

# CITY OF ROHNERT PARK

SONOMA COUNTY, CALIFORNIA



H O N E Y B E E P A R K

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## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2010

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**CITY OF ROHNERT PARK, CALIFORNIA**

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2010

Prepared by  
Finance Department

Sandra M. Lipitz  
Director of Administrative Services

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## **CITY OF ROHNERT PARK**

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# CITY OF ROHNERT PARK

## FINANCE DEPARTMENT

December 14, 2010

### City Council

Pam Stafford  
Mayor

Gina Belforte  
Vice-Mayor

Amie Breeze  
Joseph T. Callinan  
Jake Mackenzie  
Council Members

Gabriel A. Gonzalez  
City Manager

John Dunn  
Interim Assistant City Manager

Judy Hauff  
City Clerk

Michelle Marchetta Kenyon  
City Attorney

Benjamin D. Winig  
Assistant City Attorney

Brian Masterson  
Director of Public Safety

Darrin W. Jenkins  
Director of Development Services  
/ City Engineer

Sandra M. Lipitz  
Director of Administrative Services

John McArthur  
Director of Public Works and  
Community Services

### Members of the City Council:

The Comprehensive Annual Financial Report (CAFR) of the City of Rohnert Park for the fiscal year 2010-11 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 ninth 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 few years, but is beginning to show signs of recovery in 2010. Job losses have slowed sharply in the recent months and the unemployment rate is near its peak estimated rate of 11%, about 1% higher than the national average. All of the primary sectors are projected to either stabilize or experience modest growth in the near term.



Hotel occupancy and room rates are expected to improve before the end of the calendar year due to rising demand; there is not much planned expansion of existing hotels or new hotels. Part of this growth will be attributable to Sonoma County being an attractive international destination, with close proximity to major Bay Area attractions that are a draw for many Asian tourists.

The wine sector is also projected to rebound during the second half of 2010 and have a long-term favorable outlook. Sales have already begun to improve due to increased consumer confidence, higher demand from the Asian markets and lower prices for fine wine grapes based on data from the Sonoma County Economic Development Board

The technology sector is finally turning the corner, after many years of remaining depressed. In 2010, the telecom equipment and medical devices companies have seen an increase in venture capital investment. Also, the Federal Stimulus program included funding of \$7.2 billion for broadband infrastructure. Another area poised for growth is green technology. This may include industries that improve efficient use of water, lighting, heating and cooling of buildings, as well as industries that allow agriculture to make better use of land and water resources.

The one sector that is still uncertain is the Housing Market. Mortgage credit conditions continue to deteriorate and foreclosures could negatively impact housing prices. Sonoma County's median home price decreased \$58,000, or 14%, from the previous year, with the average home price now at \$318,000. This was the third consecutive year of decline and housing prices are not projected to rise until the second half of 2011. On a positive note, the decline in housing prices has made housing much more affordable.

Taxes are a large part of the City's revenues and have taken one of the biggest hit in the recession. After three years of decline, sales tax revenues are projected to increase by about \$100,000 in fiscal year 2011. In addition, the City was successful in passing a half-cent sales tax measure that will bring in anywhere between \$2.4 million and \$2.8 million annually. This measure went into effect October 1, 2010. The construction and business-to-business sectors continue to be hit hardest by the recession, as businesses are contracting and most development projects have been shelved for the short term. The recession even impacted some of the City's largest retailers. As sales tax is the largest source of revenue for the City's General Fund (36%), the City has developed an economic development plan and will be focused on implementing portions of the plan in fiscal year 2011. This plan will include focusing on implementation of the General Plan and the Specific Plans, coordinating efforts to fill both industrial and commercial vacancies and working with the local business community to assist and retain businesses. Property tax has also been negatively impacted with the economic downturn. According to the Assessor's Office, the assessed value of property is projected to decline by 3% percent over the prior year due to the falling prices in the housing market.

To address the decline in revenues in fiscal year 2011, the City thoroughly reviewed expenditures and reduced expenditures by \$2 million annually, primarily through a combination of layoffs and attrition, while still maintaining essential services. The City also closed an additional swimming pool, trimmed operational expenditures, postponed facility maintenance and postponed the purchase of equipment and vehicles.

In summary, Sonoma County has weathered the recession and has already shown signs of economic recovery. The City is working with the development and business community to be in a position to take early advantage of opportunities that arise as the economy begins what is hopefully a long and steady upswing.

## ***MAJOR INITIATIVES***

***For the Year.*** The 2010-11 budget was the most challenging budget in the City's history, as most of the cost savings measures had already been implemented, including layoffs, restructuring of departments and reductions in pay. Revenue projections were slightly higher than the previous year as the City was successful in the passage of a ½ cent sales tax measure, which will generate about \$1.6 million in fiscal year 2011 and between \$2.4 million and \$2.8 million annually. Expenditures were trimmed by an additional \$2 million, primarily through layoffs, freezing vacancies and postponing facility maintenance and capital equipment purchases. The City discontinued its practice of selling surplus property to offset the structural deficit and instead will be working on a long-term financial strategic plan which will include reviewing all revenue opportunities and looking at new ways to provide essential city services.

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:

<b>Funding:</b>	<b>2009-10 Amount</b>
AB 3229 (COPs)	\$ 100,000
Transportation Grants	100,355
Alcoholic Beverage Control Grant	8,318
California Beverage Container Grant	5,345
<b>Total State Funding for FY 2009-10</b>	<b>\$ 214,018</b>

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 on- 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 environmental impact statement has been completed and the land has been taken into trust by the Department of Interior. The next step will be for the Tribe to negotiate a gaming compact with the State.

The City also continued working on several projects, including street maintenance funding by the American Recovery Act, street resurface repairs, development of a plaza at the City Center and the purchase of the southwest fire station to be converted to an affordable housing project. Projects completed during the year include the Rohnert Park Expressway maintenance, various street rehabilitation and maintenance projects, the Copeland Creek Bike Path and a City-wide energy efficient project.

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. All internet traffic is routed through a data center at the City of Rohnert Park Annex, increasing network security. 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 and purchases necessary equipment using California State Master. A new Microsoft enterprise agreement was signed in the fall of 2010. This reduced the cost of the software 20% per year for the next three years. The City started down the road of server virtualization several years ago, with last year experiencing over 75% of its server fleet virtualization, saving on hardware and energy costs, as well as increasing reliability. Future plans are to continue to consolidate resources in an effort to control costs and maintain a high level of service.

The Rohnert Park Department of Public Safety serves the citizens of Rohnert Park by performing both Police and Fire functions. In calendar year 2010, six (6) Public Safety Officers chose to resign from the Department of Public Safety and secure jobs elsewhere in anticipation of layoffs; two officers were laid off in August 2009. As a result of the City's continued financial crisis, Public Safety currently has 60 sworn officers for both police and fire services which make this the lowest staffing level in the last decade.

In spite of low staffing levels and reduced budget, the Department of Public Safety continues to provide a high quality of services to the citizens of Rohnert Park. Having Public Safety Officers trained as both police officers and firefighters is an effective way to provide a quick response to either structure fires or a significant crime event. As an example of this model in work, two patrol officers were chasing a burglary suspect in September through a creek trail in the middle of a residential neighborhood. A fire engine with three (3) Public Safety Officers was returning back to the Fire Station when they listened on the radio to patrol officers who were chasing the burglary suspect in their direction. The Public Safety Officers on the fire engine saw the suspect and gave chase. After a short foot pursuit, they were able to take him into custody because of their role as both police officers and firefighter.

The Public Safety Department also supports community programs such as the annual Fish Derby, Easter Egg Hunt, Special Olympics and Santa's Sleigh program. Public Safety employees are committed to keeping our City safe and providing the highest quality of public service to our community.

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, facilities and community programs. In addition to performing regularly assigned duties, staff responds to over 5,000 citizen requests each year and responds to a variety of system problems and emergencies 24 hours per day, 7 days per week. The Department is organized by function into three distinct divisions: Utilities, General Services, and Community Services.

The Utilities Division consists of potable water, sewer, and drainage systems. Most utility system functions are heavily regulated where many day-to-day functions are mandated. This division is staffed at a minimum of five days a week but is also monitored 24-7 through the City's computer-controlled wireless network.

The General Services Division consists of streets, buildings, fleet, and parks maintenance. This division is also responsible for the implementation of the City's Greenhouse Gas Action Plan.

The Community Services Division operates several major City facilities including: Callinan Sports & Fitness Center, three community centers, Senior Center, pottery studio as well as several parks, community gardens, athletic fields, tennis courts, and two swimming pools. Community Services staff also either runs or oversees several youth and adult programs, sports leagues, classes, and community events.

This fiscal year, the Planning, Building and Engineering Departments functionally merged into a single department called "Development Services." The combined department efficiently provides technical and professional services to ensure that Rohnert Park's growth, improvement and development exceeds the expectations of the community and is the highest quality possible. Development Services manages land and building development from concept to completion; maintains and implements the City's General Plan and Zoning Code; plans and build Rohnert Park's infrastructure; plans for Rohnert Park's physical and resource needs by working with local, regional and state agencies to ensure that there is enough water supply and sewer treatment for Rohnert Park citizens and businesses now and in the future; and ensures safe structures and physically attractive neighborhoods by enforcing the California Building Standards Code. This fiscal year, Development Services has paved the way for a well-planned future for Rohnert Park by updating several major documents. The General Plan is undergoing a technical update to reflect changes that have occurred in the City since 2000. The Housing Element has been updated as required by State Law this year to create conditions in which housing for all income groups can be built. Development Services has also been working closely with affected development proponents to update the Public Facilities Financing Plan, which outlines the developer fee for all new infrastructure, as well as a maintenance annuity fee for services. The department has worked diligently to process land use entitlements and permits for significant land developments this year (Sonoma Mountain Village, Southeast Specific Plan and University District Specific Plan), and the results of this work will be seen in the fiscal year to follow.

The staff of Spreckels Performing Arts Center is taking some innovative steps toward making the city owned and operated facility not only a marketable asset for Rohnert Park but a financial asset as well. By adopting a "road house" business model, whereupon all events are either rentals or collaborative productions based on a percentage of earnings, the center is, by the end of the fiscal year, expected to be functioning on or under budget for the first time since opening in 1990. The City is also looking at replacing the existing electronic freeway sign with a state-of-the-art message center that will be the first of a planned network of message centers nationwide. This will provide the City with the potential of having national advertising accounts and a much higher annual revenue stream.

***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 is designed to showcase music and to provide 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. 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.

During the past year, the City Council adopted an Economic Development Action Plan and adoption of a long-term strategic plan is anticipated for the Spring of 2011.

***Departmental Focus.*** Each year the City selects a department to highlight its efforts and accomplishments. In 2009-10, the Public Works Community Services Division has been selected.

The Community Services Division operates several major City facilities including: Callinan Sports & Fitness Center, three community centers, Senior Center, pottery studio as well as several parks, community gardens, athletic fields, tennis courts, and two swimming pools. Community Services staff also runs or oversees several youth and adult programs, sports leagues, classes, and community events.

The Community Services Department successfully completed several projects and launched a variety of new programs and community events that have:

- improved operating efficiency and lowered operating costs;
  - enhanced the quality of life of many of our citizens; and
  - upgraded the City's infrastructure.
- 
- Sports Center – a first-rate recreation amenity – but also now a profitable enterprise.
  - Senior Discount Program – a unique program that benefits seniors and businesses alike that also encourages local shopping and provides significant discounts to our seniors.

- Farmer's Market – a fantastic “community-building” event that operates at no net cost to the City, encourages commerce, and helps establish a sense of community.
- Urban Greening Grant – Received a \$75,000 grant for the installation of a new community garden.
- Hosted a Major Northern California bike tour – the Waves to Wine Bike Tour.
- Completed the grant-funded community Center Complex Plaza upgrades – this location has since hosted/facilitated new outdoor community events.
- Hosted first annual Summer Crafts Bazaar.
- Hosted the 31<sup>st</sup> Annual Holiday Crafts Bazaar.
- Implemented the Adopt-A-Park Program – created community involvement and lowered maintenance costs.
- Opened new Computer Learning Center at the Senior Center – computers were provided through a generous donation from the Rohnert Park-Cotati Rotary Club.
- Installed new LED park lights – replaced several failing lights poles with new LED fixtures and fiberglass poles throughout the City's park system. This project was 100% grant funded.

## **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 City's revenues were strongly impacted by the recession. To address the structural deficit and avoid near-term bankruptcy, between 2008 to present, the City reduced expenditures by over \$6 million annually through a number of cost savings measures. As stated earlier, the City reduced its workforce by almost 20% (37 positions) through a combination of early retirement incentives, layoffs and attrition. Furthermore, the City was successful in negotiating new employee contracts with all bargaining units that included furloughs, as well as a second tier of retirement for all new hires in the Miscellaneous group. The City also reduced some non-essential services such as the closure of three swimming pools, the closure of non-major park bathrooms and the change in operation of the Performing Arts Center from a producing theatre to primarily a rental facility. The City also brought both the landscape service and the street light maintenance service contracts in-house at a reduced cost. On the revenue side, the recession reduced revenues by about \$3 million from their peak years in 2007 and 2008, mostly in the areas of property tax, sales tax and investment earnings. To offset some of this loss, the City ran a successful campaign to increase the sales tax rate by ½ cent, which will provide an estimated \$2.4 million to \$2.8 million annually. Even with all these significant measures, the City still has a structural deficit of about \$2.4 million. Instead of following past practice and selling off surplus assets to close the budget deficit, the City made a conscientious decision to use reserves to cover the shortfall for fiscal year 2010-11 and diligently work on a long-term financial strategic plan to bridge the deficit and build reserves up to a prudent level over the next five years. Some aspects of the strategic plan will include implementation of the Economic Development Action Plan, implementation of the General Plan Specific Plans as development moves forward and implementation of all new revenue opportunities and new ways to provide essential services at reduced costs. The City is also committed to the implementation of new fiscal policies that will stabilize its fiscal 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, 2010, by investment type:

Cash and Investments - June 30, 2010

Sonoma County Investment Pool	\$ 165,288	0.3%
Cash, CD's and money market funds	13,759,120	23.4%
Guaranteed investment contracts	20,447,291	34.7%
State Treasurer LAIF	21,497,863	36.5%
Government securities	<u>3,004,360</u>	<u>5.1%</u>
Total Cash & Investments	<u>\$ 58,873,922</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, 2010 for the City was 1.09% and for the Commission 3.98%. Both the City's and CDC's investment performance is higher than the yield rate of 0.32% 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 1.79%; 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 85% 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 Anthem Blue Cross for active employees and retirees under the age of 65; the City contracts with Hartford Insurance for 65+ retirees. 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 \$201,525 for the workers' compensation program and \$309,871 for the liability program. For 2009-10, the City's workers' compensation premium increased 10% and the liability/property/auto premium increased 7% 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 2009-10. 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, 2009. This was the twenty-eighth 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,



Gabriel Gonzalez  
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, 2009

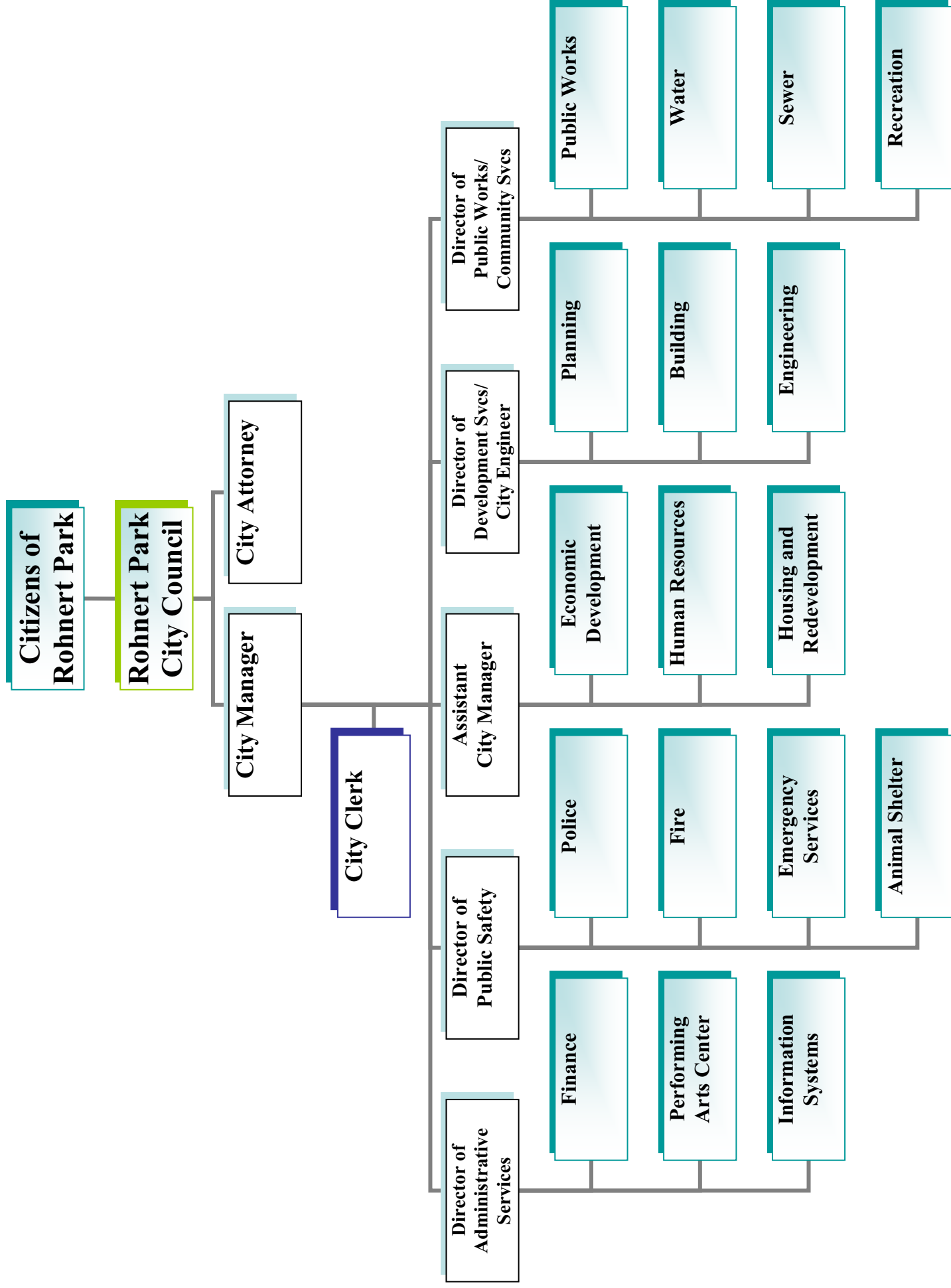
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President

Executive Director





## **CITY OF ROHNERT PARK**

### **LIST OF PRINCIPAL OFFICIALS**

#### **City Council**

Pam Stafford (Mayor)

Gina Belforte (Vice Mayor)

Joseph T. Callinan

Jake Mackenzie

Amie Breeze

#### **City Staff**

City Manager

Gabriel Gonzalez

Interim Assistant City Manager

John Dunn

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

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December 14, 2010

### **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, 2010, 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, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2010 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, budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules 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 Ullakko Murawski & Co LLP*

**San Francisco, California**

**City of Rohnert Park**  
**Management's Discussion and Analysis**  
**June 30, 2010**

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, 2010. 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 2009-10 fiscal year by \$94,224,523 (*net assets*). Of this amount, \$19,431,474 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors, \$2,418,812 is restricted for specific purposes (*restricted net assets*), and \$72,374,237 is invested in capital assets, net of related debt.
- The City's total net assets decreased by \$11,885,914 during the fiscal year. Business-type activities decreased by \$1,935,957, 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 \$9,949,957 due to the required recording of the unfunded other postemployment retirement benefits ("OPEB") cost of \$2,740,061, the loss on retirement of a portion of the 2007 Redevelopment Project Bonds (\$1,564,428), a reduction in investment earnings of approximately \$1,188,000 and a loss in tax revenue of \$749,180. Prior year activities included a gain on sale of capital assets (\$997,720) and a gain on retirement of a portion of the 2007 Redevelopment Housing Bonds (\$759,614).
- The City's capital assets decreased by \$1,640,556 due to depreciation.
- As of June 30, 2010, the City's governmental funds reported combined ending fund balances of \$56,181,513, a net decrease of \$20,781,891. The decrease relates primarily to the reduction in restricted cash and investments as a result of the defeasance, as well as a reduction in General Fund revenue. Approximately 17% of the combined fund balances, or \$9,508,646, 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 \$6,871,421, or 28% 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.

