------------|
| | Principal | Interest | Principal | Interest |
| 2010 | \$ 225,000 | \$ 245,016 | \$ 255,000 | \$ 559,604 |
| 2011 | 230,000 | 238,284 | 265,000 | 551,129 |
| 2012 | 240,000 | 230,918 | 275,000 | 542,074 |
| 2013 | 245,000 | 222,951 | 280,000 | 532,386 |
| 2014 | 255,000 | 214,401 | 295,000 | 522,205 |
| 2015 – 2019 | 1,420,000 | 916,893 | 1,640,000 | 2,436,148 |
| 2020 – 2024 | 1,585,000 | 588,565 | 2,015,000 | 2,067,875 |
| 2025 – 2029 | 1,285,000 | 284,131 | 2,530,000 | 1,537,750 |
| 2030 – 2034 | 600,000 | 27,225 | 3,215,000 | 856,275 |
| 2035 – 2038 | - | - | 1,515,000 | 111,900 |
| Total | <u>\$ 6,085,000</u> | <u>\$ 2,968,384</u> | <u>\$ 12,285,000</u> | <u>\$ 9,717,346</u> |

Legal Debt Limit

As of June 30, 2009, the City's legal debt limit (15% of valuation subject to taxation) was \$607,804,000. Currently, the City has no debt subject to the debt limit.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, Municipal Finance Corporation performed calculations of excess investment earnings on various bonds and financings and at June 30, 2009, the City has no liability.

Conduit Debt

The City has issued a Multifamily Housing Revenue Bond and four Mobile Home Park Revenue Bonds to provide funds to builders for the construction of a multifamily housing project and two mobile home park projects. The bonds are payable solely from the revenue collected by the builders of the projects. The City is not obligated in any manner for repayment of the indebtedness. Accordingly, the liabilities are not reported in the City's basic financial statements.

The aggregate principal amount payable for the five series of bonds as of June 30, 2009 is as follows:

| | |
|--|--------------|
| Multifamily Housing Revenue Bonds 1995 Series A (Crossbrooks Apartments) | \$ 8,715,000 |
| Mobile Home Park Revenue Bonds 2001 Series A (Las Casitas De Sonoma) | 4,450,000 |
| Mobile Home Park Revenue Bonds 2001 Series B (Las Casitas De Sonoma) | 459,380 |
| Mobile Home Park Revenue Bonds Series 2003A (Rancho Feliz MHP) | 12,425,000 |
| Mobile Home Park Revenue Bonds Series 2003B (Rancho Feliz MHP) | 3,350,000 |

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

8. LONG-TERM LIABILITIES (continued)

Capital Leases

The City has entered into long-term capital lease agreements with various financing agencies to lease public safety patrol and fire protection vehicles and other equipment. The following is a summary of future minimum lease payments as of June 30, 2009:

| Fiscal Year ending June 30: | Principal | Interest |
|--------------------------------|---------------------|-------------------|
| 2010 | \$ 195,684 | \$ 46,913 |
| 2011 | 169,306 | 39,872 |
| 2012 | 141,620 | 34,168 |
| 2013 | 111,193 | 28,717 |
| 2014 | 79,354 | 24,715 |
| 2015-2019 | 494,910 | 63,835 |
| 2020-2022 | 19,495 | 108 |
| Total | <u>\$ 1,211,562</u> | <u>\$ 238,328</u> |

Payment for capital lease obligations are made from various revenue sources recorded in the General Fund and transferred to the General Debt Service Fund. At June 30, 2009, equipment under the capital leases of \$3,527,991 is included in the statement of net assets.

9. EMPLOYEES' RETIREMENT PLAN

Plan Description – All permanent employees are eligible to participate in the Public Employees' Retirement Fund (the Fund) of the State of California's Public Employees Retirement System (CALPERS). The Fund is an agent multiple-employer defined benefit plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. However, the Fund is pooled for the City's safety employees, therefore the safety plan is considered a cost-sharing plan from the City's perspective. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and final compensation. Employees vest after five years of service and may receive retirement benefits at age fifty. These benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the Fund's annual financial report may be obtained from CALPERS' executive office: 400 P. Street, Sacramento, CA 95814. A separate report for the City's plan within the Fund is not available.

Funding Policy – The City pays the employee contribution for safety (9%) and 7% of the 8% employee contribution for miscellaneous employees of their annual covered salary to the Fund. The City is required to contribute at an actuarially determined rate. The actuarial methods and assumptions used are those adopted by the Fund's Board of Administration. The required employer contribution rates for fiscal year ended June 30, 2009 were 34.477% for safety employees and 16.209% for miscellaneous employees of annual covered payroll. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost – The City's annual pension cost for the Fund was equal to the City's required and actual contributions, which was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases from 3.25% to 14.45% depending on age, service and type of employment. Both (a) and (b) include an inflation component of 3%. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. The actuarial value of City's assets was determined using a 15 year smoothed market technique.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

9. EMPLOYEES' RETIREMENT PLAN (continued)

Schedule of Employer Contributions
Safety Plan (Cost-Sharing Multiple-Employer Plan)
(dollar amounts in thousands)

| Fiscal Year Ended | Required Contributions | Percentage Contributed |
|----------------------|---------------------------|---------------------------|
| 6/30/07 | \$ 1,581 | 100% |
| 6/30/08 | 2,705 | 100 |
| 6/30/09 | 2,954 | 100 |

Schedule of Employer Contributions
Miscellaneous Plan (Agent Multiple-Employer Plan)
(dollar amounts in thousands)

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|----------------------|------------------------------|----------------------------------|---------------------------|
| 6/30/07 | \$ 871 | 100% | - |
| 6/30/08 | 1,488 | 100 | - |
| 6/30/09 | 1,387 | 100 | - |

Funded Status of Plan-Miscellaneous Employees (dollar amounts in thousands):

| | | | (C) | | | | (F) |
|-----------|-----------|-----------|-------------|--------------|----------|---------------------|--------------|
| | | | (B) | Unfunded | | | |
| | | | Entry | (Overfunded) | | | Unfunded |
| | | | Age | Actuarial | (D) | Actuarial Liability | (Overfunded) |
| Actuarial | Actuarial | Actuarial | Accrued | Funded | (E) | as Percentage of | |
| Valuation | Asset | Accrued | Liability | Ratio | Covered | Covered Payroll | |
| Date | Value | Liability | [(B) - (A)] | [(A) / (B)] | Payroll | [(C)/(E)] | |
| 6/30/08 | \$ 54,912 | \$ 48,126 | \$ (6,786) | 114.10% | \$ 8,273 | -82.0% | |

The PERS schedule of funding progress in the Required Supplementary Information section following the notes to the financial statements presents multi-year trend information.

10. POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

During the fiscal year ended June 30, 2009, the City implemented GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This statement establishes uniform financial reporting standards for employers providing postemployment benefits. The provisions of this statement are applied on a prospective basis.

The City provides health insurance benefits under the Anthem Blue Cross or Kaiser health plans to eligible retirees and dependents in accordance with various labor agreements. Employees are eligible for retiree health benefits and life insurance benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. Employees hired after June 30, 2008 are under a defined contribution plan which is funded monthly and thus are not included in the OPEB calculation.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

10. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

Funding Policy

The City's policy is to fund these benefits on a pay-as-you-go basis, and paid \$13,045 per retiree for the fiscal year ended June 30, 2009 (a total of \$1,291,471) to the plan. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount which was determined as part of a July 1, 2008 actuarial valuation in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC is subject to change with each actuarial valuation date performed no less than every three years.

The City's OPEB unfunded actuarial accrued liability as of July 1, 2008, the date of the most recent actuarial valuation, was a total of \$3,027,000. This OPEB obligation has been adjusted by an annual inflation percentage of 3.5 percent based on the assumptions of the actuarial valuation and a general salary increase of 3.75 percent.

The City has calculated and recorded the Net OPEB obligation, representing the difference between the ARC, amortization and contributions, as follows:

| | |
|--|----------------------------|
| Annual required contributions (ARC) and annual OPEB cost | \$ 4,233,000 |
| Contributions made by the City | <u>(1,206,000)</u> |
| Increase in net OPEB obligation | 3,027,000 |
| Net OPEB obligations, beginning of year | <u>-</u> |
| Net OPEB obligations, end of year | <u><u>\$ 3,027,000</u></u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal 2009 and the two preceding years were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|--|---------------------|
| 06/30/07 | N/A | N/A | N/A |
| 06/30/08 | N/A | N/A | N/A |
| 06/30/09 | \$ 4,233,000 | 28.49% | \$ 3,027,000 |

Note: Disclosure of annual OPEB cost, percent contributed, and net OPEB obligation, if any, is required for the current fiscal year and each of the two preceding fiscal years. The fiscal year ended June 30, 2009 is the first year of implementation of the City's post-retirement health care plan accounted for and reported in accordance with the requirements of GASB 45. Accordingly, three-year data is not available and will be shown when such data becomes available.

Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. The actuarial assumptions include a 4.5 percent investment rate of return, covered payroll increases of 3.75 percent per year, an inflation rate of 3.5 percent per year, and a medical increase trend rate starting at 9.5 percent per year, and decreasing gradually over a 5 year period to an ultimate rate of 5.75 percent per year. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll over 30 years.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

10. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about investment return, future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents three-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for plan benefits.

11. FUND BALANCE / NET ASSETS

Fund Balance - In the fund financial statements, governmental funds report fund balance reserves for amounts that are not appropriable for expenditure or legally or contractually segregated for a specific future use. Fund balance designations result from City management or City Council action. Such designations are at the discretion of management or Council and may be changed by future management or Council action.

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans or intent are subject to change, have not been legally authorized and may not result in expenditures. As of June 30, 2009, unreserved, designated fund balances were as follows:

| | |
|------------------------------------|---------------------|
| Fund balance designations for: | |
| General Fund: | |
| Contingencies | \$ 2,147,636 |
| Self-insurance | 1,010,585 |
| Infrastructure | 282,385 |
| Recreational facilities | 52,214 |
| Retired employee medical insurance | 3,405,143 |
| Housing programs | 594,074 |
| Retirement costs/miscellaneous | 350,000 |
| Equipment replacement | 618,177 |
| Donations | 193,647 |
| Total General Fund | <u>\$ 8,653,861</u> |
| Nonmajor Governmental Funds: | |
| Capital projects | <u>\$ 95,021</u> |

In government-wide statements equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – consists of net assets with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

12. RISK MANAGEMENT

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City reports all of its risk management activities in its General Fund. The City participates in the Redwood Empire Municipal Insurance Fund (REMIF), a joint powers agency (risk-sharing pool) established in May 1976 to provide an independently managed self-insurance program for member cities. The purpose of REMIF is to spread the adverse effect of losses among the member agencies and to purchase excess insurance as a group, thereby reducing its costs.

The City's deductibles and maximum coverage follows:

| Coverage: | <u>Deductible</u> | <u>REMIF</u> | <u>Excess Coverage</u> |
|-----------------------|-------------------|--------------|------------------------|
| General liability | \$ 5,000 | \$ 500,000 | \$ 39,500,000 |
| Workers' compensation | 5,000 | 1,000,000 | Statutory |
| Property damage | 5,000 | 25,000 | 300,000,000 |
| Automobile liability | 5,000 | 10,000 | 39,500,000 |
| Earthquake and flood | 100,000 | - | 40,000,000 |
| Fidelity | 5,000 | 25,000 | 2,000,000 |

The City contributes its pro-rata share of anticipated losses to a pool administered by REMIF. Should actual losses among participants be greater than the anticipated losses, the City will be assessed its pro-rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the City will be refunded its pro-rata share of the excess. The City paid insurance premiums and deductibles of \$1,397,832 and received REMIF refunds of \$187,439 during the year ended June 30, 2009. Settled claims have not exceeded commercial excess liability coverage in any of the past three fiscal years.

Claims expenditures and liabilities are reported for self-insured deductibles when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNR). At June 30, 2009 the amount of these IBNR liabilities was \$21,600. This liability is the City's best estimate based on available information.

Changes in the reported liability resulted from the following:

| | |
|--|------------------|
| Liability at June 30, 2008 (reported in accrued liabilities) | \$ 108,572 |
| Current year claim deductibles and changes in estimates | 93,548 |
| Net payments | <u>(124,460)</u> |
| Liability at June 30, 2008 (reported in accrued liabilities) | 77,660 |
| Current year claim deductibles and changes in estimates | 207,543 |
| Net payments | <u>(215,942)</u> |
| Liability at June 30, 2009 (reported in accrued liabilities) | <u>\$ 69,261</u> |

At June 30, 2009, management designated \$1,010,585 of fund balance in the General Fund for future claims liabilities.

13. COMMITMENTS AND CONTINGENCIES

The City is a defendant in several lawsuits arising in the normal course of business. In the opinion of the City Attorney and City Management, potential claims against the City resulting from such litigation, not covered by insurance, would not materially effect the basic financial statements of the City.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

13. COMMITMENTS AND CONTINGENCIES (continued)

The City participates in several Federal and State grant programs. These programs have been audited by the City's independent auditors when required, in accordance with the provisions of the Federal Single Audit Act and the 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.

The Commission received an award of \$600,000 on June 29, 2007 from the State of California Department of Housing and Community Development CalHome program for the purpose of operating an Owner-Occupied Rehabilitation loan program for eligible residential properties that are occupied by low-income households. The program provides for deferred payment loans with below-market interest rates to eligible, owner-occupied, low-income households with incomes at or below 80% of the median area income. The term of the loans will be for

thirty years, with no payments required prior to the thirtieth anniversary of the loan, except if i) the borrower dies; ii) the property is sold or transferred; iii) the borrower no longer occupies the property as their principal residence (except under certain situations as defined); or iv) the borrower is in default of any other loan condition. Interest will accrue on the loans at 3% simple interest. The Commission received \$150,000 from this first draw request in December 2008, and as of June 30, 2009 had not loaned out any of these funds.

On May 23, 2006, the Commission authorized the commitment of Low and Moderate Income Housing funds for social services to be provided as part of the Vida Nueva Affordable Housing Project for a period of 5 years, with the annual funding not to exceed \$75,000 per year. The funds are to be utilized for supportive services such as parenting education, employment readiness, money management, mental health and chemical dependency for the residents at Vida Nueva. This commitment helped the Developer secure Mental Health Program funding for the project as it demonstrated a means to provide supportive services for the project.

The City has an agreement with a private party for the purchase of certain vacant parcels known as the Stadium Lands under and Option to Purchase and Purchase Agreement dated April 8, 2003. The purchase price is \$8.6 million and various option payments are due as certain milestones are met. To date the City has received \$2.6 million in accordance with the agreement, including \$1 million of option payments received in fiscal 2009 which has been recorded as a gain on sale of capital assets in the accompanying financial statements. Per the terms of the agreement, the balance of \$6 million, which includes the land is to be completed prior to December 31, 2009. The City is currently discussing the details with the private party.