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

**City of Rohnert Park**  
**Management's Discussion and Analysis**  
**June 30, 2010**

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**  
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***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, 2010 and June 30, 2009:

Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 64,157,282	\$ 83,678,519	\$ 23,263,592	\$ 25,791,435	\$ 77,365,149 (a)	\$ 99,414,229
Capital assets, net	82,982,180	84,501,441	36,190,539	36,311,834	119,172,719	120,813,275
Total assets	147,139,462	168,179,960	59,454,131	62,103,269	196,537,868	220,227,504
Current and other liabilities	5,189,133	5,657,684	11,620,005	11,848,428	6,753,413 (a)	7,450,387
Long-term liabilities	77,525,978	88,147,968	18,033,954	18,518,712	95,559,932	106,666,680
Total liabilities	82,715,111	93,805,652	29,653,959	30,367,140	102,313,345	114,117,067
Net assets:						
Invested in capital assets, net of related debt	45,009,673	46,572,533	27,364,564	27,135,641	72,374,237	73,708,174
Restricted	2,418,812	13,873,842	-	-	2,418,812	13,873,842
Unrestricted	16,995,866	13,927,933	2,435,608	4,600,488	19,431,474	18,528,421
Total net assets	\$ 64,424,351	\$ 74,374,308	\$ 29,800,172	\$ 31,736,129	\$ 94,224,523	\$ 106,110,437

(a) The total column for 2010 and 2009 includes the elimination of the net advances between the CDC and the Sewer Fund of \$10,055,725 to eliminate the effects of interfund activity.

**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 \$94.2 million at the close of the current fiscal year. Total assets decreased by \$23.7 million during the year. This decrease is comprised of a decrease in current and other assets of \$22 million and a decrease in net capital assets of \$1.6 million. Restricted cash and investments accounted for most of the decrease in current and other assets (\$14.4 million), which was mainly attributable to the use of the Commission's bond proceeds for capital projects and the defeasance of \$12.4 million in bond proceeds from the 2007 Project Bonds. Capital assets decreased by \$1.6 million due to the annual depreciation.

Total liabilities decreased by \$11.8 million during the year. This decrease is comprised of a decrease in current and other liabilities of \$.7 million and a decrease in long-term liabilities of \$11.1 million. The decrease in current and other liabilities primarily relates to a decrease in accounts payable of \$1.3 million. Long-term liabilities decreased due to the debt service payments on the outstanding bonds, as well as the \$12.4 million tender on the 2007 Project Bonds, offset by an increase in OPEB liability of \$2.8 million.



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A portion of the City's net assets (21%) represents *unrestricted net assets* of \$19.4 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 \$72.4 million (77%) 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 \$2.4 million (2%) 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.

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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, 2010 and 2009:

	Statement of Activities			
	Governmental Activities		Business-type Activities	
	2010	2009	2010	2009
Revenues:				
Program revenues:				
Charges for services	\$ 3,659,218	\$ 4,225,462	\$ 20,136,787	\$ 22,489,787
Operating grants and contributions	2,796,402	3,366,714	-	-
Capital grants and contributions	2,257,720	1,480,622	235,742	214,617
General revenues:				
Property taxes	16,548,494	16,989,860	-	-
Franchise taxes	1,700,371	1,411,622	-	-
Other taxes	1,658,944	1,812,696	-	-
State contributions not restricted to specific programs:				
Sales taxes	5,735,600	6,172,593	-	-
Motor vehicle license fees	2,947,584	3,042,186	-	-
Investment income	2,538,119	3,726,188	168,124	352,519
Other	16,833	1,986,180	-	-
Total revenues	<u>39,859,285</u>	<u>44,214,123</u>	<u>20,540,653</u>	<u>23,056,923</u>
Expenses:				
General government	18,388,212	16,036,110	-	-
Public safety	16,930,100	19,823,047	-	-
Public works	4,228,872	4,050,312	-	-
Parks and recreation	3,650,692	4,687,184	-	-
Cultural Arts Center	646,355	841,126	-	-
Interest on long-term debt	5,939,204	4,586,047	-	-
Water	-	-	5,702,115	6,306,127
Sewer	-	-	11,252,707	11,318,825
Refuse collection	-	-	5,547,595	5,390,186
Total expenses	<u>49,783,435</u>	<u>50,023,826</u>	<u>22,502,417</u>	<u>23,015,138</u>
Excess (deficiency) before transfers	(9,924,150)	(5,809,703)	(1,961,764)	41,785
Transfers	<u>(25,807)</u>	<u>526,648</u>	<u>25,807</u>	<u>(526,648)</u>
Change in net assets	(9,949,957)	(5,283,055)	(1,935,957)	(484,863)
Net assets, beginning of year	<u>74,374,308</u>	<u>79,657,363</u>	<u>31,736,129</u>	<u>32,220,992</u>
Net assets, end of year	<u>\$ 64,424,351</u>	<u>\$ 74,374,308</u>	<u>\$ 29,800,172</u>	<u>\$ 31,736,129</u>

Note: 2010 includes the elimination of gain on sale of land of \$1,255,263 sold by the City to the Commission.

**City of Rohnert Park**  
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**Governmental activities.** Governmental activities decreased the City's net assets by \$9,949,957.

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

- The City's governmental activities Charges for Services revenues decreased by \$.5 million due to a lack of development activity and consequently less revenue in developer fees. Capital Grants and Contributions increased by \$.6 million due to State and Federal grants for road projects.
- Governmental activities net assets decreased by \$9,949,957 due to the required recording of the unfunded other postemployment retirement benefits ("OPEB") cost of \$2,740,061, the loss on defeasance of a portion of the 2007 Redevelopment Project Bonds (\$1,564,428) (included in interest expense), a reduction in investment earnings of approximately \$1,188,000 and a loss in tax revenue of \$749,180. Prior year activities included a gain on sale of capital assets (\$997,720) and a gain on retirement of a portion of the 2007 Redevelopment Housing Bonds (\$759,614). 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 income as a result of a decline in both idle cash and investment rates. Sales tax decreased by \$.4 million, property tax decreased by \$.4 million and investment income decreased by \$1.2 million.
- Total expenses decreased by \$.2 million. 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 expense of \$2.7 million for retiree health and life insurance benefits, with the total OPEB unfunded liability at \$5,767,061 at June 30, 2010 (see Note 10 of notes to the financial statements)

**Business-type activities.** Business-type activities decreased the City's net assets by \$1,935,957. Key factors of this decrease are as follows:

- The Water Fund net assets increased by \$735,815 as revenues from operations exceeded expenditures. Revenue from operations increased by \$939,101. Expenses decreased by \$269,910 from the prior year due mainly to reductions in salaries of employees city-wide, including the Water Department.
- The Sewer Fund net assets decreased by \$2,765,048 as expenditures from operations exceeded revenues. Revenues declined by \$2,187,406 from prior year 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 the sewer rates to analyze the rate structure and determine the revenue base necessary to support the operations. Expenditures declined slightly from prior year as operating costs were tightly controlled in light of the rollback.
- The refuse collection net assets increased by \$93,276.

## **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 \$56,181,513, a decrease of \$20,781,891 in comparison with the prior year. Of this total amount, \$9,508,646 constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund

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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 (\$21,276,039); 2) it is restricted for housing projects (\$13,075,924); 3) it is restricted for street projects (\$1,183,449); 4) it is restricted for community development projects (\$7,944,817); 5) it is restricted to pay debt service (\$1,776,063); 6) it represents prepaid items and other assets (\$150,724), and 7) it represents an endowment, of which the principal may not be spent (\$1,265,851).

For the fiscal year ended June 30, 2010, revenues for governmental funds totaled \$38,331,976, while expenditures totaled \$60,343,323. Expenditures from governmental funds exceeded revenues by \$20,781,891.

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 \$6,871,421 while total fund balance was \$9,337,645. 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 28% of total General Fund expenditures of \$24,706,821, while total fund balance represents 38% of that same amount.

The fund balance in the City's General Fund decreased by \$2,831,008 during the fiscal year, primarily due to a decline in revenues by \$1,493,446 and the continued structural deficit. The City's General Fund sales tax decreased by \$436,993 or 7% as economic conditions continued to decline. Investment earnings declined by \$1,188,069, as interest rates continued to decrease and reserves were used to cover the operating deficit. Expenditures decreased \$4,513,907 through layoffs, attrition and negotiated salary reductions, as well as tight controls on materials, supplies and equipment. In addition, the City sold surplus land for net proceeds of \$1,255,263 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, 2010 by \$2,831,008. 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 over 70% are in salaries and benefits.

The Community Development Commission Capital Projects fund balance decreased by \$17,566,544 as restricted cash of approximately \$14 million was used to defease a portion of the 2007 Redevelopment Project Bonds to reduce the annual debt service requirement to meet cash flow needs, as well as to fund capital projects. The Housing Projects fund balance increased by \$113,489 as the funding for some housing programs was reduced. The Financing Authority Fund balance decreased by \$106,710 as the Authority transferred \$119,688 from bond proceeds to the City Capital Projects fund for construction of the new City Hall. The City Capital Projects Fund balance decreased by \$849,633 as projects were funded in advance of State and Federal 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 \$4,420,248, the Sewer Fund had a unrestricted net deficit of (\$2,836,479), and the Refuse Collection Fund had unrestricted net assets of \$958,222.

The total decrease in net assets for proprietary funds was \$1,935,957. 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 \$35,285.

**City of Rohnert Park**  
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**June 30, 2010**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The 2009-10 budget was amended in January 2010 to reflect unanticipated decline in revenues and to reduce expenditures accordingly. Highlights of the budget are:

- Total operating revenues were budgeted at \$19.7 million, about \$3.7 million lower than the 2008-09 budget due to a continued decline in the economy. Most revenue projections were close to budget, as the budget was amended mid-year to reflect the actual performance. Investment earnings did not meet budget expectations as interest rates continued to decline, medium term notes were called, CD's matured 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 impacted plans for new development. Overall, revenue performance was less than budget by \$126,067.
- Total expenditures (including enterprise fund and Community Development Commission allocations) were budgeted at \$26.3 million, a decrease of \$4.6 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, as well as negotiate salary reductions for all employees. Total expenditures were under budget by \$1,569,225 for the fiscal year, primarily due to layoffs, attrition, negotiated salary reductions, the postponement of facility maintenance and tighter controls on materials, supplies and equipment.
- Total change in fund balance was budgeted to decrease by \$4.1 million; however, primarily due to expenditures being below budget, total performance of the general fund had a positive variance of approximately \$1.3 million as compared to the budget.

**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, 2010, amounted to \$119,172,719 (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 decreased by a net of \$3 million. Projects in progress include: American Recovery Act Street Maintenance (\$1.5 million); 2009 Streets Resurface Repairs (\$0.3 million), City Center Plaza Development (\$.4 million); Purchase of Southwest Boulevard Fire Station (\$1 million) and other miscellaneous projects. In total, \$3.6 million was spent on open projects, while \$6.6 million of completed projects were transferred to structures and improvements. During the year, the City transferred \$1.1 million for the Energy Efficient Project, \$1.8 million for the RPX Maintenance Project, \$1.5 million for the 2007 Streets Rehab Project, \$.4 million for the Copeland Creek Bike Path, \$1 million for various street maintenance projects, and a few miscellaneous projects totaling \$.6 million.
- For business-type activities, construction in progress decreased by \$23,833,997, due primarily to the transfer of two major sewer projects, the Eastside Sewer Main project (\$13.9 million) and the Parallel Sewer Interceptor project (\$10.2 million). The City also began work on the Sewer Main Rehabilitation project and spent \$.2 million 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**  
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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)
	2010	2009	2010	2009	2010	2009	Percent of Change
Land and easements	\$ 8,564,276	\$ 8,564,276	\$ -	\$ -	\$ 8,564,276	\$ 8,564,276	0.0%
Infrastructure, structures and improvements	119,671,072	113,461,278	45,806,679	21,029,308	165,477,751	134,490,586	23.0%
Equipment	13,561,200	13,802,700	2,787,678	2,783,331	16,348,878	16,586,031	-1.4%
Construction in progress	17,876,419	20,888,419	4,491,440	28,325,437	22,367,859	49,213,856	-54.5%
Accumulated depreciation	(76,690,787)	(72,215,232)	(16,895,258)	(15,826,242)	(93,586,045)	(88,041,474)	6.3%
Total	<u>\$ 82,982,180</u>	<u>\$ 84,501,441</u>	<u>\$ 36,190,539</u>	<u>\$ 36,311,834</u>	<u>\$ 119,172,719</u>	<u>\$ 120,813,275</u>	<u>-1.4%</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, 2010, the City had total long-term debt outstanding of \$88,453,900, excluding compensated absences, which was comprised of \$15,862,272 of certificates of participation, \$5,513,951 of lease revenue refunding bonds, \$60,288,890 of tax allocation bonds, \$5,806,682 of water revenue bonds and \$982,105 of capital leases. Long-term debt decreased by \$13,723,775 due to principal payments made during the year on the outstanding bonds, as well as a defeasance of \$12.4 million of bond proceeds on the 2007 Redevelopment Project Bonds.

The City's Ordinance imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. As of June 30, 2009, the City's debt limit (15% of assessed valuation) was \$585 million. At June 30, 2010, the City did not have any debt applicable to the limit outstanding.

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2010	2009	2010	2009	2010	2009	Percent of Change
Certificates of participation	\$3,635,000	\$3,800,000	\$12,227,272	\$12,489,884	\$15,862,272	\$16,289,884	-2.6%
Lease revenue refunding bonds including discount and deferred loss on refunding	5,513,951	5,727,733	-	-	5,513,951	5,727,733	-3.7%
Tax allocation bonds, including accretion, premium and deferred loss on refunding	60,288,890	72,919,668	-	-	60,288,890	72,919,668	-17.3%
Water revenue bonds, net of discount	-	-	5,806,682	6,028,828	5,806,682	6,028,828	-3.7%
Capital leases	<u>982,105</u>	<u>1,211,562</u>	<u>-</u>	<u>-</u>	<u>982,105</u>	<u>1,211,562</u>	<u>-18.9%</u>
Total	<u>\$ 70,419,946</u>	<u>\$ 83,658,963</u>	<u>\$ 18,033,954</u>	<u>\$ 18,518,712</u>	<u>\$ 88,453,900</u>	<u>\$ 102,177,675</u>	<u>-13.4%</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, 2010**

**Economic Factors and Next Year's Budget and Rates**

- Sonoma County's economy is beginning to show signs of recovery and is estimated to grow at a moderate rate in 2010, before undergoing stronger growth in 2011. Job losses have slowed sharply in the recent months and the unemployment rate is near its estimated peak of 11%, about 1% higher than the national average. The primary sectors are all slated to either stabilize or improve slightly in the near term.
- The tourism sector is expected to strengthen in the second half of 2010 and have a favorable outlook for the long-term. Hotel occupancy and room rates are expected to improve before the end of 2010 due to rising demand and a stable supply of hotel rooms. The tourism sector demand is not only regionally, but internationally, with strong support from Asia. The wineries and spas, as well as the near proximity to major Bay Area attractions, will continue to support tourist traffic. The federally funded terminal expansion of the Sonoma County Airport will provide for expanded air service.
- Another vital sector of Sonoma County is the wine industry, which is projected to come out of the downturn in the second half of 2010 with improved sales. Growing consumer confidence, increased demand from Asia, and lower prices for fine wine grapes will support further increases in wine sales. In addition, during the recession, several wineries took advantage of lower construction and property costs and expanded or built new tasting rooms, which will also help the tourism industry.
- Sonoma County's technology-producing industries will also experience improvement in 2010. Recently, telecom equipment and medical devices companies have seen an increase in venture capital investment. In addition, the Federal Stimulus program included \$7.2 billion in spending for broadband infrastructure. Another area poised for growth is green technology. This may include industries that improve efficient use of water, improve lighting, heating and cooling efficiency of buildings or allow agriculture to make better use of land and water resources.
- The Housing market, on the other hand, is still uncertain as mortgage credit conditions continue to deteriorate and foreclosures could negatively impact housing prices. Sonoma County's median home price decreased \$58,000, or 14%, from the previous year to \$318,000. This was the fourth consecutive year decline. Housing prices are not projected to increase until the second half of 2011. On the plus side, housing affordability levels are now at their highest levels in over two decades.
- Office vacancy rates decreased in the first and second quarter of 2010, after a nine, consecutive quarters of increases. The office vacancy county-wide is 23.8%, but much higher in Rohnert Park, at 38.2%. Office rent has fallen considerably over the past two years, which assists new and expanded businesses. High vacancy rates have also almost eliminated any new commercial real estate construction.
- Property taxes were reduced by 3% from the prior year budget based on a recent valuation from the County Assessor's Office.
- Sales in Rohnert Park are anticipated to increase by about \$1.7 million, or 30% over the prior year, mainly due to the successful passage of a half-cent sales tax measure, which will be effective October 1, 2010 for a period of five years. For two consecutive years, the City has experienced a dramatic decline in sales tax revenue due to the recession. Fiscal year 2007, was the peak for sales tax revenue at \$7.7M. The budget projection for 2010-11 is \$7.4M, which includes \$1.6M from the new measure and a very modest projected growth of about \$100,000. The recession has hit hardest on the construction industry as well as the business-to-business sector. 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 (36%), the City has developed an economic development plan and will be focused on implementing facets of the plan in fiscal year 2010-11, which include continuing work on the new development in the specific plan areas, coordinating efforts to fill existing infill and working with the local business community to assist and retain local businesses.