14. LEASES

The City has entered into an operating lease contract whereby the City leases golf courses to a third party. The lease commenced May 2001 and was amended April 2005. The term of the lease is for twenty years, with an optional extension of ten years. The costs of the golf course improvements are \$3.0 million with associated accumulated depreciation of \$1.8 million at June 30, 2009.

CITY OF ROHNERT PARK
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

14. LEASES (continued)

The future minimum rentals to be received from the aforementioned operating lease as of June 30, 2009 are as follows (in thousands):

| | |
|------------------------------|----------|
| Fiscal Year Ending June 30, | |
| 2010 | \$ 150 |
| 2011 | 175 |
| 2012 | 175 |
| 2013 | 175 |
| 2014 | 175 |
| 2015 - 2019 | 975 |
| 2020 - 2024 | 1,100 |
| 2025 - 2029 | 1,225 |
| 2030-2033 | 1,000 |
| | <hr/> |
| Future minimum lease rentals | \$ 5,150 |
| | <hr/> |

These future minimum rentals are based upon annual rates agreed to by the lessee. In addition to the future minimum rentals disclosed above, the City leases various other properties, and the City expects to receive approximately \$472,200 monthly from month-to-month rentals in fiscal year 2009-10.

15. NEW GASB PRONOUNCEMENTS

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following Governmental Accounting Standards Board (GASB) Statements:

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. Application of this statement is effective for the City's fiscal year ending June 30, 2010.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The Statement specifically requires governments to measure and report most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The requirement of reporting the derivative instruments at fair value on the face of financial statements gives the users of financial statements a clearer look into the risks their governments are sometimes exposed to when they enter into these transactions and how those risks are managed. The Statement also addresses hedge accounting requirements and improves disclosures, providing a summary of the government's derivative instrument activity, its objectives for entering into derivative instruments, and their significant terms and risks. Application of this Statement is effective for the City's fiscal year ending June 30, 2010.

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective to this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Application of this Statement is effective for the City's fiscal year ending June 30, 2011.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**PERS Schedule of Funding Progress for Miscellaneous Plan (dollar amounts in thousands)
(Unaudited)**

| Actuarial Valuation Date | (A) Actuarial Asset Value | Entry Age Actuarial Accrued Liability | (Overfunded) Actuarial Accrued Liability [(B) - (A)] | (D) Funded Ratio [(A) / (B)] | (E) Covered Payroll | (Over funded) Actuarial Liability as Percentage of Covered Payroll [(C)/(E)] |
|--------------------------------|------------------------------------|---|--|---------------------------------------|---------------------------|--|
| 6/30/03 | \$ 30,828 | \$ 33,464 | \$ 2,636 | 92.12% | \$ 7,532 | 35.0% |
| 6/30/04 | 35,096 | 37,400 | 2,304 | 93.84% | 6,796 | 33.9% |
| 6/30/05 | 39,278 | 40,055 | 777 | 98.06% | 7,129 | 10.9% |
| 6/30/06 | 43,431 | 46,062 | 2,631 | 94.29% | 7,685 | 34.2% |
| 6/30/07 | 51,658 | 50,121 | (1,537) | 103.07% | 8,544 | -18.0% |
| 6/30/08 | 54,912 | 48,126 | (6,786) | 114.10% | 8,273 | -82.0% |
| 6/30/09 | | | ** information not available** | | | |

**PERS Schedule of Funding Progress for Safety Plan (dollar amounts in thousands)
(Unaudited)**

| Actuarial Valuation Date | (A) Actuarial Asset Value | (B) Entry Age Actuarial Accrued Liability | (C) Unfunded (Overfunded) Actuarial Accrued Liability [(B) - (A)] | (D) Funded Ratio [(A) / (B)] | (E) Covered Payroll | (F) Unfunded (Over funded) Actuarial Liability as Percentage of Covered Payroll [(C)/(E)] |
|--------------------------------|------------------------------------|--|---|---------------------------------------|---------------------------|---|
| 6/30/03 | \$ 3,577,742 | \$ 4,270,574 | \$ 692,832 | 83.78% | \$ 476,090 | 145.5% |
| 6/30/04 | 4,424,587 | 5,383,922 | 959,335 | 82.18% | 575,296 | 166.8% |
| 6/30/05 | 5,295,150 | 6,367,049 | 1,071,899 | 83.16% | 664,148 | 161.4% |
| 6/30/06 | 6,102,615 | 7,278,049 | 1,175,434 | 83.85% | 754,730 | 155.7% |
| 6/30/07 | 6,826,599 | 7,986,055 | 1,159,456 | 85.48% | 831,608 | 139.4% |
| 6/30/08 | 7,464,928 | 6,826,599 | (638,329) | 109.35% | 914,841 | -69.8% |
| 6/30/09 | | | ** information not available** | | | |

Note: safety plan is part of a much larger pool. Figures shown above are pool figures.

CITY OF ROHNERT PARK

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

| | Original Budget | Final Budget | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|-------------------|-------------------|---|
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 3,150,000 | \$ 3,150,000 | \$ 3,029,029 | \$ (120,971) |
| Real property transfer | 100,000 | 100,000 | 90,647 | (9,353) |
| Transient occupancy | 1,900,000 | 1,900,000 | 1,722,049 | (177,951) |
| Sales and use | 7,062,030 | 7,062,030 | 6,172,593 | (889,437) |
| Franchises | 1,485,000 | 1,485,000 | 1,411,622 | (73,378) |
| | <u>13,697,030</u> | <u>13,697,030</u> | <u>12,425,940</u> | <u>(1,271,090)</u> |
| Licenses, permits and fees: | | | | |
| Business licenses | 485,000 | 485,000 | 481,256 | (3,744) |
| Animal licenses | 54,000 | 54,000 | 57,562 | 3,562 |
| Building permits | 341,500 | 341,500 | 167,799 | (173,701) |
| Plan check | 175,000 | 175,000 | 100,617 | (74,383) |
| | <u>1,055,500</u> | <u>1,055,500</u> | <u>807,234</u> | <u>(248,266)</u> |
| Fines, forfeitures and penalties: | | | | |
| Vehicle code | 80,000 | 80,000 | 109,028 | 29,028 |
| Parking fines | 50,000 | 50,000 | 56,056 | 6,056 |
| Impound fees | 20,000 | 20,000 | 31,156 | 11,156 |
| Other court | 15,000 | 15,000 | 16,609 | 1,609 |
| | <u>165,000</u> | <u>165,000</u> | <u>212,849</u> | <u>47,849</u> |
| Interest and rentals: | | | | |
| Investment earnings | 1,600,000 | 1,600,000 | 757,892 | (842,108) |
| Rent - golf courses | 150,000 | 150,000 | 150,000 | - |
| Rent - other | 398,000 | 398,000 | 451,190 | 53,190 |
| Subtotal | <u>2,148,000</u> | <u>2,148,000</u> | <u>1,359,082</u> | <u>(788,918)</u> |
| Intergovernmental: | | | | |
| State motor vehicle in-lieu tax | 3,130,000 | 3,130,000 | 3,042,186 | (87,814) |
| Public Safety Augmentation Fund | 225,000 | 225,000 | 202,849 | (22,151) |
| Grants | 30,000 | 30,000 | 60,956 | 30,956 |
| Reimbursements | 20,000 | 20,000 | 47,131 | 27,131 |
| Other | 10,000 | 10,000 | 257,858 | 247,858 |
| Subtotal | <u>3,415,000</u> | <u>3,415,000</u> | <u>3,610,980</u> | <u>195,980</u> |

(continued)

CITY OF ROHNERT PARK

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--------------------------------|----------------------------|-------------------------|--------------------------|---|
| (Continued) | | | | |
| REVENUES (Continued) | | | | |
| Charges for current services: | | | | |
| Zoning and subdivision fees | 100,000 | 100,000 | 179,184 | 79,184 |
| General plan maintenance fee | 20,000 | 20,000 | 631 | (19,369) |
| Sales of maps and lists | 11,500 | 11,500 | 5,901 | (5,599) |
| Special public safety services | 35,000 | 35,000 | 46,887 | 11,887 |
| Fire Inspection Fees | 250,000 | 250,000 | 201,961 | (48,039) |
| Vehicle abatement revenue | 28,000 | 28,000 | 24,306 | (3,694) |
| Animal shelter fees | 50,000 | 50,000 | 54,656 | 4,656 |
| Alcohol Education Fee | 24,000 | 24,000 | 25,262 | 1,262 |
| Engineering fees | 286,000 | 286,000 | 118,302 | (167,698) |
| Library ground maintenance | 8,000 | 8,000 | 7,896 | (104) |
| Recreation: | | | | |
| Recreation centers | 709,800 | 709,800 | 686,507 | (23,293) |
| Swimming pools | 199,500 | 199,500 | 193,862 | (5,638) |
| Contract classes and other | 147,000 | 147,000 | 160,739 | 13,739 |
| Subtotal | <u>1,868,800</u> | <u>1,868,800</u> | <u>1,706,094</u> | <u>(162,706)</u> |
| Donations and miscellaneous: | | | | |
| Performing Arts Center | 592,100 | 592,100 | 515,390 | (76,710) |
| Refuse administration | 330,100 | 330,100 | 297,186 | (32,914) |
| Donations | - | - | 22,032 | 22,032 |
| Miscellaneous | 186,000 | 186,000 | 171,066 | (14,934) |
| Subtotal | <u>1,108,200</u> | <u>1,108,200</u> | <u>1,005,674</u> | <u>(102,526)</u> |
| Total revenues | <u>23,457,530</u> | <u>23,457,530</u> | <u>21,127,853</u> | <u>(2,329,677)</u> |

(continued)

CITY OF ROHNERT PARK

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|--------------------------|---|
| (Continued) | | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| City Council | 142,798 | 124,070 | 94,677 | 29,393 |
| City Manager | 809,293 | 809,293 | 791,645 | 17,648 |
| Finance and accounting | 1,279,761 | 1,279,761 | 1,274,682 | 5,079 |
| Information Services | 562,971 | 562,971 | 471,484 | 91,487 |
| Legal services | 500,000 | 500,000 | 602,696 | (102,696) |
| Planning Department/Commission | 447,792 | 447,792 | 580,964 | (133,172) |
| Human Resource | 473,004 | 473,004 | 403,498 | 69,506 |
| Rent appeals board | 201,215 | 201,215 | 217,720 | (16,505) |
| City Office building | 167,500 | 167,500 | 137,072 | 30,428 |
| City Office annex | 39,450 | 39,450 | 36,779 | 2,671 |
| Property tax administration fee | 110,000 | 110,000 | 107,087 | 2,913 |
| General government-nondepartmental | 1,881,495 | 1,881,495 | 1,552,666 | 328,829 |
| Nondepartmental-employee benefits | 1,367,173 | 1,367,173 | 1,291,471 | 75,702 |
| General government- nondepartmental T/O | - | - | - | - |
| Enterprise fund cost allocation | (1,881,496) | (1,881,496) | (1,881,496) | - |
| Community Development Commission cost allocation | (1,177,500) | (1,177,500) | (1,177,500) | - |
| Subtotal | <u>4,923,456</u> | <u>4,904,728</u> | <u>4,503,445</u> | <u>401,283</u> |
| Public safety: | | | | |
| Personnel | 15,730,822 | 15,730,822 | 16,489,843 | (759,021) |
| Police protection | 1,412,645 | 1,412,645 | 1,103,546 | 309,099 |
| Fire protection | 276,290 | 276,290 | 206,506 | 69,784 |
| Fire prevention | 453,708 | 453,708 | 266,875 | 186,833 |
| Animal control | 453,750 | 453,750 | 419,779 | 33,971 |
| Animal shelter | 111,640 | 111,640 | 38,987 | 72,653 |
| Civil defense/hazardous materials | 15,500 | 15,500 | - | 15,500 |
| Southwest station | 13,900 | 13,900 | 973 | 12,927 |
| Main station | 433,500 | 433,500 | 262,646 | 170,854 |
| North station | 25,500 | 25,500 | 22,172 | 3,328 |
| South station | 15,000 | 15,000 | 6,377 | 8,623 |
| Booking fees | 100,000 | 100,000 | 13,630 | 86,370 |
| Sexual assault examination fees | 10,000 | 10,000 | 28,800 | (18,800) |
| Youth and Family Program | 128,136 | 128,136 | 117,873 | 10,263 |
| Subtotal | <u>19,180,391</u> | <u>19,180,391</u> | <u>18,978,007</u> | <u>202,384</u> |

(continued)

CITY OF ROHNERT PARK

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

| | Original Budget | Final Budget | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|------------------|---|
| (Continued) | | | | |
| EXPENDITURES (Continued) | | | | |
| Current: | | | | |
| Public works: | | | | |
| Engineering | 897,838 | 897,838 | 555,418 | 342,420 |
| Inspection | 585,896 | 585,896 | 458,052 | 127,844 |
| General | 691,237 | 691,237 | 698,402 | (7,165) |
| Maintenance of parkways | 272,751 | 272,751 | 252,431 | 20,320 |
| Maintenance of streets/bikepaths | 518,251 | 518,251 | 332,388 | 185,863 |
| Maintenance of school grounds | 2,100 | 2,100 | 4,828 | (2,728) |
| Street lighting | 232,380 | 232,380 | 250,503 | (18,123) |
| Traffic signals | 95,000 | 95,000 | 86,977 | 8,023 |
| Storm drains and drainage | 48,000 | 48,000 | 26,007 | 21,993 |
| Weed abatement | 2,000 | 2,000 | 3,600 | (1,600) |
| Enterprise fund cost allocation | (786,500) | (786,500) | (786,500) | - |
| Community Development Commission cost allocation | (166,500) | (166,500) | (166,500) | - |
| Subtotal | 2,392,453 | 2,392,453 | 1,715,606 | 676,847 |
| Parks and recreation: | | | | |
| Parks | 388,656 | 388,656 | 398,173 | (9,517) |
| Parks maintenance-general | 623,760 | 623,760 | 504,190 | 119,570 |
| Recreation centers | 987,018 | 987,018 | 1,003,843 | (16,825) |
| Swimming pools | 498,899 | 498,899 | 592,878 | (93,979) |
| Recreation administration and program: | 552,364 | 552,364 | 544,272 | 8,092 |
| Golf courses | - | - | 22 | (22) |
| Library | 10,000 | 10,000 | 19,247 | (9,247) |
| Subtotal | 3,060,697 | 3,060,697 | 3,062,625 | (1,928) |
| Performing Arts Center | 854,433 | 854,433 | 841,126 | 13,307 |
| Capital outlay | 510,945 | 510,945 | 119,919 | 391,026 |
| Subtotal expenditures | 30,922,375 | 30,903,647 | 29,220,728 | 1,682,919 |

(continued)

CITY OF ROHNERT PARK

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|--------------------------|---|
| (Continued) | | | | |
| DEFICIENCY OF REVENUES | | | | |
| UNDER EXPENDITURES | <u>(7,464,845)</u> | <u>(7,446,117)</u> | <u>(8,092,875)</u> | <u>(646,758)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from the sale of capital assets | 10,600,000 | 10,600,000 | 3,995,000 | (6,605,000) |
| Transfers in | 1,713,600 | 1,713,600 | 2,252,754 | 539,154 |
| Transfers out | <u>(649,651)</u> | <u>(649,651)</u> | <u>(2,405,635)</u> | <u>(1,755,984)</u> |
| Total other financing sources (uses) | <u>11,663,949</u> | <u>11,663,949</u> | <u>3,842,119</u> | <u>(7,821,830)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 4,199,104</u> | <u>\$ 4,217,832</u> | <u>(4,250,756)</u> | <u>\$ (8,468,588)</u> |
| FUND BALANCE, BEGINNING OF YEAR: | | | <u>16,419,409</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 12,168,653</u> | |

See note to required supplementary information.