**City of Rohnert Park**  
**Management's Discussion and Analysis**  
**June 30, 2010**

- To address the structural deficit created by the dramatic decline in revenues, the City reduced operating expenses by \$2 million, primarily through layoffs and attrition, while still delivering the core essential services. The City also closed one more swimming pool, so now only two out of the original five are open to the public. The City also trimmed all other operating expenditures like supplies, janitorial expense, uniforms, etc., postponed some facility maintenance and postponed the purchase of all non emergency equipment.
- The City's general fund deficit for fiscal year 2010 was partially offset by the sale of surplus property (\$1.2 million). Even with all of the actions taken by the City to reduce costs by more than \$6 million over the last two fiscal years, the projected deficit for the fiscal year 2011 budget is \$2.4 million. This deficit is attributable to the dramatic declines in sales tax, property tax and investment earnings, casualties of the recession. The City will be monitoring revenues closely and will be making downward modifications to expenditures if revenues are falling short of projection. The City will also be working on a strategic plan during the second half of fiscal year 2010-11 to address the structural deficit by looking at potential revenue streams and new ways to deliver services at a reduced cost.

All of these factors were considered in preparing the City's budget for fiscal year 2011.

**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, 2010**

	Primary Government			
	Governmental Activities	Business- type Activities	Eliminations	Total
<b>ASSETS</b>				
Cash and investments	\$ 15,308,039	\$ 10,891,210	\$ -	\$ 26,199,249
Receivables, net of allowance	4,262,325	2,981,797	-	7,244,122
Prepaid items and other assets	150,724	-	-	150,724
Restricted cash and investments	23,624,739	8,929,519	-	32,554,258
Loans and notes receivable, net	9,249,686	-	-	9,249,686
Advances to Enterprise Fund	10,055,725	-	(10,055,725)	-
Deferred costs of issuance	1,506,044	461,066	-	1,967,110
Capital assets:				
Nondepreciable assets	26,440,695	4,491,440	-	30,932,135
Depreciable assets, net of accumulated depreciation	56,541,485	31,699,099	-	88,240,584
<b>Total assets</b>	<b>147,139,462</b>	<b>59,454,131</b>	<b>(10,055,725)</b>	<b>196,537,868</b>
<b>LIABILITIES</b>				
Accounts payable	2,298,919	926,833	-	3,225,752
Accrued liabilities	751,234	-	-	751,234
Deposits	390,075	531,064	-	921,139
Advances from CDC	-	10,055,725	(10,055,725)	-
Unearned revenue	498,014	-	-	498,014
Interest payable	1,250,891	106,383	-	1,357,274
Long-term liabilities:				
Net OPEB liability (Note 10)	5,767,061	-	-	5,767,061
Debt due within one year	2,028,227	499,758	-	2,527,985
Debt due in more than one year	69,730,690	17,534,196	-	87,264,886
<b>Total liabilities</b>	<b>82,715,111</b>	<b>29,653,959</b>	<b>(10,055,725)</b>	<b>102,313,345</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	45,009,673	27,364,564	-	72,374,237
Restricted for:				
Housing projects	9,726,208	-	-	9,726,208
Street projects	2,318,799	-	-	2,318,799
Community development projects	(12,668,109)	-	-	(12,668,109)
Debt service	1,776,063	-	-	1,776,063
Performing Arts Center Endowment	1,265,851	-	-	1,265,851
Unrestricted	16,995,866	2,435,608	-	19,431,474
<b>Total net assets</b>	<b>\$ 64,424,351</b>	<b>\$ 29,800,172</b>	<b>\$ -</b>	<b>\$ 94,224,523</b>

See accompanying notes to the basic financial statements.

**CITY OF ROHNERT PARK**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

FUNCTION/PROGRAM ACTIVITIES:	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
General government	\$ 18,388,212	\$ 1,076,152	\$ 154,317
Public safety	16,930,100	621,490	1,005,426
Public works	4,228,872	388,237	1,131,224
Parks and recreation	3,650,692	1,187,022	504,930
Cultural Arts Center	646,355	386,317	505
Interest on long-term debt	5,939,204	-	-
Total governmental activities	49,783,435	3,659,218	2,796,402
Business-type activities:			
Water	5,702,115	6,384,464	-
Sewer	11,252,707	8,117,101	-
Refuse Collection	5,547,595	5,635,222	-
Total business-type activities	22,502,417	20,136,787	-
Total primary government	\$ 72,285,852	\$ 23,796,005	\$ 2,796,402

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  
Investment income  
Loss on disposal of capital assets  
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		Total
	Governmental Activities	Business- type Activities	
\$ -	\$ (17,157,743)	\$ -	\$ (17,157,743)
-	(15,303,184)	-	(15,303,184)
2,257,720	(451,691)	-	(451,691)
-	(1,958,740)	-	(1,958,740)
-	(259,533)	-	(259,533)
-	(5,939,204)	-	(5,939,204)
2,257,720	(41,070,095)	-	(41,070,095)
-	-	682,349	682,349
235,742	-	(2,899,864)	(2,899,864)
-	-	87,627	87,627
235,742	-	(2,129,888)	(2,129,888)
<u>\$ 2,493,462</u>	<u>(41,070,095)</u>	<u>(2,129,888)</u>	<u>(43,199,983)</u>

16,548,494	-	16,548,494
1,700,371	-	1,700,371
1,574,857	-	1,574,857
84,087	-	84,087
5,735,600	-	5,735,600
2,947,584	-	2,947,584
2,538,119	168,124	2,706,243
(159,537)	-	(159,537)
176,370	-	176,370
(25,807)	25,807	-
31,120,138	193,931	31,314,069
(9,949,957)	(1,935,957)	(11,885,914)
74,374,308	31,736,129	106,110,437
<u>\$ 64,424,351</u>	<u>\$ 29,800,172</u>	<u>\$ 94,224,523</u>

See accompanying notes to the basic financial statements.

# CITY OF ROHNERT PARK

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2010

	General	Community Development Commission				Financing Authority	City Capital Projects	Other Governmental Funds	Total
		Capital Projects	Housing Projects	Debt Service					
<b>ASSETS</b>									
Cash and investments	\$ 7,750,326	\$ 1,943,717	\$ 91,218	\$ -	\$ -	\$ -	\$ 31,861	\$ 5,490,917	\$ 15,308,039
Receivables, net:									
Taxes	1,302,947	44,657	-	-	-	-	-	18,813	1,366,417
Accounts	743,805	504,930	-	-	-	-	1,167,271	439,123	2,855,129
Accrued interest	34,197	5,478	1,104	-	-	-	-	-	40,779
Due from other funds	270,891	-	14,627	-	-	-	-	-	285,518
Prepaid items and other assets	150,724	-	-	-	-	-	-	-	150,724
Restricted cash and investments	-	7,944,817	13,129,823	1,776,063	774,036	-	-	-	23,624,739
Loans and notes receivable, net	157,500	-	9,092,186	-	-	-	-	-	9,249,686
Advances to other funds	2,158,000	10,344,225	-	-	-	-	-	-	12,502,225
	<u>\$ 12,568,390</u>	<u>\$ 20,787,824</u>	<u>\$ 22,328,958</u>	<u>\$ 1,776,063</u>	<u>\$ 774,036</u>	<u>\$ 1,199,132</u>	<u>\$ 5,948,853</u>	<u>\$ 65,383,256</u>	
<b>LIABILITIES</b>									
Accounts payable	\$ 887,591	\$ 13,643	\$ 156,381	\$ -	\$ -	\$ -	\$ 1,241,304	\$ -	\$ 2,298,919
Accrued liabilities	751,234	-	-	-	-	-	-	-	751,234
Due to other funds	-	19,095	4,467	-	-	-	-	261,956	285,518
Deposits	390,075	-	-	-	-	-	-	-	390,075
Deferred revenue	913,345	504,930	475,872	-	-	-	1,135,350	-	3,029,497
Advances from other funds	288,500	2,158,000	-	-	-	-	-	-	2,446,500
	<u>3,230,745</u>	<u>2,695,668</u>	<u>636,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,376,654</u>	<u>261,956</u>	<u>9,201,743</u>
<b>FUND BALANCES (DEFICIT)</b>									
Reserved for:									
Prepaid items and other assets	150,724	-	-	-	-	-	-	-	150,724
Advances, loans and notes	2,315,500	10,344,225	8,616,314	-	-	-	-	-	21,276,039
Housing projects	-	-	13,075,924	-	-	-	-	-	13,075,924
Street projects	-	-	-	-	-	-	-	1,183,449	1,183,449
Community development projects	-	7,944,817	-	-	-	-	-	-	7,944,817
Debt service	-	-	-	1,776,063	-	-	-	-	1,776,063
Performing Arts Center endowment	-	-	-	-	-	-	-	1,265,851	1,265,851
Unreserved, reported in:									
General Fund	6,871,421	-	-	-	-	-	-	-	6,871,421
Special revenue funds	-	-	-	-	-	-	-	3,237,597	3,237,597
Capital project funds	-	(196,886)	-	-	774,036	(1,177,522)	-	-	(600,372)
	<u>9,337,645</u>	<u>18,092,156</u>	<u>21,692,238</u>	<u>1,776,063</u>	<u>774,036</u>	<u>(1,177,522)</u>	<u>5,686,897</u>	<u>56,181,513</u>	
Total fund balances (deficit)									
Total liabilities and fund balances	<u>\$ 12,568,390</u>	<u>\$ 20,787,824</u>	<u>\$ 22,328,958</u>	<u>\$ 1,776,063</u>	<u>\$ 774,036</u>	<u>\$ 1,199,132</u>	<u>\$ 5,948,853</u>	<u>\$ 65,383,256</u>	

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, 2010**

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

Fund balances - total governmental funds (page F-16)	\$	56,181,513
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		82,979,228
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.		2,952
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.		2,531,483
Costs of issuance are capitalized on the government-wide statement of net assets, whereas, they are reported as expenditures in the governmental funds.		1,506,044
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.		(1,250,891)
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	\$	(5,767,061)
Certificates of participation		(9,148,951)
Tax allocation bonds, net (including accreted interest)		(60,288,890)
Capital leases		(982,105)
Compensated absences		(1,338,971)
		<u>(77,525,978)</u>
Net assets of governmental activities (page F-13)	\$	<u><u>64,424,351</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, 2010**

	General	Community					Financing Authority	City Capital Projects	Other Governmental Funds	Total
		Capital Projects	Development	Housing	Commission	Debt Service				
<b>REVENUES</b>										
Taxes	\$ 11,940,558	\$ 13,186,280	\$ -	-	\$ -	-	\$ -	-	\$ 516,571	\$ 25,643,409
Intergovernmental	3,454,976	6,131	-	-	-	-	-	100,355	2,045,846	5,607,308
Interest and rentals	975,201	1,134,026	-	824,626	-	44,913	39	-	66,681	3,045,486
Charges for current services	1,634,625	-	-	-	-	-	-	189,166	-	1,823,791
Licenses, permits and fees	788,745	-	-	-	-	-	-	-	81,840	870,585
Fines, forfeitures and penalties	193,392	-	-	-	-	-	-	-	-	193,392
Donations and miscellaneous	646,910	422	-	673	-	-	-	-	500,000	1,148,005
Total revenues	19,634,407	14,326,859		825,299		44,913	39	289,521	3,210,938	38,331,976
<b>EXPENDITURES</b>										
Current:										
General government	3,788,116	10,735,828		1,047,547		-	-	-	20,879	15,592,370
Public safety	16,117,857	-	-	-	-	-	-	-	-	16,117,857
Public works	1,643,398	-	-	-	-	-	-	-	-	1,643,398
Parks and recreation	2,266,260	-	-	-	-	-	-	-	-	2,266,260
Cultural arts center	646,355	-	-	-	-	-	-	-	-	646,355
Capital outlay	244,835	1,051,100	-	989,526	-	-	-	2,493,719	-	4,779,180
Debt service:										
Principal	-	-	-	-	-	1,465,000	410,000	-	229,457	2,104,457
Interest and fiscal charges	-	201,060	-	-	-	2,583,143	423,293	-	46,522	3,254,018
Advance refunding escrow -Note 8	-	-	-	-	-	13,939,428	-	-	-	13,939,428
Total expenditures	24,706,821	11,987,988		2,037,073		17,987,571	833,293	2,493,719	296,858	60,343,323
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,072,414)	2,338,871		(1,211,774)		(17,942,658)	(833,254)	(2,204,198)	2,914,080	(22,011,347)
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from the sale of capital assets	1,255,263	-	-	-	-	-	-	-	-	1,255,263
Transfers in	1,676,707	12,004	-	2,329,705	-	17,961,616	846,232	1,465,588	334,752	24,626,604
Transfers out	(690,564)	(19,917,419)	-	(1,004,442)	-	-	(119,688)	(111,023)	(2,809,275)	(24,652,411)
Total other financing sources (uses)	2,241,406	(19,905,415)		1,325,263		17,961,616	726,544	1,354,565	(2,474,523)	1,229,456
<b>NET CHANGE IN FUND BALANCES</b>	(2,831,008)	(17,566,544)		113,489		18,958	(106,710)	(849,633)	439,557	(20,781,891)
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	12,168,653	35,658,700		21,578,749		1,757,105	880,746	(327,889)	5,247,340	76,963,404
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ 9,337,645	\$ 18,092,156		\$ 21,692,238		\$ 1,776,063	\$ 774,036	\$ (1,177,522)	\$ 5,686,897	\$ 56,181,513

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, 2010

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

Net change in fund balances - total governmental funds (page F-18)	\$ (20,781,891)
--	-----------------

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	\$ 3,523,917	
Basis in capital assets sold	(159,537)	
Depreciation	<u>(4,880,358)</u>	(1,515,978)

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.

1,686,846

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	\$ 13,840,000	
Certificates of participation	410,000	
Capital leases	<u>229,457</u>	14,479,457

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	\$ (2,740,061)	
Amortization of deferred costs of issuance	(77,323)	
Change in accrued interest payable	119,682	
Amortization of premium, discount and deferred amount on refunding	(6,867)	
Interest accretion on capital appreciation bonds	(1,233,573)	
Change in long-term compensated absences	<u>123,034</u>	(3,815,108)

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.

(3,283)

Change in net assets of governmental activities (page F-15)	<u><u>\$ (9,949,957)</u></u>
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See accompanying notes to the basic financial statements.



**CITY OF ROHNERT PARK**

**STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activity</b>
	<b>Water</b>	<b>Sewer</b>	<b>Refuse Collection</b>	<b>Total</b>	<b>Internal Service</b>
<b>ASSETS</b>					
Current assets:					
Cash and investments:					
Operating	\$ 3,596,442	\$ 6,393,238	\$ 901,530	\$ 10,891,210	\$ -
Held for capital improvements	3,220,516	5,526,397	-	8,746,913	-
Deposits	54,782	82,173	45,651	182,606	-
Total cash and investments	6,871,740	12,001,808	947,181	19,820,729	-
Due from other funds	-	-	-	-	-
Accounts receivable	1,015,432	1,167,850	798,515	2,981,797	-
Total current assets	7,887,172	13,169,658	1,745,696	22,802,526	-
Noncurrent assets:					
Deferred costs of issuance	167,428	293,638	-	461,066	-
Capital assets:					
Structures and improvements	13,186,467	32,620,212	-	45,806,679	-
Furniture, fixtures and equipment	1,795,966	986,203	5,509	2,787,678	93,110
Construction in progress	3,413,890	1,077,550	-	4,491,440	-
Total capital assets	18,396,323	34,683,965	5,509	53,085,797	93,110
Less: accumulated depreciation	(9,667,605)	(7,226,548)	(1,105)	(16,895,258)	(90,158)
Net capital assets	8,728,718	27,457,417	4,404	36,190,539	2,952
Total noncurrent assets	8,896,146	27,751,055	4,404	36,651,605	2,952
Total assets	16,783,318	40,920,713	1,750,100	59,454,131	2,952
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	176,828	9,866	740,142	926,836	-
Interest payable	60,456	45,927	-	106,383	-
Deposits	69,580	414,149	47,332	531,061	-
Advances from CDC	-	10,055,725	-	10,055,725	-
Unearned revenue	-	-	-	-	-
Bonds payable	227,146	272,612	-	499,758	-
Total current liabilities	534,010	10,798,279	787,474	12,119,763	-
Noncurrent liabilities:					
Bonds payable	5,579,536	11,954,660	-	17,534,196	-
Total liabilities	6,113,546	22,752,939	787,474	29,653,959	-
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	6,309,980	21,050,180	4,404	27,364,564	2,952
Unrestricted	4,359,792	(2,882,406)	958,222	2,435,608	-
Total net assets	\$ 10,669,772	\$ 18,167,774	\$ 962,626	\$ 29,800,172	\$ 2,952

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, 2010**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activity</b>
	<b>Water</b>	<b>Sewer</b>	<b>Refuse Collection</b>	<b>Total</b>	<b>Internal Service</b>
<b>OPERATING REVENUES:</b>					
Utility service charges	\$ 6,328,941	\$ 8,033,818	\$ 5,588,953	\$ 19,951,712	\$ -
Charges for services	-	-	-	-	511,982
Penalties and other	55,523	83,283	46,269	185,075	-
Total operating revenues	6,384,464	8,117,101	5,635,222	20,136,787	511,982
<b>OPERATING EXPENSES:</b>					
Contractual services	1,596,780	52,372	5,523,128	7,172,280	-
Rent and leases	6,092	8,441,350	-	8,447,442	-
Payroll and related costs	1,894,200	1,287,076	-	3,181,276	-
Heat, light and power	240,724	55,892	-	296,616	-
Other	475,674	336,322	14,602	826,598	-
Depreciation	755,025	312,886	1,105	1,069,016	3,283
Repairs, operations and maintenance	215,171	64,075	-	279,246	511,982
Professional services	138,340	119,697	8,760	266,797	-
Supplies	123,357	12,811	-	136,168	-
Total operating expenses	5,445,363	10,682,481	5,547,595	21,675,439	515,265
OPERATING INCOME (LOSS)	939,101	(2,565,380)	87,627	(1,538,652)	(3,283)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	44,605	123,519	-	168,124	-
Interest expense	(256,752)	(570,226)	-	(826,978)	-
Total nonoperating revenues (expenses)	(212,147)	(446,707)	-	(658,854)	-
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	726,954	(3,012,087)	87,627	(2,197,506)	(3,283)
Capital contributions	-	235,742	-	235,742	-
Transfers In	8,861	11,297	5,649	25,807	-
Transfers out	-	-	-	-	-
CHANGE IN NET ASSETS	735,815	(2,765,048)	93,276	(1,935,957)	(3,283)
<b>NET ASSETS, BEGINNING OF YEAR</b>	9,933,957	20,932,822	869,350	31,736,129	6,235
<b>NET ASSETS, END OF YEAR</b>	\$ 10,669,772	\$ 18,167,774	\$ 962,626	\$ 29,800,172	\$ 2,952

See accompanying notes to the basic financial statements.

**CITY OF ROHNERT PARK**
**STATEMENT OF CASH FLOWS**
**PROPRIETARY FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2010**

	Business-type Activities - Enterprise Funds				Governmental Activity
	Water	Sewer	Refuse Collection	Total	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash receipts from customers	\$ 6,576,880	\$ 8,575,201	\$ 5,799,389	\$ 20,951,470	\$ 511,982
Cash paid to suppliers for goods and services	(2,901,214)	(9,200,751)	(5,554,726)	(17,656,691)	(511,982)
Cash paid to employees for services	(1,894,200)	(1,287,076)	-	(3,181,276)	-
Net cash provided by (used in) operating activities	1,781,466	(1,912,626)	244,663	113,503	-
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	8,861	11,297	5,649	25,807	-
Transfers out	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	8,861	11,297	5,649	25,807	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from long-term borrowings	-	-	-	-	-
Costs of issuance	-	-	-	-	-
Payment on capital debt	(225,000)	(255,000)	-	(480,000)	-
Interest paid on capital debt	(245,671)	(567,215)	-	(812,886)	-
Acquisition of capital assets	(46,626)	(901,095)	-	(947,721)	-
Advances from CDC	-	-	-	-	-
Contributions from developers and other agencies	-	235,742	-	235,742	-
Net cash provided by (used in) capital and related financing activities	(517,297)	(1,487,568)	-	(2,004,865)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	44,605	123,519	-	168,124	-
Net cash provided by investing activities	44,605	123,519	-	168,124	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,317,635</b>	<b>(3,265,378)</b>	<b>250,312</b>	<b>(1,697,431)</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>5,554,105</b>	<b>15,267,186</b>	<b>696,869</b>	<b>21,518,160</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 6,871,740</b>	<b>\$ 12,001,808</b>	<b>\$ 947,181</b>	<b>\$ 19,820,729</b>	<b>\$ -</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 939,101	\$ (2,565,380)	\$ 87,627	\$ (1,538,652)	\$ (3,283)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	755,025	312,886	1,105	1,069,016	3,283
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	194,245	453,436	161,576	809,257	-
Increase (decrease) in accounts payable	(105,076)	(118,232)	(8,236)	(231,544)	-
Increase (decrease) in deposits	(1,829)	4,664	2,591	5,426	-
Net cash provided by (used in) operating activities	\$ 1,781,466	\$ (1,912,626)	\$ 244,663	\$ 113,503	\$ -
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>					
Amortization of premiums (discounts)	\$ (2,854)	\$ 7,612	\$ -	\$ 4,758	\$ -

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, 2010**

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**ASSETS**

Cash and investments	\$	120,415
Accounts receivable		<u>-</u>
Total Assets		120,415

**LIABILITIES**

Accounts payable		<u>65,997</u>
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<b>NET ASSETS</b>	<b>\$</b>	<b><u><u>54,418</u></u></b>
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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, 2010**

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**ADDITIONS**

Interest and rentals	\$	1,320
Seizures and forfeitures		<u>50,951</u>
		52,271

**DEDUCTIONS**

Law enforcement costs		<u>16,986</u>
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**CHANGE IN NET ASSETS** 35,285

**NET ASSETS:**

**BEGINNING OF THE YEAR** 19,133

**END OF YEAR** \$ 54,418

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, 2010

#### 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. 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. Citizens adopted Measure E in June 2010, which will increase sales tax proceeds over the next five years, estimated to be approximately \$2.8 million of additional revenue a year for each of the next four years, with two-thirds of that amount expected to be received in fiscal 2010-11. 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, 2011. 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.

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.

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.
- 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.

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:

	Secured	Unsecured
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.

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, 2010, the City Capital Projects fund had a deficit fund balance of \$1,177,522 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	\$ 26,199,249
Restricted	32,554,258
Private-purpose Trust Fund	<u>120,415</u>
Total cash and investments	<u><u>\$ 58,873,922</u></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, 2010 the carrying value of the City's deposits and cash on hand was \$6,488,911. The City is not exposed to such risks as all deposits are insured or collateralized.

#### 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 invests 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 55% of its investments in maturities of less than 1 year in order to take advantage of anticipated rising interest rates.

As of June 30, 2010, the City's investments consisted of the following:

Investment Type	Fair Value	Maturities			Credit Rating
		Less than 1 year	1-3 years	More than 3 years	
Federal Home Loan Bank	\$ 1,001,560	\$ -	\$ -	\$ 1,001,560	AAA
Federal National Mortgage Association	1,002,190	-	-	1,002,190	AAA
Federal Farm Community Bank	1,000,610		1,000,610	-	AAA
State Local Agency Investment Fund	21,497,863	21,497,863	-	-	Not rated
Sonoma County Investment Pool	165,288	-	165,288	-	Not rated
Guaranteed investment contracts	19,701,159	-	-	19,701,159	Not rated
Money market funds	8,016,341	8,016,341	-	-	AAAm
	<u>\$ 52,385,011</u>	<u>\$ 29,514,204</u>	<u>\$ 1,165,898</u>	<u>\$ 21,704,909</u>	

As of June 30, 2010, the City's investment in LAIF was \$21,497,863, which has a weighted average maturity of 203 days. The total amount invested by all public agencies in LAIF at that date is approximately \$23.3 billion. The City's proportionate share of structured notes and asset-backed securities held by the LAIF was \$539,808 or 2.64% 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, 2010, the City's investment in the County's Pool was \$165,288, which has a weighted average maturity of 486 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 (38%).

## **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, 2010, the outstanding balance owed to the City was \$157,333, 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.

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 \$2,964,063 based on historical payment history on forgivable loans. This allowance represents 90% of the 1998 First-Time Homebuyers loans (\$555,000), 100% of the Sonoma County Rehabilitation loans (\$805,743) and 100% of the Sonoma Mountain Business Cluster Loan of \$500,000, all of which are forgivable, as well as 100% of the accrued interest on two of the Burbank notes (120 Santa Alicia Drive and 781 East Cotati Avenue) totaling \$718,900. Additionally, the Commission has established an allowance of \$439,920 related to accrued interest on the Muirfield loan. Interest amounting to \$475,872 on the Commission's other loans and notes receivable is reported as deferred revenue in the fund financial statements.

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 \$325,000 at June 30, 2010.

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 \$4,385,123 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 \$1,720,985 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, 2010, 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 \$1,230,542 related to this loan is included in loans and notes receivable on the accompanying financial statements.

On January 27, 1998, the Commission entered into a note agreement with Muirfield Apartments for supportive housing for persons with disabilities and low income persons. The note represents an advance of funds by the Commission to Muirfield Apartments for the pre-development and development expenses in the amount of \$611,000 accruing 6% per annum, simple interest. Interest shall accrue and be paid concurrently with principal on or before June 30, 2039, but in no event before the maturity date of the Housing Urban Development (HUD) mortgage note. During the term of the Note, Muirfield Apartments may request and the Commission, at its option, may cancel this note or extend the terms of the note. The Commission has recorded an allowance against the accrued interest portion of this loan totaling \$439,920 at June 30, 2010.

On July 1, 1995, the Commission and Burbank Housing Development Corp. executed a loan agreement in the amount of \$260,000. The loan was for pre-development costs for the property at 120 Santa Alicia Drive for residential low income housing. The note accrues 3% per annum simple interest and is to be paid concurrently with principal on or before September 1, 2023. During the term of the Note, Burbank Housing Development may request and the Commission, at its option, may cancel this note or extend the terms of the note. The Commission has recorded an allowance against the accrued interest portion of this loan totaling \$131,300 at June 30, 2010.

On August 23, 1991, the Commission entered into a non-recourse promissory note in the amount of \$390,000 with Burbank Housing Development Corp. for the construction of 50 low income rental housing units at 781 East Cotati Avenue. The note bears interest at 8% simple interest per annum and is due on or before August 23, 2021. During the term of the Note, Burbank Housing Development may request and the Commission, at its option, may cancel this note or extend the terms of the note. The Commission has recorded an allowance against the accrued interest portion of this loan totaling \$587,600 at June 30, 2010.

## 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, 2010, the unavailable and unearned revenues reported were as follows:

	Unavailable	Unearned	Total
<b>Governmental activities:</b>			
Major funds:			
General Fund:			
Due from governmental agencies	\$ 257,998	\$ -	\$ 257,998
Courseco loan receivable	157,333	-	157,333
Parks and recreation and other advances	-	228,014	228,014
RP Refuse contract extension fee	-	270,000	270,000
City Capital Projects Fund -	1,135,350		1,135,350
Community Development Commission -	504,930		504,930
Housing Projects Fund:			
Housing loans	475,872	-	475,872
Total governmental activities	<u>\$ 2,531,483</u>	<u>\$ 498,014</u>	<u>\$ 3,029,497</u>

## 6. INTERFUND TRANSACTIONS

*Interfund Receivables/Payables* - The composition of interfund balances as of June 30, 2010 was as follows:

Fund reporting receivable	Fund reporting payable	Amount
<b>Due to/from other funds:</b>		
General Fund	SLESF Fund	\$ 11,956
	F.I.G.R. Fund	250,000
	CDC Capital Projects Fund	4,468
	CDC Housing Projects Fund	4,467
CDC Housing Projects Fund	CDC Capital Projects Fund	14,627
		<u>\$ 285,518</u>
<b>Advances to/from other funds:</b>		
General Fund	CDC Capital Projects Fund	\$ 2,158,000
CDC Capital Projects Fund	General Fund	288,500
CDC Capital Projects Fund	Sewer Enterprise Fund	10,055,725
		<u>\$ 12,502,225</u>

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 \$11,956 for the 4<sup>th</sup> Quarter Funding to SLESF. This amount was received and the General Fund was reimbursed subsequent to June 30, 2010.

The General Fund paid for PERS payroll costs for CDC project/housing staff, which was reimbursed during the year, with the exception of an outstanding amount of \$8,935, which was reimbursed during the next fiscal year.

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 CDC Housing Projects Fund is due 20% of the tax increment received by the CDC Capital Projects Fund in July, 2009 (\$14,627), 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 City's General Fund advanced \$4,200,000 to the Commission in order to construct a performing arts center. The loan is being repaid annually through installments payments of principal plus interest from property tax increment. As of June 30, 2010, the General Fund advance is \$2,158,000.

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, 2010, the Commission had advanced \$10,055,725 to the Sewer Fund for this project.

*Interfund Transfers* - The composition of interfund transfers during the year ended June 30, 2010 was as follows:

Fund Reporting Transfer In	Fund Reporting Transfer Out	Amount
General Fund	CDC Capital Projects Fund	\$ 80,379 a
	CDC Housing Projects Fund	81,950 a
	Nonmajor Governmental Funds	1,462,128 c
	City Capital Projects Fund	52,250 f
		<u>1,676,707</u>
CDC Capital Projects Fund	General Fund	12,004 d
CDC Housing Projects Fund	CDC Capital Projects Fund	<u>2,329,705 g</u>
CDC Debt Service Funds	CDC Capital Projects Fund	17,039,124
	CDC Housing Projects Fund	922,492
		<u>17,961,616</u>
Financing Authority Fund	General Fund	388,657 d
	CDC Capital Projects Fund	457,575 d
		<u>846,232</u>
City Capital Projects fund	Financing Authority Fund	119,688 b
	Nonmajor Governmental Funds	1,345,900 b
		<u>1,465,588</u>
Nonmajor governmental funds	General Fund	275,979 d
	City Capital Projects Fund	58,773 f
		<u>334,752</u>
Water Enterprise Fund	General Fund	4,316 e
	CDC Capital Projects Fund	3,297 e
	Nonmajor Governmental Funds	1,248 b
		<u>8,861</u>
Sewer Enterprise Fund	CDC Capital Projects Fund	6,405 e
	Nonmajor Governmental Funds	4,892 e
		<u>11,297</u>
Refuse Enterprise Fund	CDC Capital Projects Fund	3,203 e
	Nonmajor Governmental Funds	2,446 e
		<u>5,649</u>
Total		<u>\$ 24,652,411</u>

<sup>(1)</sup> 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, 2010 is as follows:

- a) These transfers were to reimburse the General Fund for 85% of the salary and benefits of the Housing Manager.
- 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) These transfers are to fund the Utility Discount Program.
- f) This transfer was made to reimburse the funds for overfunding certain capital projects.
- g) This transfer represent 20% of the tax increment earned for the year ended June 30, 2010, 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).



## 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions	Retirements	Transfers	Balance June 30, 2010
<b>Governmental activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 8,564,276	\$ -	\$ -	\$ -	\$ 8,564,276
Construction in progress	20,888,419	3,279,391	-	(6,291,391)	17,876,419
Total capital assets, not being depreciated	29,452,695	3,279,391	-	(6,291,391)	26,440,695
<i>Capital assets, being depreciated</i>					
Infrastructure, structures and improvements	113,461,278	6,209,794	-	-	119,671,072
Equipment	13,802,700	326,124	(567,624)	-	13,561,200
Total capital assets, being depreciated	127,263,978	6,535,918	(567,624)	-	133,232,272
<i>Less accumulated depreciation for:</i>					
Infrastructure, structures and improvements	(61,079,997)	(4,092,750)	368,201	-	(64,804,546)
Equipment	(11,135,235)	(790,891)	39,885	-	(11,886,241)
Total accumulated depreciation	(72,215,232)	(4,883,641)	408,086	-	(76,690,787)
Total capital assets, being depreciated, net	55,048,746	1,652,277	(159,538)	-	56,541,485
<b>Governmental activities capital assets, net</b>	<b>\$ 84,501,441</b>	<b>\$ 4,931,668</b>	<b>\$ (159,538)</b>	<b>\$ (6,291,391)</b>	<b>\$ 82,982,180</b>
<b>Business-type activities</b>					
<i>Capital assets, not being depreciated</i>					
Construction in progress	\$ 28,325,437	\$ 943,372	\$ -	\$ (24,777,369)	\$ 4,491,440
<i>Capital assets, being depreciated</i>					
Structures and improvements	21,029,308	24,777,371	-	-	45,806,679
Equipment	2,783,331	4,347	-	-	2,787,678
Total capital assets, being depreciated	23,812,639	24,781,718	-	-	48,594,357
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(14,506,044)	(837,816)	-	-	(15,343,860)
Equipment	(1,320,198)	(231,200)	-	-	(1,551,398)
Total accumulated depreciation	(15,826,242)	(1,069,016)	-	-	(16,895,258)
Total capital assets, being depreciated, net	7,986,397	23,712,702	-	-	31,699,099
<b>Business-type activities capital assets, net</b>	<b>\$ 36,311,834</b>	<b>\$ 24,656,074</b>	<b>\$ -</b>	<b>\$ (24,777,369)</b>	<b>\$ 36,190,539</b>

Construction in progress for governmental activities at June 30, 2010 is comprised of the following:

	Project Authorization	Expended to June 30, 2010	Unexpended (Overexpended)
City Projects:			
City Hall Project	\$ 8,683,000	\$ 8,682,081	\$ 919
American Recovery Act Street Maintenance	1,900,000	1,492,853	407,147
Water Supply Assessment Project	N/A	1,321,770	N/A
Specific Plans Developments	N/A	1,433,958	N/A
Citywide Bike Path Project	1,464,945	8,916	1,456,029
Citywide Drainage Project	4,597,000	551,048	4,045,952
Various other projects	21,788,006	759,623	21,028,383
Community Development Commission Projects:			
City Center Plaza	3,300,000	3,262,013	37,987
Community Center Fountain Plaza Development	250,000	19,095	230,905
Corridor Improvement	3,000,000	129,534	2,870,466
Stadium Lands Project	260,000	180,934	79,066
Avram Housing Project	23,000,000	14,216	22,985,784
Various other projects	30,000	11,150	18,850
Total	<u>\$ 68,272,951</u>	<u>\$ 17,867,191</u>	<u>\$ 53,161,488</u>

During the year, the City completed governmental activities projects totaling \$6,291,391 that were transferred from construction in progress to improvements.