CITY OF ROHNERT PARK
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Budgets and Budgetary Accounting

The City operates under the general laws of the State of California and annually adopts a budget for its General Fund to be effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during the fiscal year. The legal level of budgetary control is the fund level. The City Manager may authorize transfers from one account to another within the same department. All unencumbered appropriations lapse at year-end.

Annual budgets for the City General Fund, State Gasoline Tax Special Revenue Fund, Traffic Signals Fee Special Revenue Fund, Capital Outlay Fee Special Revenue Fund, Public Facilities Finance Fee Special Revenue Fund, Transportation Equity Act Special Revenue Fund, Local Law Enforcement Block Grant Special Revenue Fund, Supplemental Law Enforcement Services Special Revenue Fund, Measure M Traffic Fund, Traffic Congestion Relief (AB2928) Special Revenue Fund, Measure M Fire Benefit Assessment Special Revenue Fund, Mobile Home Rent Appeals Board Special Revenue Fund, F.I.G.R Special Revenue Fund, Copeland Creek Drainage Facility Special Revenue Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America, with the exception of proceeds from the sale of capital assets, which is treated as revenues on the budgetary basis. The City prefers to leave its original budget unaltered during the year, unless there are substantial changes to budget forecasts, so that the effectiveness of individual departments in meeting budget objectives can be evaluated and the adequacy of the budget itself can be judged. Expenditures in excess of budgeted amounts are allowed by law but must be approved individually by the City Manager.

Encumbrance accounting, under which purchase orders, contracts, and other commitments of expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the budgetary process. No encumbrances were outstanding at June 30, 2009.

OTHER SUPPLEMENTARY INFORMATION

**CITY OF ROHNERT PARK
DESCRIPTION OF OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

NONMAJOR SPECIAL REVENUE FUNDS

To account for revenues derived from specific revenue sources. These funds are required by statute or ordinance to finance particular functions or activities of government. The various funds and sources are:

State Gasoline Tax Special Revenue Fund – From revenues received pursuant to Street and Highway Code Sections 2105, 2106, 2107, and 2107.5 and other funds for the purpose of maintenance and construction of the City streets.

Measure M Streets Fund – From revenues received from County on one quarter cent sales tax for street improvements.

Traffic Signals Fee Special Revenue Fund – From revenues received from fees imposed on developers for the purpose of constructing traffic signals.

Capital Outlay Fee Special Revenue Fund – From revenues received from fees imposed on developers for the purpose of park development, open space, and community facilities such as fire stations, libraries, auditoriums, stadiums, etc.

Local Law Enforcement Block Grant Special Revenue Fund – From revenues received from the U.S. Department of Justice for the purpose of reducing crime and improving public safety.

Supplemental Law Enforcement Services Special Revenue Fund – From revenues received from the State of California pursuant to AB 3229 for the purpose of ensuring public safety.

Traffic Congestion Relief (AB 2928) Special Revenue Fund – From revenues received pursuant to Assembly Bill 2928 for the purpose of maintenance and reconstruction of streets and roads.

Measure M Fire Benefit Assessment Special Revenue Fund – From revenues received pursuant to the voter approved fire benefit assessment district. Purpose is to finance enhancements of fire suppression activities.

Mobile Home Rent Appeals Board Special Revenue Fund – From revenues received pursuant to City of Rohnert Park Ordinance 494 authorizing the collection of registration fees from mobile home parks. Purpose is to fund the Mobile Home Rent Appeals Board.

F.I.G.R. Special Revenue Fund – From revenues received pursuant to the memorandum of agreement with the Federated Indians of the Graton Rancheria. The purpose is to fund public safety neighborhood enforcement.

Copeland Creek Drainage Facility Special Revenue Fund – From revenues received from fees imposed on developers in a specific area serviced by the Copeland Creek drainage improvements. Purpose is to repay the costs of the Copeland Creek drainage improvements.

NONMAJOR DEBT SERVICE FUNDS

To accumulate monies of payment of general long-term obligations, including capital leases and general obligation bonds.

General Debt Service Fund – To accumulate monies for payment of capital leases. Leases are financed by various revenues of the General Fund.

Special Assessments Debt Service Fund – To accumulate monies for payment of 1915 Act special assessment bonds. Financing is provided by special assessment taxes.

NONMAJOR CAPITAL PROJECTS FUNDS

To account for financial resources to be used for the acquisition of construction of major capital facilities (other than those financed by the proprietary fund types.)

Special Assessments Capital Projects Fund – To account for the acquisition of capital facilities financed from special assessment resources.

NONMAJOR PERMANENT FUND

To account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs (i.e., for the benefit of the City or its citizenry).

Performing Arts Center Endowment Permanent Fund – To account for capital donated for the City's Dorothy Rohnert Sprekels Performing Arts Center. The interest generated from the donations is used for operating costs of the Performing Arts Center.

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CITY OF ROHNERT PARK

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2009**

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Special Assessments Capital Projects Fund | Performing Arts Center Endowment Permanent Fund | Total |
|--|---|--|--|--|---------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 3,502,045 | \$ - | \$ 95,021 | \$ 1,265,851 | \$ 4,862,917 |
| Receivables: | | | | | |
| Taxes | 15,857 | - | - | - | 15,857 |
| Accounts | 418,221 | - | - | - | 418,221 |
| Restricted cash and investments | - | 345 | - | - | 345 |
| Total assets | \$ 3,936,123 | \$ 345 | \$ 95,021 | \$ 1,265,851 | \$ 5,297,340 |
| LIABILITIES | | | | | |
| Due to other funds | \$ 50,000 | - | - | - | \$ 50,000 |
| FUND BALANCES | | | | | |
| Reserved for: | | | | | |
| Street projects | 636,662 | - | - | - | 636,662 |
| Debt service | - | 345 | - | - | 345 |
| Performing Arts Center endowment | - | - | - | 1,265,851 | 1,265,851 |
| Unreserved, reported in: | | | | | |
| Special revenue funds | 3,249,461 | - | - | - | 3,249,461 |
| Capital project fund | - | - | 95,021 | - | 95,021 |
| Total fund balances | 3,886,123 | 345 | 95,021 | 1,265,851 | 5,247,340 |
| Total liabilities and fund balances | \$ 3,936,123 | \$ 345 | \$ 95,021 | \$ 1,265,851 | \$ 5,297,340 |

CITY OF ROHNERT PARK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Special Assessment Capital Projects Fund | Performing Arts Center Endowment Permanent Fund | Total Other Governmental Funds |
|---|---|-----------------------------------|--|---|---|
| REVENUES | | | | | |
| Taxes | \$ 481,332 | \$ - | \$ 347 | \$ - | \$ 481,679 |
| Intergovernmental | 1,624,580 | - | - | - | 1,624,580 |
| Interest and rentals | 118,508 | - | - | 36,137 | 154,645 |
| Licenses, permits and fees | 30,444 | - | - | - | 30,444 |
| Donations | 450,000 | - | - | - | 450,000 |
| Total revenues | 2,704,864 | - | 347 | 36,137 | 2,741,348 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 20,696 | - | - | - | 20,696 |
| Debt service: | | | | | |
| Principal | - | 327,136 | - | - | 327,136 |
| Interest and fiscal charges | - | 56,177 | - | - | 56,177 |
| Total expenditures | 20,696 | 383,313 | - | - | 404,009 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 2,684,168 | (383,313) | 347 | 36,137 | 2,337,339 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from tender of bonds | - | - | - | - | - |
| Transfers in | 26,049 | 383,313 | - | - | 409,362 |
| Transfers out | (3,207,005) | - | (347) | (36,137) | (3,243,489) |
| Total other financing sources (uses) | (3,180,956) | 383,313 | (347) | (36,137) | (2,834,127) |
| NET CHANGE IN FUND BALANCES | (496,788) | - | - | - | (496,788) |
| FUND BALANCES: | | | | | |
| BEGINNING OF THE YEAR | 4,382,911 | 345 | 95,021 | 1,265,851 | 5,744,128 |
| END OF YEAR | \$ 3,886,123 | \$ 345 | \$ 95,021 | \$ 1,265,851 | \$ 5,247,340 |

CITY OF ROHNERT PARK

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009**

| | State Gasoline Tax | Measure M Traffic | Prop 1B | Traffic Signals Fee | Capital Outlay Fee | Public Facility Finance Fee | Supplemental Law Enforcement Services | Traffic Congestion Relief (AB2928) | Measure M Fire Benefit Assessment | Mobile Home Rent Appeals Board | Total |
|---|--------------------------|----------------------|------------|---------------------------|--------------------------|--------------------------------------|--|---|--|--|--------------|
| ASSETS | | | | | | | | | | | |
| Cash and investments | \$ 347,566 | \$ 42,725 | \$ 186,939 | \$ 1,836,080 | \$ 212,274 | \$ 627,134 | \$ - | \$ 206,833 | \$ - | \$ 42,494 | \$ 3,502,045 |
| Receivables (net of allowance for uncollectibles): | | | | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | - | 15,857 | - | 15,857 |
| Accounts | 59,432 | - | - | - | - | 222,096 | 50,000 | 86,693 | - | - | 418,221 |
| Total assets | \$ 406,998 | \$ 42,725 | \$ 186,939 | \$ 1,836,080 | \$ 212,274 | \$ 849,230 | \$ 50,000 | \$ 293,526 | \$ 15,857 | \$ 42,494 | \$ 3,936,123 |
| LIABILITIES | | | | | | | | | | | |
| Accrued liabilities | \$ - | \$ - | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - | - | - | 50,000 | - | - | - | 50,000 |
| Deferred revenue | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities | - | - | - | - | - | - | 50,000 | - | - | - | 50,000 |
| FUND BALANCES (DEFICIT) | | | | | | | | | | | |
| Reserved for street projects | 406,998 | 42,725 | 186,939 | - | - | - | - | - | - | - | 636,662 |
| Unreserved | - | - | - | 1,836,080 | 212,274 | 849,230 | - | 293,526 | 15,857 | 42,494 | 3,249,461 |
| Total fund balances (deficit) | 406,998 | 42,725 | 186,939 | 1,836,080 | 212,274 | 849,230 | - | 293,526 | 15,857 | 42,494 | 3,886,123 |
| Total liabilities and fund balances (deficit) | \$ 406,998 | \$ 42,725 | \$ 186,939 | \$ 1,836,080 | \$ 212,274 | \$ 849,230 | \$ 50,000 | \$ 293,526 | \$ 15,857 | \$ 42,494 | \$ 3,936,123 |

CITY OF ROHNERT PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

| REVENUES | State Gasoline Tax | Measure M Traffic | Prop 1B | Traffic Signals Fee | Capital Outlay Fee | Public Facility Finance Fee | Supplemental Law Enforcement Services | Traffic Congestion Relief (AB2928) | Measure M Fire Benefit Assessment | Mobile Home Rent Appeals Board | F.I.G.R. | Total |
|--|--------------------------|----------------------|------------|---------------------------|--------------------------|--------------------------------------|--|---|--|--|-----------|--------------|
| Measure M assessments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 481,332 | \$ - | \$ - | \$ 481,332 |
| Intergovernmental | 712,174 | 448,134 | - | - | - | - | 100,000 | 364,272 | - | - | - | 1,624,580 |
| Interest and rentals | 19,837 | 2,749 | 17,588 | 50,614 | 6,208 | 18,085 | 592 | 2,835 | - | - | - | 118,508 |
| Licenses, permits and fees | - | - | - | - | - | 30,444 | - | - | - | - | - | 30,444 |
| Fines, forfeitures and penalties | - | - | - | - | - | - | - | - | - | - | - | - |
| Donations | - | - | - | - | - | - | - | - | - | - | 450,000 | 450,000 |
| Total revenues | 732,011 | 450,883 | 17,588 | 50,614 | 6,208 | 48,529 | 100,592 | 367,107 | 481,332 | - | 450,000 | 2,704,864 |
| EXPENDITURES | | | | | | | | | | | | |
| Current | | | | | | | | | | | | |
| General government | 20,696 | - | - | - | - | - | - | - | - | - | - | 20,696 |
| EXCESS OF REVENUES OVER EXPENDITURES | 711,315 | 450,883 | 17,588 | 50,614 | 6,208 | 48,529 | 100,592 | 367,107 | 481,332 | - | 450,000 | 2,684,168 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | |
| Transfers in | 12,227 | 10,445 | - | - | 3,377 | - | - | - | - | - | - | 26,049 |
| Transfers out | (1,079,479) | (457,283) | (501,795) | - | (14,885) | (43,028) | (100,592) | (73,581) | (476,742) | (9,620) | (450,000) | (3,207,005) |
| Total other financing sources (uses) | (1,067,252) | (446,838) | (501,795) | - | (11,508) | (43,028) | (100,592) | (73,581) | (476,742) | (9,620) | (450,000) | (3,180,956) |
| NET CHANGE IN FUND BALANCES | (355,937) | 4,045 | (484,207) | 50,614 | (5,300) | 5,501 | - | 293,526 | 4,590 | (9,620) | - | (496,788) |
| FUND BALANCES (DEFICIT): BEGINNING OF THE YEAR | 762,935 | 38,680 | 671,146 | 1,785,466 | 217,574 | 843,729 | - | - | 11,267 | 52,114 | - | 4,382,911 |
| END OF YEAR | \$ 406,998 | \$ 42,725 | \$ 186,939 | \$ 1,836,080 | \$ 212,274 | \$ 849,230 | \$ - | \$ 293,526 | \$ 15,857 | \$ 42,494 | \$ - | \$ 3,886,123 |