Construction in progress for business-type activities at June 30, 2010 is comprised of the following:

	Project Authorization	Expended to June 30, 2009	Project Funds Unexpended (Overexpended)
Commercial Water Meter Retrofit Project	\$ 2,730,000	\$ 2,725,439	\$ 4,561
Canon Manor Swer Project	2,000,000	700,017	1,299,983
Cathodic Protection - Tanks 3 & 4	450,000	300,758	149,242
2009 Sewer Main Rehabilitation	600,000	243,281	356,719
101/WilfredWater Vault Relocation	233,195	175,723	57,472
Various other projects	31,602,004	346,222	31,255,782
Total	<u>\$ 37,615,199</u>	<u>\$ 4,491,440</u>	<u>\$ 33,123,759</u>

The City completed \$24,777,369 business-type activities projects during the fiscal year that were transferred from construction in progress to structures and improvements.

Depreciation expense was charged to governmental functions as follows:

General government	\$ 98,209
Public safety	812,243
Public works	2,585,474
Parks and recreation	1,384,432
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.	3,283
Total depreciation expense – governmental functions	<u>\$ 4,883,641</u>

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

Water	\$ 755,025
Sewer	312,886
Refuse	1,105
Total depreciation expense – business-type functions	<u>\$ 1,069,016</u>

## 8. LONG-TERM LIABILITIES

The City's long-term debt payable at June 30, 2010 follows:

	Final Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2010
Governmental Activities					
<b>(a) 1991 Tax Allocation Refunding Bonds:</b>					
Redevelopment Project (includes accreted interest)	2021	5.90-6.80%	\$150,551-\$965,000	\$ 13,099,895	\$ 1,035,326
<b>(a) 1999 Tax Allocation Bonds:</b>					
Redevelopment Project (includes accreted interest)	2036	3.60-5.30%	154,386-553,597	11,936,651	14,987,973
<b>(b) 1999 Certificates of Participation:</b>					
Capital Facilities Project	2025	3.60-5.00%	120,000-330,000	5,055,000	3,635,000
<b>(b) 2003 Lease Revenue Refunding Bonds:</b>					
Master Equipment Lease Project and Public Safety Facility	2025	2.50-4.80%	240,000-470,000	6,950,000	5,535,000
<b>(b) 2001 Tax Allocation Bonds:</b>					
Redevelopment Project	2021	3.50-5.25%	55,000-810,000	8,200,000	6,735,000
<b>(a) 2007 Tax Allocation Bonds:</b>					
Redevelopment Project	2038	3.60 - 5.00%	290,000 - 3,465,000	34,680,000	20,395,000
Housing	2038	3.50 - 5.00%	25,000 - 1,790,000	26,760,000	16,360,000
<b>(d) Capital leases</b>	2020	Various	Various	Various	982,105
Total Governmental Activities					<u>69,665,404</u>
Business-Type Activities					
<b>(e) 2002 Water Revenue Bonds</b>	2023	2.00-4.50%	80,000-145,000	2,090,000	1,495,000
<b>(c) 2005 Sewer System Revenue Certificates of Participation</b>					
Capital Facilities Project	2036	3.00-5.00%	230,000-775,000	13,000,000	12,030,000
<b>(e) 2005 Water Revenue Bonds</b>	2030	2.50-4.50%	120,000-305,000	5,000,000	4,365,000
Total Business-Type Activities					<u>17,890,000</u>
Total governmental and business-type activities – bonds, certificates of participation, capital leases, and accreted interest on capital appreciation bonds					<u>\$ 87,555,404</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.

#### **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 2010, revenues pledged totaled \$495,079 and the required debt service was \$488,756.

##### ***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.

### ***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 Housing Term Bond, with \$450,000 remaining outstanding. In June 2010, the Commission defeased \$12,375,000 of the 2007 Redevelopment Project Tax Allocation Bonds

In June 2010, the Commission defeased \$12,375,000 of the 2007 Redevelopment Project Tax Allocation Bonds by depositing \$13,939,428 into an irrevocable escrow with an escrow agent. The funds were used to purchase U.S. government securities, the purpose of which is to provide for all future debt service on the refunded amount. As a result, \$12,375,000 of the 2007 Redevelopment Project Tax Allocation Bonds are considered defeased and the liability for this amount has been removed from the government-wide statement of net assets. No new debt was issued in connection with this refunding. The Commission advance refunded these bonds to reduce its total debt service over the next 28 years. A loss was recorded in the government-wide statement of activities in the amount of \$1,564,428, which has been recorded in interest expense.

In fiscal year 2010, pledged revenues for the Series 1991 Bonds, 1999 TABs, 2001 TABs, and 2007 Redevelopment Project Bonds totaled \$3,314,054, and required debt service was \$3,314,137, as follows: 1991 Bonds - \$580,000; 1999 TABs - \$387,790; 2001 TABs - \$386,368; and 2007 Redevelopment Project Bonds - \$1,959,979. 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 2010 for the 2007 Housing Bonds were \$734,004, and the required debt service was \$734,006.

### **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 and 2010 net operating losses for sewer were \$435,890 and \$2,565,380 respectively. However, there is a sufficient cash reserve in the sewer fund of \$6.3M to cover both the operating expenses and debt service of \$812,098 for fiscal year 2011. The City has recently hired a consultant to review both the water and sewer rates and determine what rate increases are necessary to maintain the systems and provide sufficient reserves. The City has also formed a Stakeholder Group to assist the City with the task of increasing the sewer rates to a sufficient base to cover sewer operations.

#### ***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 2010, system net revenues available to fund the 2002 and 2005 Water Revenue Bonds totaled \$939,101 and debt service was \$471,272.

The following is a summary of changes to long-term liabilities for the year ended June 30, 2010:

	Balance July 1, 2009	Additions/ Accretions	Retirements	Balance June 30, 2010	Amount due Within One Year
<b>Governmental activities:</b>					
Certificates of participation	\$ 3,800,000	\$ -	\$ 165,000	\$ 3,635,000	\$ 175,000
Lease revenue refunding bonds	5,780,000	-	245,000	5,535,000	255,000
Tax allocation bonds	65,605,256	-	13,432,092	52,173,164	620,355
Capital leases	1,211,562	-	229,457	982,105	135,532
Accreted interest on capital appreciation bonds	6,514,470	1,233,573	407,908	7,340,135	419,038
Total long-term debt	82,911,288	1,233,573	14,479,457	69,665,404	1,604,925
Original issue premium	1,302,591	-	52,318	1,250,273	34,330
Original issue discount	(384,207)	-	(9,609)	(374,598)	(9,609)
Deferred amount on refunding	(170,709)	-	(49,576)	(121,133)	(49,576)
Compensated absences	1,462,005	530,633	653,667	1,338,971	448,157
Total governmental activities	\$ 85,120,968	\$ 1,764,206	\$ 15,126,257	\$ 71,758,917	\$ 2,028,227
<b>Business-type activities:</b>					
Water revenue bonds	\$ 6,085,000	\$ -	\$ 225,000	\$ 5,860,000	\$ 230,000
Sewer revenue certificates of participation	12,285,000	-	255,000	12,030,000	265,000
Original issue premium	204,884	-	7,612	197,272	7,612
Original issue discount	(56,172)	-	(2,854)	(53,318)	(2,854)
Total business-type activities	\$ 18,518,712	\$ -	\$ 484,758	\$ 18,033,954	\$ 499,758

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		Accreted Interest
	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 175,000	\$ 172,480	\$ 255,000	\$ 236,129	\$ 620,355	\$ 1,993,280	\$ 579,645
2012	180,000	164,935	265,000	227,704	601,810	1,984,567	603,190
2013	190,000	156,885	270,000	218,373	1,028,453	1,963,567	186,547
2014	195,000	148,318	280,000	208,333	1,051,007	1,929,728	198,993
2015	205,000	139,215	290,000	197,534	1,073,944	1,892,713	211,056
2016 – 2020	1,185,000	530,125	1,650,000	792,666	11,318,748	8,232,232	1,881,251
2021 – 2025	1,505,000	195,125	2,055,000	364,681	10,845,356	6,105,203	5,594,644
2026 – 2030	-	-	470,000	11,163	11,656,546	4,139,393	6,763,455
2031 – 2035	-	-	-	-	7,706,555	2,149,438	7,238,444
2036 – 2038	-	-	-	-	6,270,390	517,453	1,494,611
Total	\$ 3,635,000	\$ 1,507,083	\$ 5,535,000	\$ 2,256,583	\$ 52,173,164	\$ 30,907,574	\$ 24,751,836

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
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	265,000	205,179	305,000	511,518
2016 – 2020	1,470,000	858,580	1,705,000	2,371,805
2021 – 2025	1,505,000	520,784	2,105,000	1,975,300
2026 – 2030	1,345,000	225,409	2,655,000	1,414,250
2031 – 2035	305,000	6,863	3,370,000	699,200
2036 – 2038	-	-	775,000	37,875
Total	<u>\$ 5,860,000</u>	<u>\$ 2,723,369</u>	<u>\$ 12,030,000</u>	<u>\$ 9,157,742</u>

#### Legal Debt Limit

As of June 30, 2010, the City's legal debt limit (15% of valuation subject to taxation) was \$585,141,000. 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, 2010, 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, 2010 is as follows:

Mobile Home Park Revenue Bonds 2001 Series A (Las Casitas De Sonoma)	4,385,000
Mobile Home Park Revenue Bonds 2001 Series B (Las Casitas De Sonoma)	452,708
Mobile Home Park Revenue Bonds Series 2003A (Rancho Feliz MHP)	12,250,000
Mobile Home Park Revenue Bonds Series 2003B (Rancho Feliz MHP)	3,310,000

### 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, 2010:

Fiscal Year ending		
June 30:	Principal	Interest
2010	\$ 135,531	\$ 39,337
2011	141,620	34,167
2012	111,193	28,717
2013	79,354	24,715
2014	83,989	21,106
2015-2019	430,418	42,836
2020-2022	-	-
Total	<u>\$ 982,105</u>	<u>\$ 190,878</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, 2010, 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, 2010 were 34.477% for safety employees and 18.229% 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, 2007 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.



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

Fiscal Year Ended	Required Contributions	Percentage Contributed
6/30/08	\$ 2,705	100
6/30/09	2,954	100
6/30/10	2,555	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
6/30/08	\$ 1,488	100	-
6/30/09	1,387	100	-
6/30/10	1,132	100	-

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

		(C)		(F)
		(B)	Unfunded (Overfunded)	Unfunded (Overfunded)
	(A)	Age	Actuarial	(D)
Actuarial	Actuarial	Actuarial	Accrued	Funded
Valuation	Asset	Accrued	Liability	Ratio
Date	Value	Liability	[(B) - (A)]	[(A) / (B)]
6/30/09	\$ 50,720	\$ 60,934	\$ 10,214	83.2%
6/30/10			***** Not Available *****	

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's single employer defined benefit postemployment healthcare plan (OPEB Plan) 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. A separate audited GAAP-basis report is not available for the plan as of June 30, 2010.

### Funding Policy

The City's policy is to fund these benefits on a pay-as-you-go basis, and paid \$13,252 per retiree for the fiscal year ended June 30, 2010 (a total of \$1,497,468) 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 and updated in October 2009 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 30 years. The City has elected to amortize the unfunded actuarial accrued liability over 30 years using a level dollar, closed amortization period. 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 June 30, 2010 was a total of \$5,767,061. This OPEB obligation has been adjusted by an annual inflation percentage of 4.5 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	\$ 4,365,000
Contributions made by the City	(1,521,468)
Increase in net OPEB obligation	<u>2,843,532</u>
Net OPEB obligations, beginning of year	3,027,000
NOO adjustment	(103,471) <sup>1</sup>
Net OPEB obligations, end of year	<u><u>\$ 5,767,061</u></u>

<sup>1</sup> Adjustment reflects difference in 2008/09 contribution listed in CAFR for actual 2008/09 benefit payments of \$1,291,471 versus estimated benefit payments of \$1,128,000 as well as a reduction of \$60,000 in the implied subsidy calculation to reflect 2008/09 premiums.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal 2010 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/08	N/A	N/A	N/A
06/30/09	\$ 4,233,000	30.90%	\$ 2,923,529
06/30/10	\$ 4,365,000	34.90%	\$ 2,843,532

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 was 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.

The funded status of the OPEB Plan as of June 30, 2008 (the latest plan valuation date) is as follows:

<b>Actuarial Valuation Date</b>	<b>Actuarial Valuation of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded (Overfunded) AAL (UAAL) (b)-(a)</b>	<b>Funded Ratio (a)/(b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b)-(a)/(c)]</b>
7/1/2008	\$ -	\$ 45,484,000	\$ 45,484,000	0.00%	\$ 12,466,000	364.86%

#### 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.

#### 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, 2010, unreserved, designated fund balances were as follows:

#### Fund balance designations for:

General Fund:	
Self-insurance	\$ 1,099,459
Recreational facilities	30,095
Retired employee medical insurance	3,276,586
Housing programs	614,627
Miscellaneous	533,000
Donations	157,333
Total General Fund	<u>\$ 5,711,100</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

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:	Deductible	REMIF	Excess Coverage
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 \$1,483,418 and received REMIF refunds of \$511,396 during the year ended June 30, 2010. 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, 2010 the amount of these IBNR liabilities was \$29,742. 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)	\$ 77,660
Current year claim deductibles and changes in estimates	207,543
Net payments	(215,942)
	<hr/>
Liability at June 30, 2009 (reported in accrued liabilities)	69,261
Current year claim deductibles and changes in estimates	191,814
Net payments	(152,761)
	<hr/>
Liability at June 30, 2010 (reported in accrued liabilities)	\$ 108,314

At June 30, 2010, management designated \$1,099,459 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 affect the basic financial statements of the City.

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, during the fiscal year, the funds were provided to the Department of Housing and Community Development for rehabilitation loans.

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 an Option to Purchase and Purchase Agreement dated April 8, 2003. To date the City has received \$2.6 million in accordance with the agreement. The private party has terminated the option on one parcel and indicates they wish to exercise their option on two parcels. The City is currently discussing the details of the closing with the private party. Depending on the terms of the closing, the City may realize a gain or loss of up to \$300,000.

On July 23, 2009, the State adopted legislation requiring a shift of monies during fiscal years 2009-10 and 2010-11 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Proposition 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010 the Sacramento Superior Court upheld the legislation. This decision is in the process of being appealed by CRA and its member agencies. The payment of the SERAF was due on May 10, 2010, for fiscal year 2009-10 and it was made in the amount of \$4,108,698. It is estimated the Commission's share of the SERAF shift for fiscal year 2010-11 will amount to approximately \$894,000, and will be due by May 2011 if ongoing appeals are not successful.

#### 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 \$2.1 million at June 30, 2010.

The future minimum rentals to be received from the aforementioned operating lease as of June 30, 2010 are as follows (in thousands):

Fiscal Year Ending June 30,	
2011	\$ 175
2012	175
2013	175
2014	175
2015	175
2016 - 2020	1,000
2021 - 2025	1,125
2026 - 2030	1,250
2031-2033	750
Future minimum lease rentals	<u>\$ 5,000</u>

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 \$491,000 monthly from month-to-month rentals in fiscal year 2010-11.

#### 15. PROPOSITION 1A BORROWINGS BY THE STATE OF CALIFORNIA

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$601,604.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

## 16. NEW GASB PRONOUNCEMENTS

The City adopted the following Governmental Accounting Standards Board (GASB) Statements for the fiscal year ended June 30, 2010:

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. The adoption of this guidance did not have a material impact on the City's financial position as of 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. The adoption of this guidance did not have an impact on the City's financial position as of June 30, 2010.

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 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.

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant tissues have been identified in practice. The provisions of this statement are effective for years beginning after June 15, 2010.

## 17. SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 14, 2010, the date these financial statements were available to be issued.