CITY OF ROHNERT PARK

BUDGETARY COMPARISON SCHEDULE

STATE GASOLINE TAX SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|--------------------------|---|
| REVENUES | | | | |
| Licenses, permits and fees: | | | | |
| Traffic signals | | | | |
| Capital outlay | | | | |
| Interest and rentals | \$ - | \$ - | \$ 19,837 | \$ 19,837 |
| Intergovernmental: | | | | |
| Section 2105, maintenance | 254,000 | 254,000 | 231,115 | (22,885) |
| Section 2106, construction | 180,000 | 180,000 | 167,457 | (12,543) |
| Section 2107, maintenance | 365,000 | 365,000 | 307,602 | (57,398) |
| Section 2107.5, engineering | 6,000 | 6,000 | 6,000 | - |
| Total revenues | 805,000 | 805,000 | 732,011 | (72,989) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 21,000 | 21,000 | 20,696 | 304 |
| EXCESS OF REVENUES OVER EXPENDITURES | 784,000 | 784,000 | 711,315 | (72,685) |
| OTHER FINANCING USES | | | | |
| Transfers in | | | 12,227 | 12,227 |
| Transfers out | (723,700) | (723,700) | (1,079,479) | (355,779) |
| NET CHANGE IN FUND BALANCE | <u>\$ 60,300</u> | <u>\$ 60,300</u> | (355,937) | <u>\$ (416,237)</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | 762,935 | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 406,998</u> | |

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE****MEASURE M TRAFFIC SPECIAL REVENUE FUND****FOR THE YEAR ENDED JUNE 30, 2009**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|--------------------------|---|
| REVENUES | | | | |
| Licenses, permits and fees: | | | | |
| Measure M Streets Allocation | \$ 244,000 | \$ 244,000 | \$ 448,134 | \$ 204,134 |
| Interest and rentals | - | - | 2,749 | 2,749 |
| Total revenues | 244,000 | 244,000 | 450,883 | 206,883 |
| OTHER FINANCING USES | | | | |
| Transfers in | | | 10,445 | |
| Transfers out | (260,000) | (260,000) | (457,283) | (197,283) |
| NET CHANGE IN FUND BALANCE | <u>\$ (16,000)</u> | <u>\$ (16,000)</u> | 4,045 | <u>\$ 9,600</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>38,680</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 42,725</u> | |

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE****PROP 1B SPECIAL REVENUE FUND****FOR THE YEAR ENDED JUNE 30, 2009**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|----------------------------|--------------------------|---|
| REVENUES | | | | |
| Licenses, permits and fees: | | | | |
| Prop 1B Streets Allocation | \$ 638,643 | \$ 638,643 | \$ - | \$ (638,643) |
| Interest and rentals | <u>-</u> | <u>-</u> | <u>17,588</u> | <u>17,588</u> |
| Total revenues | 638,643 | 638,643 | 17,588 | (621,055) |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(1,344,689)</u> | <u>(1,344,689)</u> | <u>(501,795)</u> | <u>842,894</u> |
| NET CHANGE IN FUND BALANCE | <u><u>\$ (706,046)</u></u> | <u><u>\$ (706,046)</u></u> | <u>(484,207)</u> | <u><u>\$ 221,839</u></u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>671,146</u> | |
| FUND BALANCE, END OF YEAR | | | <u><u>\$ 186,939</u></u> | |

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE****TRAFFIC SIGNALS FEE SPECIAL REVENUE FUND****FOR THE YEAR ENDED JUNE 30, 2009**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|--------------------------|---|
| REVENUES | | | | |
| Licenses, permits and fees: | | | | |
| Traffic signals | \$ - | \$ - | \$ - | \$ - |
| Interest and rentals | - | - | 50,614 | 50,614 |
| | | | | |
| Total revenues | - | - | 50,614 | 50,614 |
| | | | | |
| OTHER FINANCING USES | | | | |
| Transfers out | - | - | - | - |
| | | | | |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | 50,614 | <u>\$ 50,614</u> |
| | | | | |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>1,785,466</u> | |
| | | | | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 1,836,080</u> | |

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
CAPITAL OUTLAY FEE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2009**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|--------------------------|---|
| REVENUES | | | | |
| Licenses, permits and fees: | \$ - | \$ - | \$ - | \$ - |
| Interest and rentals | - | - | 6,208 | 6,208 |
| Total revenues | - | - | 6,208 | 6,208 |
| OTHER FINANCING USES | | | | |
| Transfers in | | | 3,377 | 3,377 |
| Transfers out | - | - | (14,885) | (14,885) |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | (5,300) | <u>\$ (5,300)</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>217,574</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 212,274</u> | |

CITY OF ROHNERT PARK

BUDGETARY COMPARISON SCHEDULE

PUBLIC FACILITIES FINANCE FEE SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2009

| | Original Budget | Final Budget | Actual Amount | Variance with Final Budget Positive (Negative) |
|--|----------------------------|-------------------------|--------------------------|---|
| REVENUES | | | | |
| Licenses, permits and fees: | \$ - | \$ - | \$ 30,444 | \$ 30,444 |
| Interest and rentals | - | - | 18,085 | 18,085 |
| Total revenues | - | - | 48,529 | 48,529 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | | - | - |
| Transfers out | - | - | (43,028) | (43,028) |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | 5,501 | <u>\$ 5,501</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>843,729</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 849,230</u> | |

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE****SUPPLEMENTAL LAW ENFORCEMENT SERVICES SPECIAL REVENUE FUND****FOR THE YEAR ENDED JUNE 30, 2009**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|--------------------------|---|
| REVENUES | | | | |
| Interest and rentals | \$ 100,000 | \$ 100,000 | \$ 592 | \$ (99,408) |
| Intergovernmental | <u>-</u> | <u>-</u> | <u>100,000</u> | <u>100,000</u> |
| Total revenues | 100,000 | 100,000 | 100,592 | 592 |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>-</u> | <u>-</u> | <u>(100,592)</u> | <u>(100,592)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 100,000</u> | <u>\$ 100,000</u> | <u>-</u> | <u>\$ (100,000)</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>-</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ -</u> | |

CITY OF ROHNERT PARK

BUDGETARY COMPARISON SCHEDULE

TRAFFIC CONGESTION RELIEF (AB2928) SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|--------------------------|---|
| REVENUES | | | | |
| Interest and rentals | \$ - | \$ - | \$ 2,835 | \$ 2,835 |
| Intergovernmental | 395,547 | 395,547 | 364,272 | (31,275) |
| Total revenues | <u>395,547</u> | <u>395,547</u> | <u>367,107</u> | <u>(28,440)</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(395,547)</u> | <u>(395,547)</u> | <u>(73,581)</u> | <u>321,966</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>293,526</u> | <u>\$ 293,526</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>-</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 293,526</u> | |

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE****MEASURE M FIRE BENEFIT ASSESSMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2009**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|--------------------------|---|
| REVENUES | | | | |
| Measure M assessments | \$ 500,000 | \$ 500,000 | \$ 481,332 | \$ (18,668) |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(500,000)</u> | <u>(500,000)</u> | <u>(476,742)</u> | <u>23,258</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | 4,590 | <u>\$ 4,590</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>11,267</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 15,857</u> | |

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE****MOBILE HOME RENT APPEALS BOARD SPECIAL REVENUE FUND****FOR THE YEAR ENDED JUNE 30, 2009**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|--------------------------|---|
| REVENUES | | | | |
| Licenses, permits and fees: | \$ - | \$ - | \$ - | \$ - |
| OTHER FINANCING USES | | | | |
| Transfers in | | | - | - |
| Transfers out | <u>-</u> | <u>-</u> | <u>(9,620)</u> | <u>(9,620)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>(9,620)</u> | <u>\$ (9,620)</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>52,114</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 42,494</u> | |

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE****F.I.G.R. FUND****FOR THE YEAR ENDED JUNE 30, 2009**

| | Original Budget | Final Budget | Actual Amount | Variance with Final Budget Positive (Negative) |
|--|----------------------------|-------------------------|--------------------------|---|
| REVENUES | | | | |
| Donations | <u>\$ 963,881</u> | <u>\$ 963,881</u> | <u>\$ 450,000</u> | <u>\$ (513,881)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | <u>(963,881)</u> | <u>(963,881)</u> | <u>(450,000)</u> | <u>513,881</u> |
| Total other financing sources (uses) | <u>(963,881)</u> | <u>(963,881)</u> | <u>(450,000)</u> | <u>513,881</u> |
| NET CHANGE IN FUND BALANCE | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u>-</u> | <u><u>\$ -</u></u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>-</u> | |
| FUND BALANCE, END OF YEAR | | | <u><u>\$ -</u></u> | |

CITY OF ROHNERT PARK

BUDGETARY COMPARISON SCHEDULE

COPELAND CREEK DRAINAGE FACILITY SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2009

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amount</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|--------------------------|---|
| OTHER FINANCING USES | | | | |
| Transfers out | | | | |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>-</u> | |
| PRIOR PERIOD ADJUSTMENT TO FUND BALANCE | | | <u>\$ -</u> | |
| FUND BALANCE, END OF YEAR | | | <u><u>\$ -</u></u> | |

CITY OF ROHNERT PARK**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

| | Special Assessments Debt Service | General Debt Service | Totals |
|--|---|-------------------------------------|---------------|
| REVENUES | | | |
| Interest and rentals | \$ - | \$ - | \$ - |
| EXPENDITURES | | | |
| Debt service: | | | |
| Principal | - | 327,136 | 327,136 |
| Interest and fiscal charges | - | 56,177 | 56,177 |
| Total expenditures | - | 383,313 | 383,313 |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | - | (383,313) | (383,313) |
| OTHER FINANCING SOURCES | | | |
| Proceeds from tender of bonds | | | - |
| Transfers in | - | 383,313 | 383,313 |
| Transfers out | - | - | - |
| Total other financing sources (uses) | - | 383,313 | 383,313 |
| NET CHANGE IN FUND BALANCES | - | - | - |
| FUND BALANCE, BEGINNING OF YEAR | 345 | - | 345 |
| FUND BALANCE, END OF YEAR | \$ 345 | \$ - | \$ 345 |

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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.

| <u>Contents</u> | <u>Page</u> |
|--|--------------------|
| Financial Trends <i>These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.</i> | S-2 |
| Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.</i> | S-5 |
| Debt Capacity <i>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.</i> | S-18 |
| Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.</i> | S-23 |
| Operating Information <i>These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.</i> | S-25 |

City of Rohnert Park
Net Assets by Component,
Last Six Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | |
|---|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
| Governmental activities | | | | | | |
| Invested in capital assets, net of related debt | \$ 46,572,533 | \$ 56,608,019 | \$ 36,112,457 | \$ 28,259,799 | \$ 30,487,238 | \$ 24,399,786 |
| Restricted | 13,873,842 | 5,730,424 | 11,318,076 | 5,955,759 | 8,551,078 | 8,569,188 |
| Unrestricted | 13,927,933 | 17,318,920 | 19,471,114 | 29,407,530 | 23,317,496 | 33,121,656 |
| Total governmental activities net assets | <u>\$ 74,374,308</u> | <u>\$ 79,657,363</u> | <u>\$ 66,901,647</u> | <u>\$ 63,623,088</u> | <u>\$ 62,355,812</u> | <u>\$ 66,090,630</u> |
| Business-type activities | | | | | | |
| Invested in capital assets, net of related debt | \$ 17,081,819 | \$ 25,538,667 | \$ 17,709,497 | \$ 14,867,127 | \$ 16,741,255 | \$ 9,464,157 |
| Unrestricted | 14,654,310 | 6,682,325 | 11,737,893 | 11,641,400 | 7,886,726 | 15,200,557 |
| Total business-type activities net assets | <u>\$ 31,736,129</u> | <u>\$ 32,220,992</u> | <u>\$ 29,447,390</u> | <u>\$ 26,508,527</u> | <u>\$ 24,627,981</u> | <u>\$ 24,664,714</u> |
| Primary government | | | | | | |
| Invested in capital assets, net of related debt | \$ 63,654,352 | \$ 82,146,686 | \$ 53,821,954 | \$ 43,126,926 | \$ 47,228,493 | \$ 33,863,943 |
| Restricted | 13,873,842 | 5,730,424 | 11,318,076 | 5,955,759 | 8,551,078 | 8,569,188 |
| Unrestricted | 28,582,243 | 24,001,245 | 31,209,007 | 41,048,930 | 31,204,222 | 48,322,213 |
| Total primary government net assets | <u>\$ 106,110,437</u> | <u>\$ 111,878,355</u> | <u>\$ 96,349,037</u> | <u>\$ 90,131,615</u> | <u>\$ 86,983,793</u> | <u>\$ 90,755,344</u> |

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

Source: City Finance Department

City of Rohnert Park
Changes in Net Assets, Last Six Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
| Expenses | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 16,036,110 | \$ 12,955,293 | \$ 12,926,332 | \$ 11,455,704 | 11,762,224 | 8,280,697 |
| Public Safety | 19,823,047 | 20,758,556 | 17,349,211 | 16,703,386 | 15,087,248 | 13,459,313 |
| Public Works | 4,050,312 | 4,421,182 | 4,522,563 | 4,220,758 | 4,408,673 | 4,369,470 |
| Parks and recreation | 4,687,184 | 4,979,212 | 4,198,572 | 4,167,196 | 3,968,774 | 3,834,955 |
| Other | 841,126 | 902,319 | 889,073 | 1,504,207 | 1,411,055 | 1,043,298 |
| Interest on long-term debt | 4,586,047 | 4,629,601 | 2,690,598 | 2,038,944 | 2,060,965 | 1,991,137 |
| Total governmental activities expenses | <u>50,023,826</u> | <u>48,646,163</u> | <u>42,576,349</u> | <u>40,090,195</u> | <u>38,698,939</u> | <u>32,978,870</u> |
| Business-type activities: | | | | | | |
| Water | 6,306,127 | 7,122,292 | 6,690,385 | 6,454,568 | 5,650,092 | 5,593,980 |
| Sewer | 11,318,825 | 9,830,647 | 10,085,147 | 9,697,231 | 8,851,372 | 7,465,887 |
| Refuse Collection | 5,390,186 | 5,344,215 | 5,181,643 | 4,548,674 | 4,321,260 | 3,505,939 |
| Total business-type activities expenses | <u>23,015,138</u> | <u>22,297,154</u> | <u>21,957,175</u> | <u>20,700,473</u> | <u>18,822,724</u> | <u>16,565,806</u> |
| Total primary government expenses | <u>\$ 73,038,964</u> | <u>\$ 70,943,317</u> | <u>\$ 64,533,524</u> | <u>\$ 60,790,668</u> | <u>\$ 57,521,663</u> | <u>\$ 49,544,676</u> |
| Program Revenues (see Schedule 3) | | | | | | |
| Governmental activities: | | | | | | |
| Charges for services: | | | | | | |
| General government | \$ 1,137,111 | \$ 978,440 | \$ 1,221,652 | \$ 1,476,260 | \$ 539,150 | \$ 341,098 |
| Public safety | 623,483 | 592,567 | 517,742 | 450,057 | 508,709 | 1,240,792 |
| Public works | 859,348 | 1,697,041 | 2,836,987 | 2,542,293 | 2,316,181 | 1,522,550 |
| Parks and recreation | 1,156,550 | 1,791,969 | 1,618,401 | 1,640,881 | 1,287,849 | 1,181,314 |
| Other | 448,970 | - | - | 1,429 | - | - |
| Operating grants and contributions | 3,366,714 | 2,572,995 | 2,344,534 | 2,719,200 | 2,234,947 | 3,286,244 |
| Capital grants and contributions | 1,480,622 | 1,991,493 | 1,492,565 | 546,563 | 514,534 | 714,594 |
| Total governmental activities program revenues | <u>9,072,798</u> | <u>9,624,505</u> | <u>10,031,881</u> | <u>9,376,683</u> | <u>7,401,370</u> | <u>8,286,592</u> |
| Business-type activities: | | | | | | |
| Charges for services: | | | | | | |
| Water | 6,630,287 | 6,341,560 | 6,433,014 | 6,406,197 | 4,933,151 | 4,622,425 |
| Sewer | 10,304,507 | 12,370,603 | 12,007,771 | 9,955,355 | 8,402,521 | 7,474,704 |
| Refuse Collection | 5,554,993 | 5,454,193 | 5,240,389 | 4,723,623 | 3,919,872 | 3,722,449 |
| Operating grants and contributions | - | - | - | - | - | - |
| Capital grants and contributions | 214,617 | 566,411 | 1,829,074 | 1,186,735 | 1,028,338 | 3,348,132 |
| Total business-type activities program revenues | <u>22,704,404</u> | <u>24,732,767</u> | <u>25,510,248</u> | <u>22,271,910</u> | <u>18,283,882</u> | <u>19,167,710</u> |
| Total primary government program revenues | <u>\$ 31,777,202</u> | <u>\$ 34,357,272</u> | <u>\$ 35,542,129</u> | <u>\$ 31,648,593</u> | <u>\$ 25,685,252</u> | <u>\$ 27,454,302</u> |

City of Rohnert Park
Changes in Net Assets, Last Six Fiscal Years (Continued)
(accrual basis of accounting)

| | Fiscal Year | | | | | |
|---|-----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Net (Expense)/Revenue | | | | | | |
| Governmental activities | \$ 40,951,028 | \$ 39,021,658 | \$ 32,544,468 | \$ 30,713,512 | \$ 31,297,569 | \$ 24,692,278 |
| Business-type activities | 310,734 | (2,435,613) | (3,553,073) | (1,571,437) | 538,842 | (2,601,904) |
| Total primary government net expense | <u>\$ 41,261,762</u> | <u>\$ 36,586,045</u> | <u>\$ 28,991,395</u> | <u>\$ 29,142,075</u> | <u>\$ 31,836,411</u> | <u>\$ 22,090,374</u> |
| General Revenues and Other Changes in Net Assets | | | | | | |
| Governmental activities: | | | | | | |
| Taxes | | | | | | |
| Property taxes | \$ 16,989,860 | \$ 17,054,597 | \$ 16,928,529 | \$ 15,504,905 | \$ 13,810,490 | \$ 12,900,727 |
| Franchise taxes | 1,411,622 | 1,440,749 | 1,428,827 | 1,308,839 | 1,263,721 | 1,725,402 |
| Sales taxes | 6,172,593 | 7,236,048 | 7,707,375 | 7,386,925 | 6,953,294 | 6,834,708 |
| Motor vehicle license fees | 3,042,186 | 3,142,034 | 3,074,869 | 2,572,107 | 2,804,619 | 1,968,325 |
| Other taxes | 1,812,696 | 2,016,907 | 1,606,108 | 1,855,821 | 931,074 | 1,776,800 |
| Rental income | 31,823 | - | - | - | - | 803,898 |
| Investment earnings | 3,726,188 | 4,792,727 | 3,155,613 | 1,964,903 | 1,064,234 | 1,126,080 |
| Gain on sale of capital assets | 997,720 | 4,778,278 | - | 1,109,814 | 974,079 | 2,779,073 |
| Other | 956,637 | 311,425 | 217,520 | - | - | - |
| Transfers | 526,648 | 573,812 | 294,438 | 277,474 | (238,760) | 114,633 |
| Total governmental activities | <u>35,667,973</u> | <u>41,346,577</u> | <u>34,413,279</u> | <u>31,980,788</u> | <u>27,562,751</u> | <u>30,029,646</u> |
| Business-type activities: | | | | | | |
| Investment earnings | 352,519 | 458,866 | 426,769 | 586,583 | 263,349 | 146,546 |
| Transfers | (526,648) | (518,348) | (294,438) | (277,474) | 238,760 | (114,633) |
| Total business-type activities | <u>(174,129)</u> | <u>(59,482)</u> | <u>132,331</u> | <u>309,109</u> | <u>502,109</u> | <u>31,913</u> |
| Total primary government | <u>\$ 35,493,844</u> | <u>\$ 41,287,095</u> | <u>\$ 34,545,610</u> | <u>\$ 32,289,897</u> | <u>\$ 28,064,860</u> | <u>\$ 30,061,559</u> |
| Change in Net Assets | | | | | | |
| Governmental activities | \$ (5,283,055) | \$ 2,324,919 | \$ 1,868,811 | \$ 1,267,276 | \$ (3,734,818) | \$ 5,337,368 |
| Business-type activities | (484,863) | 2,376,131 | 3,685,404 | 1,880,546 | (36,733) | 2,633,817 |
| Total primary government | <u>\$ (5,767,918)</u> | <u>\$ 4,701,050</u> | <u>\$ 5,554,215</u> | <u>\$ 3,147,822</u> | <u>\$ (3,771,551)</u> | <u>\$ 7,971,185</u> |

Notes: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

Source: City Finance Department

City of Rohnert Park
Program Revenues by Function/Program,
Last Six Fiscal Years
(accrual basis of accounting)

| Function/Program | Program Revenues | | | | | |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> | <u>2004</u> |
| Governmental activities: | | | | | | |
| General government | \$ 1,842,155 | \$ 3,416,683 | \$ 4,104,573 | \$ 2,683,313 | \$ 2,710,589 | \$ 2,667,970 |
| Public safety | 1,477,094 | 858,919 | 748,521 | 729,783 | 727,990 | 1,448,729 |
| Public works | 4,081,609 | 2,887,783 | 3,117,622 | 3,412,799 | 2,461,662 | 1,632,181 |
| Parks and recreation | 1,156,550 | 1,791,969 | 1,618,401 | 1,655,338 | 1,287,849 | 1,181,314 |
| Other | <u>515,390</u> | <u>669,151</u> | <u>442,764</u> | <u>895,450</u> | <u>213,280</u> | <u>1,356,398</u> |
| Subtotal governmental activities | <u>9,072,798</u> | <u>9,624,505</u> | <u>10,031,881</u> | <u>9,376,683</u> | <u>7,401,370</u> | <u>8,286,592</u> |
| Business-type activities: | | | | | | |
| Water | 6,794,666 | 6,388,188 | 6,330,481 | 6,530,394 | 5,187,983 | 4,987,705 |
| Wastewater | 10,354,745 | 12,890,386 | 13,590,308 | 11,017,893 | 9,176,027 | 10,457,556 |
| Refuse | <u>5,554,993</u> | <u>5,454,193</u> | <u>5,240,389</u> | <u>4,723,623</u> | <u>3,919,872</u> | <u>3,722,449</u> |
| Subtotal business-type activities | <u>22,704,404</u> | <u>24,732,767</u> | <u>25,161,178</u> | <u>22,271,910</u> | <u>18,283,882</u> | <u>19,167,710</u> |
| Total primary government | <u>\$ 31,777,202</u> | <u>\$ 34,357,272</u> | <u>\$ 35,193,059</u> | <u>\$ 31,648,593</u> | <u>\$ 25,685,252</u> | <u>\$ 27,454,302</u> |

City of Rohnert Park
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ 3,938,570 | \$ 2,849,457 | \$ 2,662,671 | \$ 2,713,333 | \$ 2,626,791 | \$ 2,943,767 | \$ 2,805,375 | \$ 3,904,011 | \$ 3,233,155 | \$ 2,578,952 |
| Unreserved | 4,883,879 | 7,808,883 | 12,714,181 | 12,979,444 | 15,782,442 | 15,385,235 | 15,225,455 | 13,083,633 | 13,186,254 | 9,589,701 |
| Total general fund | <u>\$ 8,822,449</u> | <u>\$ 10,658,340</u> | <u>\$ 15,376,852</u> | <u>\$ 15,692,777</u> | <u>\$ 18,409,233</u> | <u>\$ 18,329,002</u> | <u>\$ 18,030,830</u> | <u>\$ 16,987,644</u> | <u>\$ 16,419,409</u> | <u>\$ 12,168,653</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 12,552,249 | \$ 12,848,114 | \$ 12,899,397 | \$ 11,392,576 | \$ 11,986,252 | \$ 11,807,568 | \$ 13,321,727 | \$ 73,308,593 | \$ 68,299,779 | \$ 56,532,084 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 1,232,999 | 1,190,344 | 1,136,747 | 1,245,070 | 2,567,278 | 2,537,723 | 3,730,841 | 4,520,308 | 2,910,150 | 3,249,461 |
| Capital projects funds | 14,235,395 | 13,207,167 | 7,063,180 | 4,840,759 | 7,106,995 | 7,607,850 | 6,653,690 | 8,154,368 | 6,034,588 | 5,013,206 |
| Total all other governmental funds | <u>\$ 28,020,643</u> | <u>\$ 27,245,625</u> | <u>\$ 21,099,324</u> | <u>\$ 17,478,405</u> | <u>\$ 21,660,525</u> | <u>\$ 21,953,141</u> | <u>\$ 23,706,258</u> | <u>\$ 85,983,269</u> | <u>\$ 77,244,517</u> | <u>\$ 64,794,751</u> |

Source: City Finance Department

City of Rohnert Park
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenues | | | | | | | | | | |
| Taxes (see Schedule 6) | \$ 13,414,411 | \$ 17,583,820 | \$ 18,446,597 | \$ 19,369,070 | \$ 23,265,761 | \$ 23,729,707 | \$ 26,055,840 | \$ 28,010,839 | \$ 27,748,301 | \$ 26,386,771 |
| Intergovernmental | 3,724,763 | 4,710,598 | 4,776,614 | 4,946,037 | 4,677,326 | 4,697,723 | 4,385,363 | 6,470,275 | 6,789,040 | 7,251,897 |
| Interest and rentals | 3,938,253 | 3,992,384 | 2,614,565 | 1,852,394 | 1,934,571 | 1,726,379 | 2,214,033 | 3,434,813 | 4,669,700 | 4,208,902 |
| Charges for services | 1,466,442 | 1,574,574 | 1,699,307 | 1,789,670 | 1,746,714 | 1,708,557 | 2,461,399 | 2,312,537 | 2,531,523 | 1,812,427 |
| Licenses, permits and fees | 697,062 | 1,571,547 | 1,061,085 | 1,132,715 | 2,376,101 | 2,083,725 | 1,796,443 | 2,550,850 | 1,816,859 | 837,678 |
| Special assessment collection | 661,555 | 638,824 | 586,108 | 351,885 | 160,866 | 327,225 | 306,495 | 210,435 | - | - |
| Fines, forfeitures and penalties | 191,171 | 192,609 | 186,611 | 185,715 | 174,550 | 181,727 | 216,368 | 197,134 | 159,701 | 212,849 |
| Donations and miscellaneous | 503,714 | 564,161 | 925,838 | 1,239,855 | 1,496,736 | 1,023,983 | 1,656,272 | 1,241,335 | 1,780,818 | 1,512,347 |
| Total revenues | 24,597,371 | 30,828,517 | 30,296,725 | 30,867,341 | 35,832,625 | 35,479,026 | 39,092,213 | 44,428,218 | 45,495,942 | 42,222,871 |
| Expenditures | | | | | | | | | | |
| General government | 3,626,506 | 5,159,063 | 7,262,653 | 7,491,692 | 8,230,662 | 11,480,332 | 11,184,075 | 12,654,518 | 12,694,183 | 12,731,601 |
| Public safety | 10,144,499 | 10,252,230 | 10,833,756 | 11,181,015 | 12,601,586 | 14,346,107 | 15,442,477 | 16,126,814 | 19,414,226 | 18,978,007 |
| Public works | 2,375,015 | 2,449,578 | 2,478,932 | 2,430,335 | 1,852,072 | 1,962,617 | 1,841,831 | 2,085,443 | 2,255,776 | 1,715,606 |
| Parks and recreation | 2,908,449 | 2,993,507 | 3,018,190 | 2,836,600 | 2,419,161 | 2,611,590 | 2,875,257 | 2,983,531 | 3,248,052 | 3,062,625 |
| Other | 1,314,758 | 1,905,946 | 1,029,440 | 1,076,102 | 997,196 | 1,094,895 | 1,187,748 | 889,073 | 902,319 | 841,126 |