**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	(Overfunded) Actuarial Liability as Percentage of Covered Payroll [(C)/(E)]
6/30/04	\$ 35,096	\$ 37,400	\$ 2,304	93.8%	\$ 6,796	33.9%
6/30/05	38,151	40,055	1,904	95.2%	7,129	26.7%
6/30/06	40,955	46,062	5,107	88.9%	7,685	66.5%
6/30/07	44,600	50,121	5,521	89.0%	8,544	64.6%
6/30/08	48,126	54,912	6,786	87.6%	8,273	82.0%
6/30/09	50,720	60,934	10,214	83.2%	8,071	126.6%
6/30/10			** 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 (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(C)/(E)]
6/30/04	\$ 4,424,587	\$ 5,383,922	\$ 959,335	82.2%	\$ 575,296	166.8%
6/30/05	5,295,150	6,367,049	1,071,899	83.2%	664,148	161.4%
6/30/06	6,102,615	7,278,049	1,175,434	83.8%	754,730	155.7%
6/30/07	6,826,599	7,986,055	1,159,456	85.5%	831,608	139.4%
6/30/08	7,464,928	8,700,468	1,235,540	85.8%	914,841	135.1%
6/30/09	8,027,158	9,721,675	1,694,517	82.6%	973,814	174.0%
6/30/10			** 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, 2010**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes:				
Property	\$ 2,578,000	\$ 2,828,500	\$ 2,845,643	\$ 17,143
Real property transfer	90,000	90,000	84,087	(5,913)
Transient occupancy	1,650,000	1,650,000	1,574,857	(75,143)
Sales and use	6,516,850	5,663,321	5,735,600	72,279
Franchises	1,410,000	1,410,000	1,700,371	290,371
	<u>12,244,850</u>	<u>11,641,821</u>	<u>11,940,558</u>	<u>298,737</u>
Licenses, permits and fees:				
Business licenses	485,000	485,000	486,561	1,561
Animal licenses	56,000	56,000	62,740	6,740
Building permits	259,715	146,400	137,069	(9,331)
Plan check	160,000	132,000	102,375	(29,625)
	<u>960,715</u>	<u>819,400</u>	<u>788,745</u>	<u>(30,655)</u>
Fines, forfeitures and penalties:				
Vehicle code	80,000	100,000	98,989	(1,011)
Parking fines	50,000	50,000	50,528	528
Impound fees	30,000	30,000	20,905	(9,095)
Other court	15,000	15,000	22,970	7,970
	<u>175,000</u>	<u>195,000</u>	<u>193,392</u>	<u>(1,608)</u>
Interest and rentals:				
Investment earnings	1,200,000	750,000	355,966	(394,034)
Rent - golf courses	150,000	150,000	150,000	-
Rent - other	421,200	472,200	469,235	(2,965)
Subtotal	<u>1,771,200</u>	<u>1,372,200</u>	<u>975,201</u>	<u>(396,999)</u>
Intergovernmental:				
State motor vehicle in-lieu tax	3,040,000	2,981,000	2,947,584	(33,416)
Public Safety Augmentation Fund	200,000	200,000	184,058	(15,942)
Grants	70,000	184,000	181,053	(2,947)
Reimbursements	40,000	40,000	43,789	3,789
Other	-	-	98,492	98,492
Subtotal	<u>3,350,000</u>	<u>3,405,000</u>	<u>3,454,976</u>	<u>49,976</u>

(continued)

## CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
(Continued)				
<b>REVENUES (Continued)</b>				
Charges for current services:				
Zoning and subdivision fees	100,000	100,000	118,856	18,856
General plan maintenance fee	1,500	1,500	1,500	-
Sales of maps and lists	6,000	6,000	2,003	(3,997)
Special public safety services	45,000	45,000	55,378	10,378
Fire Inspection Fees	185,000	185,000	195,831	10,831
Vehicle abatement revenue	25,000	25,000	23,125	(1,875)
Animal shelter fees	55,000	80,000	60,917	(19,083)
Alcohol Education Fee	25,000	25,000	30,107	5,107
Engineering fees	230,000	132,000	66,953	(65,047)
Library ground maintenance	8,000	8,000	6,619	(1,381)
Recreation:				
Recreation centers	629,000	596,000	776,484	180,484
Swimming pools	160,500	160,500	152,428	(8,072)
Contract classes and other	117,000	150,000	144,424	(5,576)
Subtotal	<u>1,587,000</u>	<u>1,514,000</u>	<u>1,634,625</u>	<u>120,625</u>
Donations and miscellaneous:				
Performing Arts Center	376,717	376,717	386,822	10,105
Refuse administration	300,000	300,000	84,813	(215,187)
Donations	-	-	10,269	10,269
Miscellaneous	136,336	136,336	165,006	28,670
Subtotal	<u>813,053</u>	<u>813,053</u>	<u>646,910</u>	<u>(166,143)</u>
Total revenues	<u>20,901,818</u>	<u>19,760,474</u>	<u>19,634,407</u>	<u>(126,067)</u>

(continued)

## CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
(Continued)				
<b>EXPENDITURES</b>				
Current:				
General government:				
City Council	104,765	95,657	78,786	16,871
City Manager	791,071	806,439	760,768	45,671
Finance and accounting	1,291,179	1,315,514	1,240,174	75,340
Information Services	533,763	537,955	511,982	25,973
Legal services	425,000	425,000	449,161	(24,161)
Planning Department/Commission	325,877	355,173	320,561	34,612
Human Resource	358,269	387,971	351,914	36,057
Rent appeals board	220,752	225,218	204,608	20,610
City Office building	162,200	162,200	162,165	35
City Office annex	25,580	25,580	18,524	7,056
Property tax administration fee	110,000	110,000	103,303	6,697
General government-nondepartmental	1,829,950	1,979,950	1,413,597	566,353
Nondepartmental-employee benefits	1,489,712	1,491,087	1,497,468	(6,381)
General government-nondepartmental T/O	-	-	-	-
Enterprise fund cost allocation	(1,857,400)	(2,140,281)	(2,140,281)	-
Community Development Commission cost allocation	(1,115,100)	(1,184,614)	(1,184,614)	-
Subtotal	<u>4,695,618</u>	<u>4,592,849</u>	<u>3,788,116</u>	<u>804,733</u>
Public safety:				
Personnel	13,335,529	13,946,397	14,058,712	(112,315)
Police protection	1,205,600	1,205,600	970,336	235,264
Fire protection	199,940	199,940	230,632	(30,692)
Fire prevention	392,443	224,146	189,612	34,534
Animal control	418,276	425,924	342,657	83,267
Animal shelter	47,568	44,568	43,199	1,369
Civil defense/hazardous materials	4,000	4,000	1,034	2,966
Southwest station	2,700	2,700	2,225	475
Main station	352,450	352,450	182,997	169,453
North station	23,000	23,000	14,888	8,112
South station	10,500	10,500	11,047	(547)
Booking fees	50,000	50,000	25,358	24,642
Sexual assault examination fees	10,000	10,000	15,146	(5,146)
Youth and Family Program	18,330	19,430	30,014	(10,584)
Subtotal	<u>16,070,336</u>	<u>16,518,655</u>	<u>16,117,857</u>	<u>400,798</u>

(continued)

## CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
(Continued)				
<b>EXPENDITURES (Continued)</b>				
Current:				
Public works:				
Engineering	678,137	582,372	442,842	139,530
Inspection	429,605	387,551	315,837	71,714
General	545,201	501,776	700,990	(199,214)
Maintenance of parkways	145,214	144,180	148,725	(4,545)
Maintenance of streets/bikepaths	249,558	280,538	269,049	11,489
Maintenance of school grounds	5,000	5,000	876	4,124
Street lighting	212,498	211,906	231,086	(19,180)
Traffic signals	90,000	90,000	84,071	5,929
Storm drains and drainage	62,000	62,000	20,088	41,912
Weed abatement	-	-	890	(890)
Enterprise fund cost allocation	(362,600)	(445,670)	(445,670)	-
Community Development Commission cost allocation	(123,900)	(125,386)	(125,386)	-
Subtotal	<u>1,930,713</u>	<u>1,694,267</u>	<u>1,643,398</u>	<u>50,869</u>
Parks and recreation:				
Parks	115,800	45,800	87,453	(41,653)
Parks maintenance-general	808,034	868,642	506,396	362,246
Recreation centers	817,758	806,407	681,301	125,106
Swimming pools	408,012	435,190	504,015	(68,825)
Recreation administration and programs	432,284	441,231	486,239	(45,008)
Golf courses	-	-	20	(20)
Library	10,000	10,000	836	9,164
Subtotal	<u>2,591,888</u>	<u>2,607,270</u>	<u>2,266,260</u>	<u>341,010</u>
Performing Arts Center	<u>625,978</u>	<u>634,005</u>	<u>646,355</u>	<u>(12,350)</u>
Capital outlay	<u>229,000</u>	<u>229,000</u>	<u>244,835</u>	<u>(15,835)</u>
Subtotal expenditures	<u>26,143,533</u>	<u>26,276,046</u>	<u>24,706,821</u>	<u>1,569,225</u>

(continued)

**CITY OF ROHNERT PARK**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>(Continued)</b>				
DEFICIENCY OF REVENUES				
UNDER EXPENDITURES	<u>(5,241,715)</u>	<u>(6,515,572)</u>	<u>(5,072,414)</u>	<u>1,443,158</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of capital assets	1,000,000	1,253,000	1,255,263	2,263
Transfers in	1,688,833	1,760,833	1,676,707	(84,126)
Transfers out	<u>(633,695)</u>	<u>(633,695)</u>	<u>(690,564)</u>	<u>(56,869)</u>
Total other financing sources (uses)	<u>2,055,138</u>	<u>2,380,138</u>	<u>2,241,406</u>	<u>(138,732)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,186,577)</u>	<u>\$ (4,135,434)</u>	<u>(2,831,008)</u>	<u>\$ 1,304,426</u>
FUND BALANCE, BEGINNING OF YEAR:			<u>12,168,653</u>	
FUND BALANCE, END OF YEAR			<u>\$ 9,337,645</u>	

See note to required supplementary information.

## **CITY OF ROHNERT PARK**

### **NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

#### *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, 2010.

## **OTHER SUPPLEMENTARY INFORMATION**



## **CITY OF ROHNERT PARK**

### **DESCRIPTION OF OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2010**

#### **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, 2010**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Special Assessments Capital Projects Fund</b>	<b>Performing Arts Center Endowment Permanent Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and investments	\$ 4,225,066	\$ -	\$ -	\$ 1,265,851	\$ 5,490,917
Receivables:					
Taxes	18,813	-	-	-	18,813
Accounts	439,123	-	-	-	439,123
Restricted cash and investments	-	-	-	-	-
<b>Total assets</b>	<b>\$ 4,683,002</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,265,851</b>	<b>\$ 5,948,853</b>
<b>LIABILITIES</b>					
Due to other funds	\$ 261,956	-	-	-	\$ 261,956
<b>FUND BALANCES</b>					
Reserved for:					
Street projects	1,183,449	-	-	-	1,183,449
Debt service	-	-	-	-	-
Performing Arts Center endowment	-	-	-	1,265,851	1,265,851
Unreserved, reported in:					
Special revenue funds	3,237,597	-	-	-	3,237,597
Capital project fund	-	-	-	-	-
<b>Total fund balances</b>	<b>4,421,046</b>	<b>-</b>	<b>-</b>	<b>1,265,851</b>	<b>5,686,897</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,683,002</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,265,851</b>	<b>\$ 5,948,853</b>

**CITY OF ROHNERT PARK**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Special Assessment Capital Projects Fund</b>	<b>Performing Arts Center Endowment Permanent Fund</b>	<b>Total Other Governmental Funds</b>
<b>REVENUES</b>					
Taxes	\$ 516,571	\$ -	\$ -	\$ -	\$ 516,571
Intergovernmental	2,045,846	-	-	-	2,045,846
Interest and rentals	48,328	-	-	18,353	66,681
Licenses, permits and fees	81,840	-	-	-	81,840
Donations	500,000	-	-	-	500,000
<b>Total revenues</b>	<b>3,192,585</b>	<b>-</b>	<b>-</b>	<b>18,353</b>	<b>3,210,938</b>
<b>EXPENDITURES</b>					
Current:					
General government	20,534	345	-	-	20,879
Debt service:					
Principal	-	229,457	-	-	229,457
Interest and fiscal charges	-	46,522	-	-	46,522
<b>Total expenditures</b>	<b>20,534</b>	<b>276,324</b>	<b>-</b>	<b>-</b>	<b>296,858</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,172,051</b>	<b>(276,324)</b>	<b>-</b>	<b>18,353</b>	<b>2,914,080</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from tender of bonds	-	-	-	-	-
Transfers in	58,773	275,979	-	-	334,752
Transfers out	(2,695,901)	-	(95,021)	(18,353)	(2,809,275)
<b>Total other financing sources (uses)</b>	<b>(2,637,128)</b>	<b>275,979</b>	<b>(95,021)</b>	<b>(18,353)</b>	<b>(2,474,523)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>534,923</b>	<b>(345)</b>	<b>(95,021)</b>	<b>-</b>	<b>439,557</b>
<b>FUND BALANCES:</b>					
<b>BEGINNING OF THE YEAR</b>	<b>3,886,123</b>	<b>345</b>	<b>95,021</b>	<b>1,265,851</b>	<b>5,247,340</b>
<b>END OF YEAR</b>	<b>\$ 4,421,046</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,265,851</b>	<b>\$ 5,686,897</b>

**CITY OF ROHNERT PARK**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2010**

	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)	F.I.G.R.	Measure M Fire Benefit Assessment	Mobile Home Rent Appeals Board	Total
<b>ASSETS</b>												
Cash and investments	\$ 219,677	\$ 124,100	\$ 771,187	\$ 1,842,713	\$ 215,062	\$ 939,230	\$ -	\$ 72,369		\$ -	\$ 40,728	\$ 4,225,066
Receivables (net of allowance for uncollectibles):												
Taxes	-	-	-	-	-	-	-	-		18,813	-	18,813
Accounts	68,485	-	-	-	-	-	11,956	108,682	250,000	-	-	439,123
Total assets	\$ 288,162	\$ 124,100	\$ 771,187	\$ 1,842,713	\$ 215,062	\$ 939,230	\$ 11,956	\$ 181,051	\$ 250,000	\$ 18,813	\$ 40,728	\$ 4,683,002
<b>LIABILITIES</b>												
Accrued liabilities	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	11,956	-	250,000	-	-	261,956
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	11,956	-	250,000	-	-	261,956
<b>FUND BALANCES (DEFICIT)</b>												
Reserved for street projects	288,162	124,100	771,187	-	-	-	-	-	-	-	-	1,183,449
Unreserved	-	-	-	1,842,713	215,062	939,230	-	181,051	-	18,813	40,728	3,237,597
Total fund balances (deficit)	288,162	124,100	771,187	1,842,713	215,062	939,230	-	181,051	-	18,813	40,728	4,421,046
Total liabilities and fund balances (deficit)	\$ 288,162	\$ 124,100	\$ 771,187	\$ 1,842,713	\$ 215,062	\$ 939,230	\$ 11,956	\$ 181,051	\$ 250,000	\$ 18,813	\$ 40,728	\$ 4,683,002

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, 2010

	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
<b>REVENUES</b>												
Measure M assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 516,571	\$ -	\$ -	\$ 516,571
Intergovernmental	723,016	194,206	638,643	-	-	-	100,000	389,981	-	-	-	2,045,846
Interest and rentals	3,717	641	3,033	24,918	2,788	9,407	392	3,432	-	-	-	48,328
Licenses, permits and fees	-	-	-	-	-	81,840	-	-	-	-	-	81,840
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-	-	-	500,000	500,000
Total revenues	726,733	194,847	641,676	24,918	2,788	91,247	100,392	393,413	516,571	-	500,000	3,192,585
<b>EXPENDITURES</b>												
Current:												
General government	20,534	-	-	-	-	-	-	-	-	-	-	20,534
EXCESS OF REVENUES OVER EXPENDITURES	706,199	194,847	641,676	24,918	2,788	91,247	100,392	393,413	516,571	-	500,000	3,172,051
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	54,945	-	-	-	-	3,828	-	-	-	-	-	58,773
Transfers out	(879,980)	(113,472)	(57,428)	(18,285)	-	(5,075)	(100,392)	(505,888)	(513,615)	(1,766)	(500,000)	(2,695,901)
Total other financing sources (uses)	(825,035)	(113,472)	(57,428)	(18,285)	-	(1,247)	(100,392)	(505,888)	(513,615)	(1,766)	(500,000)	(2,637,128)
<b>NET CHANGE IN FUND BALANCES</b>	(118,836)	81,375	584,248	6,633	2,788	90,000	-	(112,475)	2,956	(1,766)	-	534,923
<b>FUND BALANCES (DEFICIT): BEGINNING OF THE YEAR</b>	406,998	42,725	186,939	1,836,080	212,274	849,230	-	293,526	15,857	42,494	-	3,886,123
<b>END OF YEAR</b>	\$ 288,162	\$ 124,100	\$ 771,187	\$ 1,842,713	\$ 215,062	\$ 939,230	\$ -	\$ 181,051	\$ 18,813	\$ 40,728	\$ -	\$ 4,421,046

**CITY OF ROHNERT PARK****BUDGETARY COMPARISON SCHEDULE****STATE GASOLINE TAX SPECIAL REVENUE FUND****FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Licenses, permits and fees:				
Traffic signals				
Capital outlay				
Interest and rentals	\$ -	\$ -	\$ 3,717	\$ 3,717
Intergovernmental:				
Section 2105, maintenance	-	-	234,962	234,962
Section 2106, construction	-	-	168,899	168,899
Section 2107, maintenance	-	-	313,155	313,155
Section 2107.5, engineering	-	-	6,000	6,000
Total revenues	-	-	726,733	726,733
<b>EXPENDITURES</b>				
Current:				
General government	-	-	20,534	(20,534)
EXCESS OF REVENUES OVER EXPENDITURES	-	-	706,199	706,199
<b>OTHER FINANCING USES</b>				
Transfers in			54,945	54,945
Transfers out	-	-	(879,980)	(879,980)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	(118,836)	<u>\$ (118,836)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>406,998</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 288,162</u>	



**CITY OF ROHNERT PARK****BUDGETARY COMPARISON SCHEDULE  
MEASURE M TRAFFIC SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Licenses, permits and fees:				
Measure M Streets Allocation	\$ -	\$ -	\$ 194,206	\$ 194,206
Interest and rentals	-	-	641	641
Total revenues	-	-	194,847	194,847
<b>OTHER FINANCING USES</b>				
Transfers in			-	
Transfers out	-	-	(113,472)	(113,472)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	81,375	<u>\$ 81,375</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>42,725</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 124,100</u>	

**CITY OF ROHNERT PARK****BUDGETARY COMPARISON SCHEDULE****PROP 1B SPECIAL REVENUE FUND****FOR THE YEAR ENDED JUNE 30, 2010**

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Licenses, permits and fees:				
Prop 1B Streets Allocation	\$ -	\$ -	\$ 638,643	\$ 638,643
Interest and rentals	<u>-</u>	<u>-</u>	<u>3,033</u>	<u>3,033</u>
Total revenues	-	-	641,676	641,676
<b>OTHER FINANCING USES</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(57,428)</u>	<u>(57,428)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	584,248	<u><u>\$ 584,248</u></u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>186,939</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u><u>\$ 771,187</u></u>	

**CITY OF ROHNERT PARK****BUDGETARY COMPARISON SCHEDULE  
TRAFFIC SIGNALS FEE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Licenses, permits and fees:				
Traffic signals	\$ -	\$ -	\$ -	\$ -
Interest and rentals	-	-	24,918	24,918
Total revenues	-	-	24,918	24,918
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(18,285)	(18,285)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	6,633	<u>\$ 6,633</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>1,836,080</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 1,842,713</u>	