City of Rohnert Park
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years (Continued)
(modified accrual basis of accounting)

| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|-----------------------|--------------------|-----------------------|-----------------------|---------------------|--------------------|---------------------|----------------------|-----------------------|------------------------|
| Capital outlay | 3,773,549 | 4,574,201 | 9,112,580 | 6,226,317 | 3,114,073 | 3,098,196 | 5,065,505 | 7,324,188 | 13,940,133 | 11,268,721 |
| Debt service | | | | | | | | | | |
| Interest | 1,959,923 | 1,812,554 | 1,474,316 | 1,381,577 | 1,242,520 | 1,179,094 | 1,196,955 | 1,188,507 | 3,345,671 | 3,924,833 |
| Cost of issuance | - | - | - | - | - | - | - | 1,316,741 | - | - |
| Principal | 2,024,288 | 2,220,417 | 2,436,395 | 2,640,957 | 1,731,907 | 1,694,815 | 1,896,222 | 2,039,551 | 3,734,038 | 11,682,136 |
| Total expenditures | <u>28,126,987</u> | <u>31,367,496</u> | <u>37,646,262</u> | <u>35,264,595</u> | <u>32,189,177</u> | <u>37,467,646</u> | <u>40,690,070</u> | <u>46,608,466</u> | <u>59,534,398</u> | <u>64,204,655</u> |
| Excess of revenues over (under) expenditures | (3,529,616) | (538,979) | (7,349,537) | (4,397,254) | 3,643,448 | (1,988,620) | (1,597,857) | (2,180,248) | (14,038,456) | (21,981,784) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of debt | - | - | - | - | 6,950,000 | - | - | 61,440,000 | - | - |
| Discount on debt | - | - | - | - | - | - | - | (391,516) | - | - |
| Premium on debt | - | - | - | - | - | - | - | 1,344,163 | - | - |
| Refunding bonds issued | - | - | 10,140,112 | - | - | - | - | - | - | 759,614 |
| Payments to escrow agent | - | - | (10,745,780) | 361,460 | (7,078,675) | - | - | - | - | - |
| Proceeds from the sale of capital assets | - | - | 5,999,529 | 297,232 | 3,269,170 | 1,263,800 | 1,956,704 | - | 5,201,717 | 3,995,000 |
| Lease proceeds | - | 683,000 | - | - | - | 1,175,965 | 818,624 | - | - | - |
| Transfers in | 8,398,830 | 8,713,766 | 9,957,707 | 10,757,175 | 7,056,503 | 9,150,655 | 9,245,675 | 12,377,738 | 21,953,933 | 24,118,981 |
| Transfers out | <u>(7,682,669)</u> | <u>(8,227,612)</u> | <u>(9,805,718)</u> | <u>(10,450,825)</u> | <u>(6,941,870)</u> | <u>(9,389,415)</u> | <u>(8,968,201)</u> | <u>(12,083,300)</u> | <u>(21,380,121)</u> | <u>(23,592,333)</u> |
| Total other financing sources (uses) | <u>716,161</u> | <u>1,169,154</u> | <u>5,545,850</u> | <u>965,042</u> | <u>3,255,128</u> | <u>2,201,005</u> | <u>3,052,802</u> | <u>62,687,085</u> | <u>5,775,529</u> | <u>5,281,262</u> |
| Net change in fund balances | <u>\$ (2,813,455)</u> | <u>\$ 630,175</u> | <u>\$ (1,803,687)</u> | <u>\$ (3,432,212)</u> | <u>\$ 6,898,576</u> | <u>\$ 212,385</u> | <u>\$ 1,454,945</u> | <u>\$ 60,506,837</u> | <u>\$ (8,262,927)</u> | <u>\$ (16,700,522)</u> |
| Debt service as a percentage of noncapital expenditures | 16.4% | 15.1% | 13.7% | 13.9% | 10.2% | 8.4% | 8.7% | 11.6% | 15.5% | 29.5% |

Source: City Finance Department

City of Rohnert Park
Tax Revenues by Source, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

| Fiscal Year | Property | Sales & Use | a Occupancy | b Franchise | c Real Property Transfer | Total |
|------------------------|-----------------|------------------------|------------------------|------------------------|---|--------------|
| 2000 | \$ 2,072,921 | \$ 5,601,413 | \$ 1,300,239 | \$ 560,643 | \$ 253,086 | \$ 9,788,302 |
| 2001 | 2,109,747 | 6,332,766 | 1,664,211 | 840,710 | 319,352 | 11,266,786 |
| 2002 | 2,293,881 | 5,977,738 | 1,339,175 | 1,051,411 | 257,774 | 10,919,979 |
| 2003 | 2,426,786 | 6,088,867 | 1,363,690 | 1,073,224 | 352,817 | 11,305,384 |
| 2004 | 2,517,925 | 6,834,708 | 1,367,259 | 1,725,403 | 265,430 | 12,710,725 |
| 2005 | 2,739,642 | 6,953,294 | 1,451,781 | 1,263,721 | 250,421 | 12,658,859 |
| 2006 | 3,127,448 | 7,386,925 | 1,601,587 | 1,308,839 | 253,584 | 13,678,383 |
| 2007 | 3,167,241 | 7,707,375 | 1,771,527 | 1,428,827 | 174,581 | 14,249,551 |
| 2008 | 3,199,831 | 7,236,048 | 1,899,362 | 1,440,749 | 117,545 | 13,893,535 |
| 2009 | 3,029,029 | 6,172,593 | 1,722,049 | 1,411,622 | 90,647 | 12,425,940 |
| Change | | | | | | |
| 2000–2009 | 46.1% | 10.2% | 32.4% | 151.8% | -64.2% | 26.9% |

Notes:

^a The transient occupancy tax rate was increased from 11% to 12% on January 1, 2003

^b In FY 2004, the City received a large payment from Empire Waste Management for underpayment of prior year franchise fees

^c The real property transfer tax rate was reduced from \$1.10/\$1,000 value of assessed property to the appropriate rate of \$0.55/\$1,000 in FY 2002

City of Rohnert Park
Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
(in thousands of dollars)

| Fiscal Year | Residential Property | Commercial Property | Industrial Property | Other Property | Unsecured Property | Less Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate (1) | Estimated Actual Taxable Value (2) | Factor of Taxable Assessed Value |
|-------------|----------------------|---------------------|---------------------|----------------|--------------------|--------------------------|------------------------------|---------------------------|------------------------------------|----------------------------------|
| 2000 | \$ 1,825,240 | \$ 371,470 | not available | not available | not available | \$ 78,036 | \$ 2,196,710 | not available | not available | not available |
| 2001 | 1,947,693 | 402,248 | not available | not available | not available | 81,075 | 2,349,941 | not available | not available | not available |
| 2002 | 1,961,462 | 420,042 | not available | not available | not available | 82,224 | 2,381,504 | not available | not available | not available |
| 2003 | 2,452,866 | 433,238 | not available | not available | not available | 85,312 | 2,886,104 | not available | not available | not available |
| 2004 | 2,657,037 | 444,520 | not available | not available | not available | 86,148 | 3,101,557 | not available | not available | not available |
| 2005 | 2,525,881 | 327,262 | 12,712 | \$ 390,994 | \$ 132,125 | 91,159 | 3,297,815 | not available | not available | not available |
| 2006 | 2,759,526 | 339,198 | 10,301 | \$ 387,682 | \$ 153,029 | 95,424 | 3,554,312 | not available | not available | not available |
| 2007 | 3,059,684 | 354,768 | 11,948 | \$ 366,935 | \$ 189,487 | 110,294 | 3,872,528 | 0.17 | 5,249,522 | 55.96% |
| 2008 | 3,262,949 | 434,387 | 12,582 | 373,261 | 123,628 | 128,319 | 4,078,488 | 0.16 | 6,545,045 | 64.27% |
| 2009 | 3,136,944 | 459,211 | 12,245 | 473,115 | \$ 119,825 | 149,311 | 4,052,029 | 0.08 | 7,339,077 | 57.25% |

Source: 2007-08: County Assessor, County Auditor-Controller, and MuniServices LLC
2006 and prior: Sonoma County Tax Collector, Assessor and Auditor-Controller

Notes: Tax rates are per \$1,000 of assessed value.

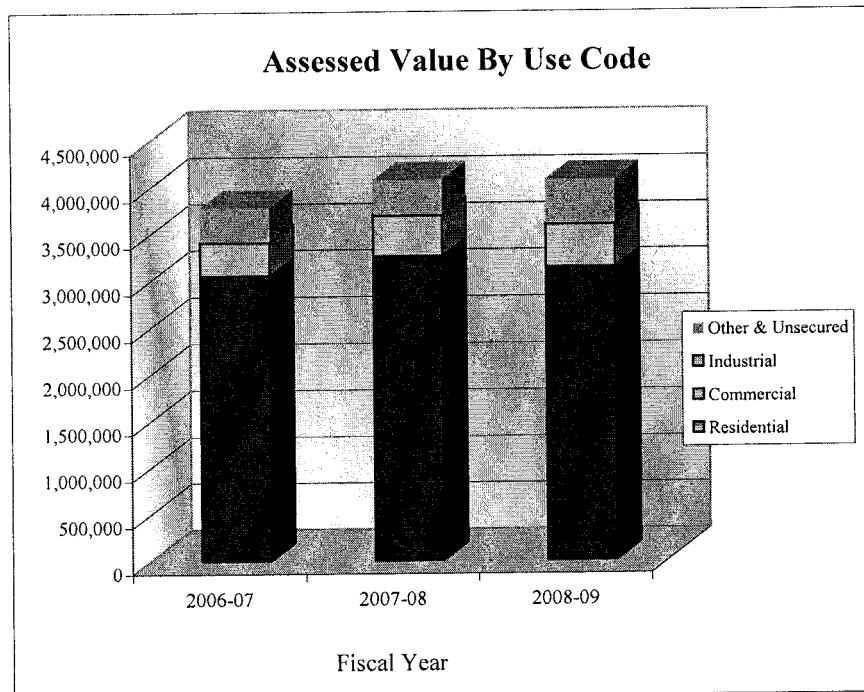
- (1) Total Direct Tax Rate is represented by TRA 007-000
(2) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sales prices.
Based on these calculations, a multiplier value was extrapolated and applied to current assessed values.

City of Rohnert Park

Assessed Value of Property by Use Code, Citywide Last Three Fiscal Years (In Thousands)

| Category | 2006-07 | 2007-08 | 2008-09 |
|---------------------|-----------|-----------|-----------|
| Residential | 3,059,684 | 3,262,949 | 3,136,944 |
| Commercial | 354,768 | 434,387 | 459,211 |
| Industrial | 11,948 | 12,582 | 12,245 |
| Other & Unsecured | 366,935 | 373,261 | 473,115 |
| Gross Secured Value | 3,793,335 | 4,083,179 | 4,081,515 |
| Unsecured Value | 189,487 | 123,628 | 119,825 |
| Exemptions | 110,294 | 128,319 | 149,311 |
| Net Taxable Value | 3,872,528 | 4,078,488 | 4,052,029 |

Source: 2006-09 County Assessor data, MuniServices, LLC
Use code categories are based on Sonoma County Assessor's data



City of Rohnert Park
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

| Fiscal Year | Basic City and County Levy | | | Overlapping Rates ^a | | | | | | | Total Tax Rate | | |
|----------------|----------------------------|------------------------|-------|--------------------------------|------|-----------------------|------------------------------------|--------|---------------------------------|--------|----------------------|-------------------------------|-------|
| | City of Rohnert Park | County of Sonoma | Total | Rohnert Park | | Warm Spring Dam | Santa Rosa Junior College | | Santa Rosa High School | | | Bellvue School District | Total |
| | | | | Cotati School District | | | | | | | | | |
| 2000 | n/a | n/a | 1.00 | | 0.11 | 0.007 | 0.025 | 0.0300 | 0.025 | 0.1970 | 1.1970 | | |
| 2001 | n/a | n/a | 1.00 | | 0.11 | 0.007 | 0.025 | 0.0300 | 0.025 | 0.1970 | 1.1970 | | |
| 2002 | n/a | n/a | 1.00 | | 0.11 | 0.007 | 0.025 | 0.0542 | 0.025 | 0.2212 | 1.2212 | | |
| 2003 | n/a | n/a | 1.00 | | 0.11 | 0.007 | 0.025 | 0.0542 | 0.025 | 0.2212 | 1.2212 | | |
| 2004 | n/a | n/a | 1.00 | | 0.11 | 0.007 | 0.025 | 0.0542 | 0.025 | 0.2212 | 1.2212 | | |
| 2005 | n/a | n/a | 1.00 | | 0.11 | 0.007 | 0.025 | 0.0542 | 0.025 | 0.2212 | 1.2212 | | |
| 2006 | n/a | n/a | 1.00 | | 0.11 | 0.007 | 0.025 | 0.0542 | 0.025 | 0.2212 | 1.2212 | | |
| 2007 | \$ 0.175 | \$ 0.825 | 1.00 | | 0.11 | 0.007 | 0.025 | - | - | 0.1420 | 1.1420 | | |
| 2008 | \$ 0.175 | \$ 0.825 | 1.00 | | 0.11 | 0.007 | 0.025 | - | - | 0.1420 | 1.1420 | | |
| 2009 | \$ 0.175 | \$ 0.825 | 1.00 | | 0.11 | 0.007 | 0.025 | - | - | 0.1420 | 1.1420 | | |

Source: 2007-08: County Auditor-Controller, MuniServices, LLC
2006 and prior: Sonoma County Auditor-Controller, Tax Collector

Notes:

^a Overlapping rates are those of local and county governments that apply to property owners within the City of Rohnert Park. Not all overlapping rates apply to all Rohnert Park property owners.