**CITY OF ROHNERT PARK****BUDGETARY COMPARISON SCHEDULE  
CAPITAL OUTLAY FEE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Licenses, permits and fees:	\$ -	\$ -	\$ -	\$ -
Interest and rentals	-	-	2,788	2,788
Total revenues	-	-	2,788	2,788
<b>OTHER FINANCING USES</b>				
Transfers in			-	-
Transfers out	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	2,788	<u>\$ 2,788</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>212,274</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 215,062</u>	

**CITY OF ROHNERT PARK****BUDGETARY COMPARISON SCHEDULE****PUBLIC FACILITIES FINANCE FEE SPECIAL REVENUE FUND****FOR THE YEAR ENDED JUNE 30, 2010**

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Licenses, permits and fees:	\$ -	\$ -	\$ 81,840	\$ 81,840
Interest and rentals	-	-	9,407	9,407
Total revenues	-	-	91,247	91,247
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			3,828	3,828
Transfers out	-	-	(5,075)	(5,075)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	90,000	<u>\$ 90,000</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>849,230</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 939,230</u>	

**CITY OF ROHNERT PARK****BUDGETARY COMPARISON SCHEDULE****SUPPLEMENTAL LAW ENFORCEMENT SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Interest and rentals	\$ 100,000	\$ 100,000	\$ 392	\$ (99,608)
Intergovernmental	-	-	100,000	100,000
Total revenues	100,000	100,000	100,392	392
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(100,392)	(100,392)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	-	<u>\$ (100,000)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ -</u>	

**CITY OF ROHNERT PARK****BUDGETARY COMPARISON SCHEDULE****TRAFFIC CONGESTION RELIEF (AB2928) SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Interest and rentals	\$ -	\$ -	\$ 3,432	\$ 3,432
Intergovernmental	-	-	389,981	389,981
Total revenues	-	-	393,413	393,413
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(505,888)	(505,888)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	(112,475)	<u>\$ (112,475)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>293,526</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 181,051</u>	

**CITY OF ROHNERT PARK****BUDGETARY COMPARISON SCHEDULE****MEASURE M FIRE BENEFIT ASSESSMENT SPECIAL REVENUE FUND****FOR THE YEAR ENDED JUNE 30, 2010**

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Measure M assessments	\$ 475,000	\$ 475,000	\$ 516,571	\$ 41,571
<b>OTHER FINANCING USES</b>				
Transfers out	(475,000)	(475,000)	(513,615)	(38,615)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	2,956	<u>\$ 2,956</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>15,857</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 18,813</u>	



**CITY OF ROHNERT PARK**

**BUDGETARY COMPARISON SCHEDULE**

**MOBILE HOME RENT APPEALS BOARD SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Licenses, permits and fees:	\$ -	\$ -	\$ -	\$ -
<b>OTHER FINANCING USES</b>				
Transfers in			-	-
Transfers out	-	-	(1,766)	(1,766)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	(1,766)	<u>\$ (1,766)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>42,494</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 40,728</u>	

**CITY OF ROHNERT PARK**

**BUDGETARY COMPARISON SCHEDULE**

**F.I.G.R. FUND**

**FOR THE YEAR ENDED JUNE 30, 2010**

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Donations	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	-	<u><u>\$ -</u></u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>-</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u><u>\$ -</u></u>	

**CITY OF ROHNERT PARK**

**BUDGETARY COMPARISON SCHEDULE**

**COPELAND CREEK DRAINAGE FACILITY SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2010**

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>OTHER FINANCING USES</b>				
Transfers out				
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	\$ -	<u>\$ -</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>-</u>	
<b>FUND BALANCE, END OF YEAR</b>			<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, 2010**

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	<b>Special Assessments Debt Service</b>	<b>General Debt Service</b>	<b>Totals</b>
<b>REVENUES</b>			
Interest and rentals	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Current:			
General Government	345		345
Debt service:			
Principal	-	229,457	229,457
Interest and fiscal charges	-	46,522	46,522
Total expenditures	345	275,979	276,324
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(345)	(275,979)	(276,324)
<b>OTHER FINANCING SOURCES</b>			
Proceeds from tender of bonds			-
Transfers in	-	275,979	275,979
Transfers out	-	-	-
Total other financing sources (uses)	-	275,979	275,979
<b>NET CHANGE IN FUND BALANCES</b>	(345)	-	(345)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	345	-	345
<b>FUND BALANCE, END OF YEAR</b>	\$ -	\$ -	\$ -

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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.*

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> <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>	<b>S-2</b>
<b>Revenue Capacity</b> <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>	<b>S-5</b>
<b>Debt Capacity</b> <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>	<b>S-18</b>
<b>Demographic and Economic Information</b> <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>	<b>S-26</b>
<b>Operating Information</b> <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>	<b>S-29</b>

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

	<b>Fiscal Year</b>					
	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Governmental activities						
Invested in capital assets, net of related debt	\$ 45,009,673	\$ 46,572,533	\$ 56,608,019	\$ 36,112,457	\$ 28,259,799	\$ 30,487,238
Restricted	2,418,812	13,873,842	5,730,424	11,318,076	5,955,759	8,551,078
Unrestricted	16,995,866	13,927,933	17,318,920	19,471,114	29,407,530	23,317,496
Total governmental activities net assets	<u>\$ 64,424,351</u>	<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>
Business-type activities						
Invested in capital assets, net of related debt	\$ 27,364,564	\$ 17,081,819	\$ 25,538,667	\$ 17,709,497	\$ 14,867,127	\$ 16,741,255
Unrestricted	2,435,608	14,654,310	6,682,325	11,737,893	11,641,400	7,886,726
Total business-type activities net assets	<u>\$ 29,800,172</u>	<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>
Primary government						
Invested in capital assets, net of related debt	\$ 72,374,237	\$ 63,654,352	\$ 82,146,686	\$ 53,821,954	\$ 43,126,926	\$ 47,228,493
Restricted	2,418,812	13,873,842	5,730,424	11,318,076	5,955,759	8,551,078
Unrestricted	19,431,474	28,582,243	24,001,245	31,209,007	41,048,930	31,204,222
Total primary government net assets	<u>\$ 94,224,523</u>	<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>

**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)*

	<b>Fiscal Year</b>					
	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
<b>Expenses</b>						
Governmental activities:						
General government	\$ 18,388,212	\$ 16,036,110	\$ 12,955,293	\$ 12,926,332	\$ 11,455,704	\$ 11,762,224
Public Safety	16,930,100	19,823,047	20,758,556	17,349,211	16,703,386	15,087,248
Public Works	4,228,872	4,050,312	4,421,182	4,522,563	4,220,758	4,408,673
Parks and recreation	3,650,692	4,687,184	4,979,212	4,198,572	4,167,196	3,968,774
Other	646,355	841,126	902,319	889,073	1,504,207	1,411,055
Interest on long-term debt	5,939,204	4,586,047	4,629,601	2,690,598	2,038,944	2,060,965
Total governmental activities expenses	<u>49,783,435</u>	<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>
Business-type activities:						
Water	5,702,115	6,306,127	7,122,292	6,690,385	6,454,568	5,650,092
Sewer	11,252,707	11,318,825	9,830,647	10,085,147	9,697,231	8,851,372
Refuse Collection	<u>5,547,595</u>	<u>5,390,186</u>	<u>5,344,215</u>	<u>5,181,643</u>	<u>4,548,674</u>	<u>4,321,260</u>
Total business-type activities expenses	<u>22,502,417</u>	<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>
Total primary government expenses	<u>\$ 72,285,852</u>	<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>
<b>Program Revenues (see Schedule 3)</b>						
Governmental activities:						
Charges for services:						
General government	\$ 1,076,152	\$ 1,137,111	\$ 978,440	\$ 1,221,652	\$ 1,476,260	\$ 539,150
Public safety	621,490	623,483	592,567	517,742	450,057	508,709
Public works	388,237	859,348	1,697,041	2,836,987	2,542,293	2,316,181
Parks and recreation	1,187,022	1,156,550	1,791,969	1,618,401	1,640,881	1,287,849
Other	386,317	448,970	-	-	1,429	-
Operating grants and contributions	2,796,402	3,366,714	2,572,995	2,344,534	2,719,200	2,234,947
Capital grants and contributions	<u>2,257,720</u>	<u>1,480,622</u>	<u>1,991,493</u>	<u>1,492,565</u>	<u>546,563</u>	<u>514,534</u>
Total governmental activities program revenues	<u>8,713,340</u>	<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>
Business-type activities:						
Charges for services:						
Water	6,384,464	6,630,287	6,341,560	6,433,014	6,406,197	4,933,151
Sewer	8,117,101	10,304,507	12,370,603	12,007,771	9,955,355	8,402,521
Refuse Collection	5,635,222	5,554,993	5,454,193	5,240,389	4,723,623	3,919,872
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	<u>235,742</u>	<u>214,617</u>	<u>566,411</u>	<u>1,829,074</u>	<u>1,186,735</u>	<u>1,028,338</u>
Total business-type activities program revenues	<u>20,372,529</u>	<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>
Total primary government program revenues	<u>\$ 29,085,869</u>	<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>



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

	Fiscal Year					
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Net (Expense)/Revenue</b>						
Governmental activities	\$ 41,070,095	\$ 40,951,028	\$ 39,021,658	\$ 32,544,468	\$ 30,713,512	\$ 31,297,569
Business-type activities	<u>2,129,888</u>	<u>310,734</u>	<u>(2,435,613)</u>	<u>(3,553,073)</u>	<u>(1,571,437)</u>	<u>538,842</u>
Total primary government net expense	<u>\$ 43,199,983</u>	<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>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Taxes						
Property taxes	\$ 16,632,581	\$ 16,989,860	\$ 17,054,597	\$ 16,928,529	\$ 15,504,905	\$ 13,810,490
Franchise taxes	1,700,371	1,411,622	1,440,749	1,428,827	1,308,839	1,263,721
Sales taxes	5,735,600	6,172,593	7,236,048	7,707,375	7,386,925	6,953,294
Motor vehicle license fees	2,947,584	3,042,186	3,142,034	3,074,869	2,572,107	2,804,619
Other taxes	1,574,857	1,812,696	2,016,907	1,606,108	1,855,821	931,074
Rental Income	-	31,823	-	-	-	-
Investment earnings	2,538,119	3,726,188	4,792,727	3,155,613	1,964,903	1,064,234
Gain (Loss) on sale of capital assets	(159,537)	997,720	4,778,278	-	1,109,814	974,079
Gain (Loss) on retirement of bonds	-	759,614	-	-	-	-
Other	176,370	197,023	311,425	217,520	-	-
Transfers	<u>(25,807)</u>	<u>526,648</u>	<u>573,812</u>	<u>294,438</u>	<u>277,474</u>	<u>(238,760)</u>
Total governmental activities	<u>31,120,138</u>	<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>
Business-type activities:						
Investment earnings	168,124	352,519	458,866	426,769	586,583	263,349
Transfers	<u>25,807</u>	<u>(526,648)</u>	<u>(518,348)</u>	<u>(294,438)</u>	<u>(277,474)</u>	<u>238,760</u>
Total business-type activities	<u>193,931</u>	<u>(174,129)</u>	<u>(59,482)</u>	<u>132,331</u>	<u>309,109</u>	<u>502,109</u>
Total primary government	<u>\$ 31,314,069</u>	<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>
<b>Change in Net Assets</b>						
Governmental activities	\$ (9,949,957)	\$ (5,283,055)	\$ 2,324,919	\$ 1,868,811	\$ 1,267,276	\$ (3,734,818)
Business-type activities	<u>(1,935,957)</u>	<u>(484,863)</u>	<u>2,376,131</u>	<u>3,685,404</u>	<u>1,880,546</u>	<u>(36,733)</u>
Total primary government	<u>\$ (11,885,914)</u>	<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>

**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)*

	<b>Program Revenues</b>					
	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
<b>Function/Program</b>						
Governmental activities:						
General government	\$ 1,230,469	\$ 1,842,155	\$ 3,416,683	\$ 4,104,573	\$ 2,683,313	\$ 2,710,589
Public safety	1,626,916	1,477,094	858,919	748,521	729,783	727,990
Public works	1,519,461	4,081,609	2,887,783	3,117,622	3,412,799	2,461,662
Parks and recreation	1,691,952	1,156,550	1,791,969	1,618,401	1,655,338	1,287,849
Other	<u>386,317</u>	<u>515,390</u>	<u>669,151</u>	<u>442,764</u>	<u>895,450</u>	<u>213,280</u>
Subtotal governmental activities	<u>6,455,115</u>	<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>
Business-type activities:						
Water	6,384,464	6,794,666	6,388,188	6,330,481	6,530,394	5,187,983
Wastewater	8,352,843	10,354,745	12,890,386	13,590,308	11,017,893	9,176,027
Refuse	<u>5,635,222</u>	<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>
Subtotal business-type activities	<u>20,372,529</u>	<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>
Total primary government	<u>\$ 26,827,644</u>	<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>

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

	<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>	<u>2010</u>
General Fund										
Reserved	\$ 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	\$ 2,466,224
Unreserved	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	6,871,421
Total general fund	\$ 10,658,340	\$ 15,376,852	\$ 15,692,777	\$ 18,409,233	\$ 18,329,002	\$ 18,030,830	\$ 16,987,644	\$ 16,419,409	\$ 12,168,653	\$ 9,337,645
All Other Governmental Funds										
Reserved	\$ 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	\$ 44,206,643
Unreserved, reported in:										
Special revenue funds	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	3,237,597
Capital projects funds	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	(600,372)
Total all other governmental funds	\$ 27,245,625	\$ 21,099,324	\$ 17,478,405	\$ 21,660,525	\$ 21,953,141	\$ 23,706,258	\$ 85,983,269	\$ 77,244,517	\$ 64,794,751	\$ 46,843,868

**Source:** City Finance Department

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

	<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>	<u>2010</u>
<b>Revenues</b>										
Taxes (see Schedule 6)	\$ 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	\$ 25,643,409
Intergovernmental	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	5,607,308
Interest and rentals	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	3,045,486
Charges for services	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	1,823,791
Licenses, permits and fees	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	870,585
Special assessment collection	638,824	586,108	351,885	160,866	327,225	306,495	210,435	-	-	-
Fines, forfeitures and penalties	192,609	186,611	185,715	174,550	181,727	216,368	197,134	159,701	212,849	193,392
Donations and miscellaneous	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	1,148,005
<b>Total revenues</b>	<u>30,828,517</u>	<u>30,296,725</u>	<u>30,867,341</u>	<u>35,832,625</u>	<u>35,479,026</u>	<u>39,092,213</u>	<u>44,428,218</u>	<u>45,495,942</u>	<u>42,222,871</u>	<u>38,331,976</u>
<b>Expenditures</b>										
General government	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	15,592,370
Public safety	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	16,117,857
Public works	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	1,643,398
Parks and recreation	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	2,266,260
Other	1,905,946	1,029,440	1,076,102	997,196	1,094,895	1,187,748	889,073	902,319	841,126	646,355

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

	<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>	<u>2010</u>
Capital outlay	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	3,523,917
Debt service										
Interest	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	3,254,018
Cost of issuance	-	-	-	-	-	-	1,316,741	-	-	-
Principal	2,220,417	2,436,395	2,640,957	1,731,907	1,694,815	1,896,222	2,039,651	3,734,038	11,682,136	16,043,885
Total expenditures	<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>	<u>59,088,060</u>
Excess of revenues over (under) expenditures	(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)	(20,756,084)
<b>Other Financing Sources (Uses)</b>										
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	-
Cost of defeasance	-	-	-	-	-	-	-	-	-	-
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	1,255,263
Lease proceeds	683,000	-	-	-	1,175,965	818,624	-	-	-	-
Transfers in	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	24,626,604
Transfers out	<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>	<u>(24,652,411)</u>
Total other financing sources (uses)	<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>	<u>1,229,456</u>
Net change in fund balances	<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>	<u>\$ (19,526,628)</u>
Debt service as a percentage of noncapital expenditures	15.1%	13.7%	13.9%	10.2%	8.4%	8.7%	11.6%	15.5%	29.5%	34.7%

**Source:** City Finance Department

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

<b>Fiscal Year</b>	<b>Property</b>	<b>Sales &amp; Use</b>	<b>a Occupancy</b>	<b>b Franchise</b>	<b>c Real Property Transfer</b>	<b>Total</b>
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
2010	2,845,643	5,735,600	1,574,857	1,700,371	84,087	11,940,558
Change						
2001–2010	34.9%	-9.4%	-5.4%	102.3%	-73.7%	6.0%

**Notes:**

<sup>a</sup> The transient occupancy tax rate was increased from 11% to 12% on January 1, 2003

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

In FY 2010 the City received a donation for franchise fees

<sup>c</sup> 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%
2010	3,003,726	450,565	11,703	468,113	\$ 121,865	155,029	3,900,943	(8.81)	7,617,162	53.25%