TRA 007-000 is represented for this table

City of Rohnert Park
Principal Property Taxpayers,
Current Year and Two Years Ago

| Taxpayer | 2009 | | | 2008 | | | 2007 | | |
|--------------------------------|------------------------|------|---|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Rohnert Park Ridge LLC | \$ 44,710,013 | 1 | 1.10 % | \$ 43,836,076 | 1 | 1.07 % | \$ 42,979,276 | 2 | 1.11 % |
| Scarpa Steven J | 43,336,760 | 2 | 1.07 | 42,490,915 | 2 | 1.04 | 41,661,656 | 3 | 1.08 |
| Sonoma Mountain Village LLC | 41,207,201 | 3 | 1.02 | | | | | | |
| Columbia Redwood Creek LLC | 37,900,722 | 4 | 0.94 | 37,032,200 | 4 | 0.91 | | | |
| Codding Enterprises | 31,767,876 | 5 | 0.78 | 33,322,524 | 5 | 0.82 | 37,101,189 | 4 | 0.96 |
| Crossbrook Apartments | 29,873,167 | 6 | 0.74 | 29,289,192 | 7 | 0.72 | 28,716,668 | 8 | 0.74 |
| KSL Rohnert Park LP | 27,572,281 | 7 | 0.68 | 31,969,700 | 6 | 0.78 | 31,332,522 | 7 | 0.81 |
| Knickerbocker Properties, Inc. | 25,961,806 | 8 | 0.64 | 25,476,295 | 8 | 0.62 | 25,000,876 | 10 | 0.64 |
| Health Care REIT Inc | 25,420,691 | 9 | 0.63 | 24,860,776 | 10 | 0.61 | | | |
| Santa Rosa Press Democrat | 24,991,746 | 10 | 0.62 | 25,190,301 | 9 | 0.62 | 35,524,311 | 6 | 0.92 |
| Costco Wholesale Corp. | | | | | | | | | |
| Expressway Partners LLC | | | | | | | | | |
| RLH Partnership | | | | | | | | | |
| State Farm Mutual Auto Insur. | | | | | | | | | |
| Gi Realty Trust 1997 | | | | | | | | | |
| Hertz Equipment Rental Corp | | | | | | | 45,607,230 | 1 | 1.18 |
| Millennium Housing Corporation | | | | | | | | | |
| Sonoma Green LLC | | | | 37,615,724 | 3 | 0.92 | 36,747,040 | 5 | 0.95 |
| Spanos Corporation | | | | | | | 28,715,334 | 9 | 0.74 |
| Total | \$ 332,742,263 | | 8.22 % | \$ 331,083,703 | | 8.11 % | \$ 268,745,170 | | 9.13 % |

Source: 2006 and prior: Sonoma County Tax Collector Metroscan database
2007- 09: County Assessor, MuniServices, LLC

City of Rohnert Park
Property Tax Levies and Collections,
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------------------------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2000 | \$ 1,985,000 | \$ 1,975,045 | 99.50 | \$ 9,760 | \$ 1,984,805 | 99.99 |
| 2001 | 2,049,232 | 2,046,938 | 99.89 | 20,041 | 2,048,939 | 99.99 |
| 2002 | 2,099,148 | 2,093,456 | 99.73 | 5,318 | 2,098,774 | 99.98 |
| 2003 | 2,298,857 | 2,291,796 | 99.69 | 6,459 | 2,298,255 | 99.97 |
| 2004 | 2,303,177 | 2,295,714 | 99.68 | 5,738 | 2,301,452 | 99.93 |
| 2005 | 2,747,507 | 2,739,642 | 99.71 | - | 2,739,642 | 99.71 |
| 2006 | 3,127,448 | 3,113,048 | 99.54 | - | 3,113,048 | 99.54 |
| 2007 | 3,167,241 | 3,148,920 | 99.42 | - | 3,148,920 | 99.42 |
| 2008 | 3,200,856 | 3,188,844 | 99.62 | - | 3,188,844 | 99.62 |
| 2009 | 3,029,027 | 3,018,252 | 99.64 | - | 3,018,252 | 99.64 |

Sources: Sonoma County Auditor-Controller

City of Rohnert Park
Taxable Sales by Category,
Last Ten Calendar Years
(in thousands of dollars)

| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007Q3*</u> | <u>2008Q3**</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| All other outlets | \$ 116,599 | \$ 100,176 | \$ 78,390 | \$ 73,646 | \$ 75,051 | \$ 82,371 | \$ 83,199 | \$ 95,037 | \$ 81,305 |
| Apparel stores | 15,347 | 15,036 | 15,062 | 13,786 | 13,691 | 13,927 | 14,154 | 14,504 | 13,551 |
| Auto dealers and supplies | 24,811 | 26,306 | 20,821 | 22,528 | 21,451 | 19,923 | 20,365 | 20,065 | 20,326 |
| Building materials and farm tools | 107,922 | 109,540 | 109,063 | 114,615 | 126,268 | 126,436 | 125,132 | 103,043 | 33,877 |
| Eating and drinking establishments | 52,850 | 55,632 | 56,357 | 60,000 | 68,442 | 72,279 | 73,091 | 73,939 | 81,305 |
| Food stores | 30,996 | 31,844 | 35,023 | 34,990 | 38,929 | 39,765 | 40,923 | 36,466 | 40,653 |
| General merchandise | 75,118 | 79,458 | 104,242 | 164,097 | 179,419 | 191,443 | 194,974 | 199,921 | 216,814 |
| Home furnishings and appliances | 29,134 | 29,521 | 45,674 | 39,276 | 36,601 | 32,707 | 29,879 | 32,777 | 27,102 |
| Other retail stores | 81,210 | 72,700 | 71,914 | 70,868 | 71,228 | 76,111 | 74,799 | 64,939 | 108,407 |
| Service stations | 33,728 | 31,010 | 29,556 | 31,805 | 31,960 | 34,155 | 36,395 | 39,181 | 47,428 |
| Packaged Liquor and Drug Stores | | | | | | | | <u>7,558</u> | <u>6,775</u> |
| Total | \$ 567,714 | \$ 551,223 | \$ 566,101 | \$ 625,611 | \$ 663,040 | \$ 689,114 | \$ 692,912 | \$ 687,430 | \$ 677,543 |

City direct sales tax rate

1.25%

1.25%

1.25%

1.25%

1.00%

1.00%

1.00%

1.00%

1.00%

Source: State Department of Commerce.

Notes: Retail sales information is not available on a fiscal-year basis.

* NOTE: Taxable Sales to reflect amounts through 2007Q1-2007Q3

** NOTE: Taxable Sales to reflect amounts through 2007Q1-2007Q3

**City of Rohnert Park
Direct and Overlapping Sales Tax Rates,
Last Ten Fiscal Years**

| Fiscal Year | City Direct Rate | Sonoma County | State |
|------------------------|---------------------------------|--------------------------|--------------|
| 2000 | 1.00 | 0.25 | 6.00 |
| 2001 | 1.00 | 0.25 | 6.00 |
| 2002 | 1.00 | 0.25 | 5.75 |
| 2003 | 1.00 | 0.25 | 6.00 |
| 2004 | 1.00 | 0.25 | 6.00 |
| 2005 | 0.75 | 0.50 | 6.25 |
| 2006 | 0.75 | 0.50 | 6.25 |
| 2007 | 0.75 | 0.25 | 6.25 |
| 2008 | 0.75 | 0.25 | 6.25 |
| 2009 | 0.75 | 1.00 | 7.25 |

City of Rohnert Park
Principal Sales Tax Remitters,
Current Year and Nine Years Ago

| 2009 | | 2000 | |
|-------------------------------|----------------------|--------------------------------|----------------------|
| TAXPAYER | BUSINESS TYPE | BUSINESS NAME | BUSINESS TYPE |
| 101 INTERNATIONAL TRUCK SALES | AUTO SALES - NEW | 101 INTERNATIONAL TRUCK SALES | AUTO SALES - NEW |
| ASHLEY FURNITURE | HOMESTORE | AGILENT TECHNOLOGIES | LIGHT INDUSTRY |
| BURLINGTON COAT FACTORY | APPAREL STORES | BURLINGTON COAT FACTORY | DEPARTMENT STORES |
| CASINO RESTRNT EQPMNT SUPPLY | FOOD PROCESSING EQP | CASINO RESTRNT EQPMNT SUPPLY | FOOD PROCESSING EQP |
| CHEVRON SERVICE STATIONS | SERVICE STATIONS | CHEVRON SERVICE STATIONS | SERVICE STATIONS |
| COSTCO WHOLESALE | DEPARTMENT STORES | DOUBLETREE HOTEL | HOTEL |
| EXXON SERVICE STATIONS | SERVICE STATIONS | HERTZ BIG 4 RENTS | LEASING |
| FOOD MAXX | FOOD MARKETS | HOME DEPOT | BLDG MATLS - RETAIL |
| HERTZ EQUIPMENT RENTAL | LEASING | J.E.HIGGINS LUMBER COMPANY | BLDG MATLS - RETAIL |
| HOME DEPOT | BLDG MATLS - RETAIL | LINENS N THINGS | DEPARTMENT STORES |
| IN-IN-OUT BURGERS | RESTAURANT | MCPHAIL'S APPLIANCES | FURNITURE/APPLIANCE |
| J.E.HIGGINS LUMBER COMPANY | BLDG MATLS - RETAIL | NEXT LEVEL COMMUNICATIONS | MISCELLANEOUS RETAIL |
| MCPHAIL'S APPLIANCES | FURNITURE/APPLIANCE | NORTRAX WEST | LIGHT INDUSTRY |
| O'DELL PRINTING COMPANY | LIGHT INDUSTRY | OFFICE DEPOT | OFFICE EQUIPMENT |
| PAPE MACHINERY | BLDG MATLS - WHSLE | RALEY'S SUPERMARKET | FOOD MARKETS |
| PETSMART | MISCELLANEOUS RETAIL | ROSS STORES | DEPARTMENT STORES |
| RALEY'S SUPERMARKET | FOOD MARKETS | ROTTEN ROBBIE SERVICE STATIONS | SERVICE STATIONS |
| ROSS STORES | APPAREL STORES | SAFEWAY STORES | FOOD MARKETS |
| ROTTEN ROBBIE | SERVICE STATIONS | SEARS HOMELIFE FURNITURE STORE | FURNITURE/APPLIANCE |
| SAFEWAY STORES | FOOD MARKETS | SHELL SERVICE STATIONS | SERVICE STATIONS |
| SHELL SERVICE STATIONS | SERVICE STATIONS | TARGET STORES | DEPARTMENT STORES |
| TARGET STORES | DEPARTMENT STORES | UNITED FURNITURE | FURNITURE/APPLIANCE |
| TOYOTA MATERIAL HANDLING | HEAVY INDUSTRY | W.W.GRAINGER | LIGHT INDUSTRY |
| W.W.GRAINGER | LIGHT INDUSTRY | WAL MART STORES | DEPARTMENT STORES |
| WAL MART STORES | DEPARTMENT STORES | YARDBIRDS HOME CENTER | BLDG MATLS - RETAIL |

Source: State Board of Equalization, MuniServices, LLC

Note: Sales Tax paid is confidential information and cannot be reported

City of Rohnert Park
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years
(dollars in thousands, except per capita)

| Fiscal Year | Government-type Activities | | | | Business-type Activities | | | | Total Primary Government ^a | Percentage of Personal Income ^b | Per Capita ^b |
|-------------|----------------------------|-------------------------------|---------------------|--------------------------|--------------------------|---------------------|-------------------------------|-----------|---------------------------------------|--|-------------------------|
| | Redevelopment Bonds | Certificates of Participation | Lease Revenue Bonds | Special Assessment Bonds | Capital Leases | Water Revenue Bonds | Certificates of Participation | | | | |
| | | | | | | | | | | | |
| 2000 | \$ 23,557 | \$ 13,572 | \$ - | \$ 3,295 | \$ - | \$ - | \$ - | \$ 40,424 | 2.78 % | \$ 1,012 | |
| 2001 | 23,462 | 13,017 | - | 2,700 | - | - | - | 39,179 | 2.55 | 928 | |
| 2002 | 23,649 | 12,247 | - | 2,010 | 799 | - | - | 38,705 | 2.49 | 908 | |
| 2003 | 23,444 | 11,530 | - | 1,495 | 602 | 2,090 | - | 39,161 | 2.52 | 928 | |
| 2004 | 23,347 | 4,545 | 6,950 | 1,185 | 449 | 2,010 | - | 38,486 | 2.35 | 914 | |
| 2005 | 23,244 | 4,405 | 6,710 | 910 | 1,485 | 6,930 | 13,000 | 56,684 | not available | 1,335 | |
| 2006 | 23,082 | 4,265 | 6,485 | 620 | 2,027 | 6,725 | 13,000 | 56,204 | not available | 1,306 | |
| 2007 | 84,351 | 4,115 | 6,255 | 190 | 1,778 | 6,515 | 12,770 | 115,974 | 9.69 | 2,700 | |
| 2008 | 82,253 | 3,960 | 6,020 | - | 1,539 | 6,305 | 12,530 | 112,607 | 9.69 | 2,615 | |
| 2009 | 72,120 | 3,800 | 5,780 | - | 1,212 | 6,085 | 12,285 | 101,282 | 9.40 | 2,354 | |

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

^a The city issued \$7 million of new certificates of participation and \$11 million of tax allocation bonds in 1999.

^a The city issued \$2 million in water revenue bonds in 2003 and \$13 million of sewer revenue bonds and \$5M of water revenue bonds in 2005.

^b See Schedule 20 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

City of Rohnert Park
Ratios of General Bonded Debt Outstanding,
Last Ten Fiscal Years
(dollars in thousands, except per capita)

| Fiscal Year | General Bonded Debt Outstanding | | Percentage of Actual Taxable Value of Property | Per Capita |
|----------------|---------------------------------|-----------|---|---------------|
| | Redevelopment Bonds | Total | | |
| 2000 | \$ 23,557 | \$ 23,557 | 1.0724 % | \$ 589.63 |
| 2001 | 23,462 | 23,462 | 0.9984 | 555.50 |
| 2002 | 23,649 | 23,649 | 0.9930 | 554.49 |
| 2003 | 23,444 | 23,444 | 0.8123 | 555.57 |
| 2004 | 23,347 | 23,347 | 0.7528 | 554.21 |
| 2005 | 23,244 | 23,244 | 0.7048 | 547.63 |
| 2006 | 23,082 | 23,082 | 0.6494 | 536.45 |
| 2007 | 84,351 | 84,351 | 2.1782 | 1,963.52 |
| 2008 | 82,253 | 82,253 | 2.0168 | 1,910.11 |
| 2009 | 72,120 | 72,120 | 1.7798 | 1,676.43 |

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Rohnert Park
Direct and Overlapping Governmental Activities Debt
As of June 30, 2009
(dollars in thousands)

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable ^a</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|---|-----------------------------|---|---|
| Debt repaid with property taxes | | | |
| Cotati-Rohnert Park Unified School District | \$ 73,436,461 | 81.039% | \$ 59,512,093 |
| Subtotal, overlapping debt | | | 59,512,093 |
| City direct debt | | | - |
| Total direct and overlapping debt | | | <u>\$ 59,512,093</u> |

Source: Sonoma County Tax Collector

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Statistical. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident—and therefore responsible for repaying the debt—of each overlapping government.