**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.

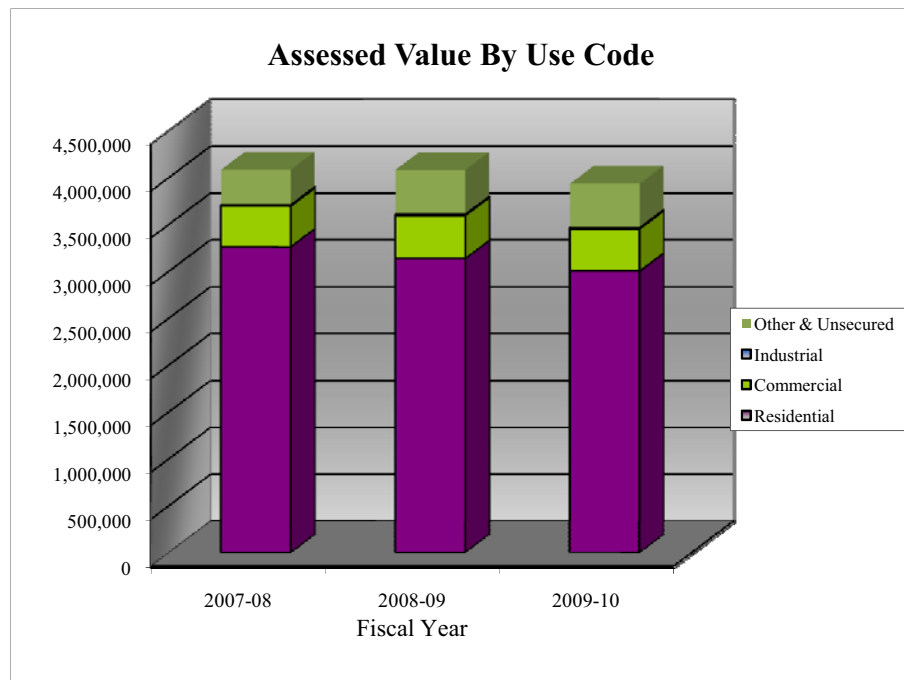
## City of Rohnert Park

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

Category	2007-08	2008-09	2009-10
Residential	3,262,949	3,136,944	3,003,726
Commercial	434,387	459,211	450,565
Industrial	12,582	12,245	11,703
Other & Unsecured	373,261	473,115	468,113
Gross Secured Value	4,083,179	4,081,515	3,934,107
Unsecured Value	123,628	119,825	121,865
Exemptions	128,319	149,311	155,029
Net Taxable Value	4,078,488	4,052,029	3,900,943

Source: 2006-10 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 <sup>a</sup>							Total Tax Rate
	City of Rohnert Park	County of Sonoma	Total	Rohnert Park		Santa Rosa Junior College		Santa Rosa High School		Bellvue School District	
				Cotati School District	Warm Spring Dam	Junior College	High School	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	
2010	\$ 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:**

<sup>a</sup> 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**

<b>Taxpayer</b>	<b>2010</b>			<b>2009</b>			<b>2008</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Rohnert Park Ridge LLC	\$ 45,622,388	1	1.17% %	\$ 44,710,013	1	1.10 %	\$ 43,836,076	1	1.07 %
Scarpa Steven J	44,199,522	2	1.13	43,336,760	2	1.07	42,490,915	2	1.04
Sonoma Mountain Village LLC	42,050,984	3	1.08	41,207,201	3	1.02			
Columbia Redwood Creek LLC	38,654,096	4	0.99	37,900,722	4	0.94	37,032,200	4	0.91
Codding Enterprises	32,402,902	5	0.83	31,767,876	5	0.78	33,322,524	5	0.82
Crossbrook Apartments	29,701,781	6	0.76	29,873,167	6	0.74	29,289,192	7	0.72
KSL Rohnert Park LP	28,035,179	7	0.72	27,572,281	7	0.68	31,969,700	6	0.78
Knickerbocker Properties, Inc.	24,235,612	8	0.62	25,961,806	8	0.64	25,476,295	8	0.62
State Farm Mutual Auto Insur.	22,822,211	9	0.59						
Santa Rosa Press Democrat	22,127,499	10	0.59	24,991,746	10	0.62	25,190,301	9	0.62
Health Care REIT Inc				25,420,691	9	0.63	24,860,776	10	0.61
Sonoma Green LLC							37,615,724	3	0.92
<b>Total</b>	<b>\$ 329,852,174</b>		<b>7.32 %</b>	<b>\$ 332,742,263</b>		<b>8.22 %</b>	<b>\$ 331,083,703</b>		<b>8.11 %</b>

**Source:** 2006 and prior: Sonoma County Tax Collector Metroscan database  
2007- 10: County Assessor, MuniServices, LLC

Note: Because of large fluctuations in assessed valuations, it would be very difficult to present 10 years of data; therefore, the City has presented three years of data.

**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
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
2010	2,845,643	2,839,175	99.77	-	2,839,175	99.77

**Sources:** Sonoma County Auditor-Controller

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

	<b>Calendar Year</b>									
	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007Q3*</u></b>	<b><u>2008Q3*</u></b>	<b><u>2009Q3*</u></b>
All other outlets	\$ 116,599	\$ 100,176	\$ 78,390	\$ 73,646	\$ 75,051	\$ 82,371	\$ 83,199	\$ 95,037	\$ 81,305	\$ 50,513
Apparel stores	15,347	15,036	15,062	13,786	13,691	13,927	14,154	14,504	13,551	10,103
Auto dealers and supplies	24,811	26,306	20,821	22,528	21,451	19,923	20,365	20,065	20,326	15,154
Building materials and farm tools	107,922	109,540	109,063	114,615	126,268	126,436	125,132	103,043	33,877	50,513
Eating and drinking establishments	52,850	55,632	56,357	60,000	68,442	72,279	73,091	73,939	81,305	65,666
Food stores	30,996	31,844	35,023	34,990	38,929	39,765	40,923	36,466	40,653	30,308
General merchandise	75,118	79,458	104,242	164,097	179,419	191,443	194,974	199,921	216,814	166,692
Home furnishings and appliances	29,134	29,521	45,674	39,276	36,601	32,707	29,879	32,777	27,102	20,205
Other retail stores	81,210	72,700	71,914	70,868	71,228	76,111	74,799	64,939	108,407	60,615
Service stations	33,728	31,010	29,556	31,805	31,960	34,155	36,395	39,181	47,428	30,308
Packaged Liquor and Drug Stores								7,558	6,775	5,051
Total	\$ 567,714	\$ 551,223	\$ 566,101	\$ 625,611	\$ 663,040	\$ 689,114	\$ 692,912	\$ 687,430	\$ 677,543	\$ 505,126
City direct sales tax rate	1.25%	1.25%	1.25%	1.25%	1.00%	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 Q1-Q3

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

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>Sonoma County</b>	<b>State</b>
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
2010	0.75	1.00	7.25

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

2010		2001	
TAXPAYER	BUSINESS TYPE	BUSINESS NAME	BUSINESS TYPE
101 INTERNATIONAL TRUCK SALES	AUTO SALES - NEW	101 INTERNATIONAL TRUCK SALES	AUTO SALES - NEW
BURLINGTON COAT FACTORY	APPAREL STORES	BURLINGTON COAT FACTORY	APPAREL STORES
CASTINO RESTRNT EQPMNT SUPPLY	FOOD PROCESSING EQP	CASTINO RESTRNT EQPMNT SUPPLY	FOOD PROCESSING EQP
CHEVRON SERVICE STATIONS	SERVICE STATIONS	CHEVRON SERVICE STATIONS	SERVICE STATIONS
COSTCO WHOLESALE	DEPARTMENT STORES	EXXON SERVICE STATIONS	SERVICE STATIONS
CSV	PHARMACY	FOOD 4 LESS	FOOD MARKETS
EXXON SERVICE STATIONS	SERVICE STATIONS	HANSEL FORD	AUTO SALES - NEW
FOOD MAXX	FOOD MARKETS	HERTZ BIG 4 RENTS	LEASING
HERTZ EQUIPMENT RENTAL	LEASING	HOME DEPOT	BLDG MATLS - RETAIL
IN-IN-OUT BURGERS	BLDG MATLS - RETAIL	J.E.HIGGINS LUMBER COMPANY	BLDG MATLS - RETAIL
J.E.HIGGINS LUMBER COMPANY	RESTAURANT	LEVITZ FURNITURE	HOME FURNISHING
MCPHAIL'S APPLIANCES	BLDG MATLS - RETAIL	LINENS N THINGS	MISCELLANEOUS RETAIL
O'DELL PRINTING COMPANY	FURNITURE/APPLIANCE	MCPHAIL'S APPLIANCES	FURNITURE/APPLIANCE
OLIVE GARDEN	LIGHT INDUSTRY	NORTRAX WEST	EQUIPMENT
PAPE MACHINERY	RESTAURANT	OFFICE DEPOT	OFFICE EQUIPMENT
PETSMART	BLDG MATLS - WHSLE	RALEY'S SUPERMARKET	FOOD MARKETS
RALEY'S SUPERMARKET	MISCELLANEOUS RETAIL	ROSS STORES	APPAREL STORES
ROSS STORES	FOOD MARKETS	ROTTEN ROBBIE SERVICE STATIONS	SERVICE STATIONS
ROTTEN ROBBIE	APPAREL STORES	SAFEWAY STORES	FOOD MARKETS
SAFEWAY STORES	SERVICE STATIONS	SHELL SERVICE STATIONS	SERVICE STATIONS
SHELL SERVICE STATIONS	FOOD MARKETS	TARGET STORES	DEPARTMENT STORES
TARGET STORES	SERVICE STATIONS	UNITED FURNITURE	FURNITURE/APPLIANCE
W.W.GRAINGER	DEPARTMENT STORES	W.W.GRAINGER	LIGHT INDUSTRY
WAL MART STORES	LIGHT INDUSTRY	WAL MART STORES	DEPARTMENT 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 <sup>a</sup>	Percentage of Personal Income <sup>b</sup>	Per Capita <sup>b</sup>
	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	3.33		1,335	
2006	23,082	4,265	6,485	620	2,027	6,725	13,000		56,204	3.12		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	
2010	59,513	3,635	5,535	-	982	5,860	12,030		87,555	8.14		2,017	

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

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

<sup>a</sup> 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.

<sup>b</sup> 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	
	Redevelopment Bonds	Total	Value of Property	Per Capita
2001	\$ 23,462	\$ 23,462	0.9984 %	\$ 555
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
2010	59,513	59,513	1.5256	1,371.33

**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, 2010**  
*(dollars in thousands)*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Cotati-Rohnert Park Unified School District	\$ 63,595,000	81.577%	<u>\$ 51,878,656</u>
Subtotal, overlapping debt			51,878,656
<b>City direct debt</b>			<u>-</u>
<b>Total direct and overlapping debt</b>			<u>\$ 51,878,656</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 2010**

Assessed value	\$ 3,900,973
Debt limit (15% of assessed value)	585,146
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	585,146
Legal debt margin	\$ 585,146

	<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>	<u>2010</u>
Debt limit	\$ 369,559	\$ 445,713	\$ 478,156	\$ 487,694	\$ 526,849	\$ 534,506	\$ 580,879	\$ 611,773	\$ 611,773	\$ 585,146
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 369,559	\$ 445,713	\$ 478,156	\$ 487,694	\$ 526,849	\$ 534,506	\$ 580,879	\$ 611,773	\$ 611,773	\$ 585,146
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	
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	-	-	-	-	
2010	6,384	5,445	939	230	238 2.01	8,117	10,682	(2,565)	-	-	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 or amortization expenses.

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

Calendar Year	Population	Personal Income		Median Age	School Enrollment	County		City	
		(thousands of dollars)	Per Capita Personal Income			Unemployment Rate	Rate	Unemployment Rate	Rate
2001	42,236	1,539,207	36,443	35.7	7,829	3.7		3.3%	
2002	42,650	1,553,612	36,427	35.9	7,836	5.1		4.7%	
2003	42,198	1,554,743	36,844	36.0	7,678	5.5		4.8%	
2004	42,127	1,638,782	38,901	38.9	7,482	5.0		5.3%	
2005	42,445	1,703,333	38,793	38.9	7,260	4.5		4.1%	
2006	43,027	1,803,380	43,318	33.1	6,816	4.0		3.9%	
2007	42,959	1,197,439	27,874	33.1	6,847	4.3%		3.9%	
2008	43,062	1,243,889	28,886	33.1	6,179	5.7%		6.4%	
2009	43,020	not available	23,035	31.5 est*	6,038	9.70%		10%	
2010	43,398	not available	23,035	31.5 est*	6,078	10.00%		10.2%	

**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	2010			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	Employees	Rank	Percentage of Total City Employment
Sonoma State University	1,483	1	13.79 %	1,483	1	13.79 %	1,483	1	13.79 %	1,478	1	5.87 %	1,532	1	14.25 %
State Farm Insurance	450	2	4.19	468	2	4.35	468	2	4.35	501	2	1.99	625	2	5.81
Wal-Mart	260	3	2.42	277	3	2.58	360	3	3.35	272	4	1.08	600	3	5.58
Home Depot	238	4	2.21	238	4	2.21	242	4	2.25	254	5	1.01	190	6	1.77
Target	220	5	2.05	220	5	2.05	213	5	1.98	315	3	1.25	210	5	1.95
ParkerCompumotor Corp	182	8	1.69	205	6	1.91	190	6	1.77	188	7	0.75	182	7	1.69
Costco	179	6	1.66	190	7	1.77	178	8	1.66	178	9	0.71			
City of Rohnert Park	164	7	1.53	182	8	1.69	177	7	1.65	187	8	0.74	160	8	1.49
Cross Check	139	9	1.29	142	9	1.32	143	9	1.33	194	6	0.77	285	4	2.65
Masterwork Electronics	99	10	0.92	111	10	1.03	126	10	1.17	160	10	0.63	137	9	1.27
Alvarado Street Bakery													116	10	1.08
Total	3,414		31.75 %	3,516		32.70 %	3,580		33.30 %	3,727		14.79 %	4,037		37.54 %
Total City Employment (1)	10,752			10,752											

Source: 2006 and prior: Chamber of Commerce for top employers and [www.epodunk.com](http://www.epodunk.com) for total employment

2007-10: 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**

	Full-time-Equivalent Employees as of June 30										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Function/Program											
General government											
City Manager's Office	6	6	6	6	4	5	5	7	7	7	6.7
Finance	13	12	12	11	10	11	12	12	12	11	11
Information Systems	2	2	2	2	2	2	2	2	2	2	2
Planning	3	3	3	3	2	2	3	3	3	3	1.7
Human Resource	2	2	3	3	2	2	2	2	2	3	2.25
Other	3	3	3	3	1	2	2	-	-	-	-
Public Safety											
Officers <sup>a</sup>	67	67	70	70	70	76	77	78	78	78	63.75
Civilians	33	33	31	31	30	30	30	31	32	32	27
Building Inspection	4	4	4	4	2	2	3	3	3	3	2.3
Public Works											
Engineering <sup>b</sup>	4	4	4	4	3	4	5	6	6	8	8
Public Works	28	28	28	27	23	25	25	29	29	29	27.4
Park Maintenance	9	9	9	9	7	6	5	4	5	5	6.6
Parks and recreation	10	10	10	10	7	7	7	7	7	6	2
Performing Arts Center	4	4	4	4	3	4	4	4	4	4	3
Total	188	187	189	187	166	178	182	188	190	191	164

**Source:** City Budget Office.

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

<u>Function/Program</u>	<u>Fiscal Year</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>	<u>2010</u>
General government										
Building permits issued	800	746	801	634	736	574	663	650	515	575
Building inspections conducted	not available	not available	not available	not available	2,228	1,875	1,560	1,393	1,664	815
Police										
Physical arrests	not available	not available	not available	1,839	2,174	2,485	2,474	3,076	3,156	2,323
Parking violations	not available	not available	not available	1,111	3,583	3,794	2,554	2,448	3,248	2,419
Traffic violations	not available	not available	not available	265	286	264	1,402	1,695	1,452	876
Fire										
Emergency responses	123	119	103	107	113	134	3,164	3,007	3,262	3,263
Inspections	not available	not available	not available	not available	not available	not available	1,713	1,869	1,966	1,555
Refuse collection <sup>a</sup>										
Refuse collected (tons per day)	not available	not available	65.6	65.3	61.3	64.3	68.2	59.7	58	53
Recyclables collected (tons per day)	not available	not available	29.5	27.4	27.5	30.9	31.4	28.89	29	18
Parks and recreation										
Sports & Fitness Center Attendance	113,926	127,530	113,552	135,259	136,490	119,803	111,655	124,261	101,253	125,321
Community Center Attendance <sup>b</sup>	65,071	85,511	86,121	71,069	41,120	42,019	46,495	42,240	48,682	43,253
Library										
Volumes in collection	59,031	57,179	60,254	65,078	74,868	75,718	84,369	84,381	90,478	90,478
Water										
Water main breaks	not available	not available	not available	not available	2	2	0	1	3	1
Average daily consumption (millions of gallons)	6.61	6.33	6.31	6.18	5.42	5.00	4.90	4.4	4.4	3.9
Peak daily consumption (millions of gallons)	9.20	9.87	10.18	8.81	8.44	7.86	7.15	6.7	6.4	5.7
Wastewater										
Average daily sewage treatment (millions of gallons)	3.64	3.80	3.69	3.60	3.88	3.87	3.16	3.42	3.12	3.28

**Sources:** Various city departments.

**Notes:**

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

<sup>b</sup> 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

<u>Function/Program</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>	<u>2010</u>
Police										
Stations	4	4	4	4	4	4	4	4	4	3
Patrol officers	43	44	44	48	48	48	48	48	48	34
Fire stations	4	4	4	4	4	4	4	4	4	3
Refuse Collection <sup>a</sup>										
Collection trucks	not available	not available	13	11	11	11	10	10	10	10
Street Sweepers	not available	not available	2	2	2	1	1	1	1	1
Other public works										
Streets (miles)	82.67	85.12	85.12	85.12	85.12	85.12	85.12	85.12	85.12	86.17
Streetlights	2,756	2,794	2,794	2,794	2,794	2,794	2,794	2,794	2,794	2817
Parks and recreation										
Acreage	102	102	102	102	102	102	102	102	105	105
Playgrounds	30	30	30	30	30	30	30	30	25	25
Baseball/softball diamonds	14	14	14	14	14	14	14	14	10	10
Soccer/football fields	9	9	9	9	9	9	9	9	11	11
Tennis courts	25	25	25	25	25	25	25	25	26	26
Water										
Water mains (miles)	82.67	82.81	82.81	115.70	115.70	115.70	115.70	115.70	115.7	115.7
Fire hydrants	not available	not available	not available	not available	not available	1,450	1,458	1,458	1,462	1462
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	4374.6
Wastewater										
Sanitary sewers (miles)	77.0	77.0	77.0	77.0	77.0	80.0	77.0	77.0	83.0	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) <sup>o</sup>	4.36	4.75	4.68	4.44	5.11	5.41	3.13	3.83	3.13	3.28

**Sources:** Various city departments.

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

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