City of Rohnert Park
Legal Debt Margin Information,
Last Ten Fiscal Years
(dollars in thousands)

| Legal Debt Margin Calculation for Fiscal Year 2009 | |
|---|--------------|
| Assessed value | \$ 4,052,029 |
| Debt limit (15% of assessed value) | 607,804 |
| Debt applicable to limit: | |
| General obligation bonds | - |
| Less: Amount set aside for repayment of general obligation debt | - |
| Total net debt applicable to limit | 607,804 |
| Legal debt margin | \$ 607,804 |

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Debt limit | \$ 343,238 | \$ 369,559 | \$ 445,713 | \$ 478,156 | \$ 487,694 | \$ 526,849 | \$ 534,506 | \$ 580,879 | \$ 611,773 | \$ 607,804 |
| Total net debt applicable to limit | - | - | - | - | - | - | - | - | - | - |
| Legal debt margin | \$ 343,238 | \$ 369,559 | \$ 445,713 | \$ 478,156 | \$ 487,694 | \$ 526,849 | \$ 534,506 | \$ 580,879 | \$ 611,773 | \$ 607,804 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

City of Rohnert Park
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

| Fiscal Year | Water Revenue Bonds | | | | | Sewer Revenue Bonds | | | | | Special Assessment Bonds | | | | | |
|----------------|-------------------------------|--------------------------------|-----------------------------|--------------|----------|---------------------|-------------------------------|--------------------------------|-----------------------------|--------------|--------------------------|----------|--------------------------------------|--------------|----------|----------|
| | Utility Service Charges | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage | Utility Service Charges | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage | Special Assessment Collections | Debt Service | | Coverage |
| | | | | Principal | Interest | | | | | Principal | Interest | | | Principal | Interest | |
| | | | | | | | | | | | | | | | | |
| 1998 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 688 | \$ 400 | \$ 282 | 1.01 |
| 1999 | - | - | - | - | - | - | - | - | - | - | - | - | 679 | 420 | 260 | 1.00 |
| 2000 | - | - | - | - | - | - | - | - | - | - | - | - | 662 | 440 | 235 | 0.98 |
| 2001 | - | - | - | - | - | - | - | - | - | - | - | - | 639 | 465 | 209 | 0.95 |
| 2002 | - | - | - | - | - | - | - | - | - | - | - | - | 644 | 495 | 180 | 0.95 |
| 2003 | - | - | - | - | - | - | - | - | - | - | - | - | 382 | 330 | 46 | 1.02 |
| 2004 | 4,622 | 5,061 | (439) | 80 | 72 | (2.89) | - | - | - | - | - | - | 317 | 295 | 56 | 0.90 |
| 2005 | 4,933 | 5,031 | (98) | 80 | 70 | (0.65) | - | - | - | - | - | - | 340 | 270 | 46 | 1.08 |
| 2006 | 6,406 | 5,480 | 926 | 205 | 237 | 2.10 | 9,955 | 9,112 | 843 | - | - | n/a | 319 | 290 | 37 | 0.98 |
| 2007 | 6,084 | 5,700 | 384 | 210 | 262 | 0.81 | 12,008 | 9,501 | 2,507 | - | - | n/a | 456 | 430 | 21 | 1.01 |
| 2008 | 6,342 | 6,851 | (509) | 220 | 251 | (1.08) | 12,371 | 9,244 | 3,127 | - | - | n/a | - | - | - | - |
| 2009 | 6,630 | 5,715 | 915 | 225 | 245 | 1.95 | 10,304 | 10,740 | (436) | - | - | n/a | - | - | - | - |

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

City of Rohnert Park
Demographic and Economic Statistics,
Last Ten Calendar Years

| Calendar Year | Population | Personal Income (thousands of dollars) | Per Capita Personal Income | Median Age | School Enrollment | County Unemployment Rate | City Unemployment Rate |
|------------------|------------|---|-------------------------------------|---------------|----------------------|--------------------------------|------------------------------|
| 1998 | 39,567 | \$ 1,225,350 | \$ 30,969 | not available | 7,983 | not available | 3.8% |
| 1999 | 40,032 | 1,290,271 | 32,231 | 38.4 | 7,756 | not available | 3.2% |
| 2000 | 39,952 | 1,455,771 | 36,438 | 35.5 | 8,033 | not available | 3.1% |
| 2001 | 42,236 | 1,539,207 | 36,443 | 35.7 | 7,829 | not available | 3.3% |
| 2002 | 42,650 | 1,553,612 | 36,427 | 35.9 | 7,836 | not available | 4.7% |
| 2003 | 42,198 | 1,554,743 | 36,844 | 36.0 | 7,678 | not available | 4.8% |
| 2004 | 42,127 | 1,638,782 | 38,901 | 38.9 | 7,482 | not available | 5.3% |
| 2005 | 42,445 | 1,703,333 | 38,793 | 38.9 | 7,260 | not available | 4.1% |
| 2006 | 43,027 | 1,803,380 | 43,318 | 31.5 est* | 6,816 | not available | 3.9% |
| 2007 | 42,959 | 1,197,439 | 27,874 | 31.5 est* | 6,847 | 4.0% | 3.9% |
| 2008 | 43,062 | not available | not available | 31.5 est* | 6,179 | 6.5% | 6.4% |
| 2009 | 43,020 | not available | not available | 31.5 est* | 6,038 | 10.20% | 10% |

Sources: 1998-2006 & 2008: Personal Income information provided by U.S. Department of Commerce, Bureau of Economic Analysis. Median Age information provided by U.S. Census Bureau, American Community Survey. Unemployment information provided by State of California Employment Development Department. School Enrollment information provided by Cotati-Rohnert Park School District. Population information provided by State Department of Finance.
2007: MuniServices LLC

Note: Personal Income is reported at a County-wide level. Local information is not available.

* Represents Median Age taken from the 2000 Census Data. 2008 Census Data is not yet available.

City of Statistical
Principal Employers,
Current Year and Last Year

| Employer | 2009 | | | 2008 | | | 2007 | | | 2006 | | |
|-----------------------------|-----------|------|---|-----------|------|---|-----------|------|---|-----------|------|---|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Sonoma State University | 1,483 | 1 | 13.79 % | 1,483 | 1 | 13.79 % | 1,478 | 1 | 5.87 % | 1,532 | 1 | 14.25 % |
| State Farm Insurance | 468 | 2 | 4.35 | 468 | 2 | 4.35 | 501 | 2 | 1.99 | 625 | 2 | 5.81 |
| Wal-Mart | 277 | 3 | 2.58 | 360 | 3 | 3.35 | 272 | 4 | 1.08 | 600 | 3 | 5.58 |
| Home Depot | 238 | 4 | 2.21 | 242 | 4 | 2.25 | 254 | 5 | 1.01 | 190 | 6 | 1.77 |
| Target | 220 | 5 | 2.05 | 213 | 5 | 1.98 | 315 | 3 | 1.25 | 210 | 5 | 1.95 |
| Costco | 205 | 6 | 1.91 | 190 | 6 | 1.77 | 188 | 7 | 0.75 | 182 | 7 | 1.69 |
| City of Rohnert Park | 190 | 7 | 1.77 | 178 | 8 | 1.66 | 178 | 9 | 0.71 | | | |
| Parker Hannifin Corp | 182 | 8 | 1.69 | 177 | 7 | 1.65 | 187 | 8 | 0.74 | 160 | 8 | 1.49 |
| Cross Check | 142 | 9 | 1.32 | 143 | 9 | 1.33 | 194 | 6 | 0.77 | 285 | 4 | 2.65 |
| Masterwork Electronics | 111 | 10 | 1.03 | 126 | 10 | 1.17 | 160 | 10 | 0.63 | 137 | 9 | 1.27 |
| Securitas Security Services | | | | | | | | | | 116 | 10 | 1.08 |
| Alvarado Street Bakery | | | | | | | | | | | | |
| Total | 3,516 | | 32.70 % | 3,580 | | 33.30 % | 3,727 | | 14.79 % | 4,037 | | 37.54 % |
| Total City Employment (1) | 10,752 | | | | | | | | | | | |

Source: 2006 and prior: Chamber of Commerce for top employers and www.epodunk.com for total employment
2007-09: Direct correspondence with City's local businesses

(1) Total City Employment provided by EDD Labor Force data.

Note: Data not available for years prior to 2006

City of Rohnert Park
Full-time-Equivalent City Government Employees by Function/Program,
Last Ten Fiscal Years

| <u>Function/Program</u> | <u>Full-time-Equivalent Employees as of June 30</u> | | | | | | | | | |
|--------------------------|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
| General government | | | | | | | | | | |
| City Manager's Office | 6 | 6 | 6 | 6 | 4 | 5 | 5 | 7 | 7 | 7 |
| Finance | 13 | 12 | 12 | 11 | 10 | 11 | 12 | 12 | 12 | 11 |
| Information Systems | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Planning | 3 | 3 | 3 | 3 | 2 | 2 | 3 | 3 | 3 | 3 |
| Human Resource | 2 | 2 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 3 |
| Other | 3 | 3 | 3 | 3 | 1 | 2 | 2 | - | - | - |
| Public Safety | | | | | | | | | | |
| Officers ^a | 67 | 67 | 70 | 70 | 70 | 76 | 77 | 78 | 78 | 78 |
| Civilians | 33 | 33 | 31 | 31 | 30 | 30 | 30 | 31 | 32 | 32 |
| Building Inspection | 4 | 4 | 4 | 4 | 2 | 2 | 3 | 3 | 3 | 3 |
| Public Works | | | | | | | | | | |
| Engineering ^b | 4 | 4 | 4 | 4 | 3 | 4 | 5 | 6 | 6 | 8 |
| Public Works | 28 | 28 | 28 | 27 | 23 | 25 | 25 | 29 | 29 | 29 |
| Park Maintenance | 9 | 9 | 9 | 9 | 7 | 6 | 5 | 4 | 5 | 5 |
| Parks and recreation | 10 | 10 | 10 | 10 | 7 | 7 | 7 | 7 | 7 | 6 |
| Performing Arts Center | 4 | 4 | 4 | 4 | 3 | 4 | 4 | 4 | 4 | 4 |
| Total | <u>188</u> | <u>187</u> | <u>189</u> | <u>187</u> | <u>166</u> | <u>178</u> | <u>182</u> | <u>188</u> | <u>190</u> | <u>191</u> |

Source: City Budget Office.

City of Rohnert Park
Operating Indicators by Function/Program,
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------|---------|---------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| General government | | | | | | | | | | |
| Building permits issued | 712 | 800 | 746 | 801 | 634 | 736 | 574 | 663 | 650 | 515 |
| Building inspections conducted | not available | not available | not available | not available | not available | 2,228 | 1,875 | 1,560 | 1,393 | 1,664 |
| Police | | | | | | | | | | |
| Physical arrests | not available | not available | not available | not available | 1,839 | 2,174 | 2,485 | 2,474 | 3,076 | 3,156 |
| Parking violations | not available | not available | not available | not available | 1,111 | 3,583 | 3,794 | 2,554 | 2,448 | 3,248 |
| Traffic violations | not available | not available | not available | not available | 265 | 286 | 264 | 1,402 | 1,695 | 1,452 |
| Fire | | | | | | | | | | |
| Emergency responses | 111 | 123 | 119 | 103 | 107 | 113 | 134 | 3,164 | 3,007 | 3,262 |
| Inspections | not available | not available | not available | not available | not available | not available | not available | 1,713 | 1,869 | 1,966 |
| Refuse collection ^a | | | | | | | | | | |
| Refuse collected (tons per day) | not available | not available | not available | 65.6 | 65.3 | 61.3 | 64.3 | 68.2 | 59.7 | 58.41 |
| Recyclables collected (tons per day) | not available | not available | not available | 29.5 | 27.4 | 27.5 | 30.9 | 31.4 | 28.89 | 28.91 |
| Parks and recreation | | | | | | | | | | |
| Sports & Fitness Center Attendance | 130,000 | 113,926 | 127,530 | 113,552 | 135,259 | 136,490 | 119,803 | 111,655 | 124,261 | 101,253 |
| Community Center Attendance ^b | not available | 65,071 | 85,511 | 86,121 | 71,069 | 41,120 | 42,019 | 46,495 | 42,240 | 48,682 |
| Library | | | | | | | | | | |
| Volumes in collection | 56,740 | 59,031 | 57,179 | 60,254 | 65,078 | 74,868 | 75,718 | 84,369 | 84,381 | 90,478 |
| Water | | | | | | | | | | |
| Water main breaks | not available | not available | not available | not available | not available | 2 | 2 | 0 | 1 | 3 |
| Average daily consumption (millions of gallons) | 6.72 | 6.61 | 6.33 | 6.31 | 6.18 | 5.42 | 5.00 | 4.90 | 4.4 | 4.4 |
| Peak daily consumption (millions of gallons) | 9.42 | 9.20 | 9.87 | 10.18 | 8.81 | 8.44 | 7.86 | 7.15 | 6.7 | 6.4 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (millions of gallons) | 3.90 | 3.64 | 3.80 | 3.69 | 3.60 | 3.88 | 3.87 | 3.16 | 3.42 | 3.12 |

Sources: Various city departments.

Notes:

^a The City of Rohnert Park entered into a new garbage contract July 1, 2001. Data is not available prior to the new contract.

^b Community Center Attendance is not available prior to implementation of CLASS Software.

City of Rohnert Park
Capital Asset Statistics by Function/Program,
Last Ten Fiscal Years

| Function/Program | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------|---------|---------|---------|
| Police | | | | | | | | | | |
| Stations | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Patrol officers | 43 | 43 | 44 | 44 | 48 | 48 | 48 | 48 | 48 | 48 |
| Fire stations | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Refuse Collection ^a | | | | | | | | | | |
| Collection trucks | not available | not available | not available | 13 | 11 | 11 | 11 | 10 | 10 | 10 |
| Street Sweepers | not available | not available | not available | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Other public works | | | | | | | | | | |
| Streets (miles) | 82.67 | 82.67 | 85.12 | 85.12 | 85.12 | 85.12 | 85.12 | 85.12 | 85.12 | 85.12 |
| Streetslights | 2,750 | 2,756 | 2,794 | 2,794 | 2,794 | 2,794 | 2,794 | 2,794 | 2,794 | 2,794 |
| Parks and recreation | | | | | | | | | | |
| Acreage | 102 | 102 | 102 | 102 | 102 | 102 | 102 | 102 | 102 | 105 |
| Playgrounds | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 25 |
| Baseball/softball diamonds | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 10 |
| Soccer/football fields | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 11 |
| Tennis courts | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 26 |
| Water | | | | | | | | | | |
| Water mains (miles) | 82.67 | 82.67 | 82.81 | 82.81 | 115.70 | 115.70 | 115.70 | 115.70 | 115.70 | 115.7 |
| Fire hydrants | not available | not available | not available | not available | not available | not available | 1,450 | 1,458 | 1,458 | 1,462 |
| Storage capacity (thousands of gallons) | 4,374.6 | 4,374.6 | 4,374.6 | 4,374.6 | 4,374.6 | 4,374.6 | 4,374.6 | 4,374.6 | 4,374.6 | 4,374.6 |
| Wastewater | | | | | | | | | | |
| Sanitary sewers (miles) | 77.0 | 77.0 | 77.0 | 77.0 | 77.0 | 77.0 | 80.0 | 77.0 | 77.0 | 83.0 |
| Storm sewers (miles) | 32.0 | 32.0 | 32.0 | 32.0 | 32.0 | 32.0 | 32.0 | 32.0 | 32.0 | 32.0 |
| Treatment capacity (thousands of gallons) ^b | 4.79 | 4.36 | 4.75 | 4.68 | 4.44 | 5.11 | 5.41 | 3.13 | 3.83 | 3.13 |

Sources: Various city departments.

Notes: No capital asset indicators are available for the general government or library function.

^a The City of Rohnert Park entered into a new garbage contract July 1, 2001. Data is not available prior to the new contract.