

**CITY OF ROHNERT PARK, CALIFORNIA**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2011**

**Prepared by  
Finance Department**



**CITY OF ROHNERT PARK**  
**2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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# CITY OF ROHNERT PARK

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# **CITY OF ROHNERT PARK**

## **FINANCE DEPARTMENT**

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December 13, 2011

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 tenth 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 accounts 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 at large to serve four-year terms on the City Council. Elections are held every two years. The Mayor is appointed to a one-year term by members of the City Council. 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 of Rohnert Park, the Friendly City, is located in the heart of Sonoma Wine Country on US-Highway 101. It is home to approximately 41,000 people, Sonoma State University, and the award winning Foxtail Golf Course. As one of the first planned communities, Rohnert Park enjoys the benefits of a coordinated system of bike trails and paths, schools and parks in every neighborhood. More than 50 restaurants including all the best national chains offer diners the flavors they crave. Residents enjoy sweeping views of Sonoma and Taylor Mountains, preserved from development forever. Rohnert Park is just minutes from popular tourism venues including hundreds of local wineries, the Pacific Ocean, and giant redwoods.

Sonoma County is experiencing a slow economic recovery. Rohnert Park's unemployment rate was 10.2% for the second quarter of 2010 and job growth continued to be extremely slow the first four months of 2011. Although Rohnert Park's unemployment rate is below Sonoma County and California, it surpasses the national rate.

Sonoma County is an attractive international destination and outdoor recreational mecca, with wine related products, specialty foods, wellness programs and spa experiences adds further long-term potential. The close proximity to major Bay Area attractions will continue to support tourist traffic.

Tourism to Sonoma Wine County is anticipated to continue to flourish as demand for wine is expected to increase, due to a decrease in grape tonnage and a decline in acreage. The reduced supply will strengthen future pricing power for Sonoma County winemakers. According to the Sonoma County Economic Development Board, additional factors that will help the industry are conjunctive wine labels to give name recognition to the County and demographic trends as the millennial generation is embracing wine consumptions.

The technology sector has been volatile over the last decade. Even though technical manufacturing declined, Sonoma County recovered by production of broadband and medical instruments. 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 Housing Market has experience four years of consecutive decline. House prices are expected to reach bottom by the middle of 2012. Mortgage delinquency foreclosure rates are slowly falling but remain close to record-high levels. On the positive side, affordability levels are near their highest leaves in over two decades. The median price for homes in Rohnert Park is \$300,000 which is one of the least expensive areas in Sonoma County. This is reflected in the residential vacancy rate remaining under 5%, below the County's average of 14%.

Sales taxes are a large part of the City's revenues and have been significantly impacted by the current recession. Since 2007, sales tax has declined by 7.2% while the County's has decreased by 6.5%. In June 2010, Rohnert Park voters passed a half-cent sales tax measure (Measure E) that will generate between \$2.4 million and \$2.8 million annually. Measure E went into effect October 1, 2010 at year end FY 2011, it had generated \$2M in new revenue.

The construction and business-to-business sectors continue to be hit hardest by the recession, as businesses are contracting and new development projects have been shelved for the short term.

In response to the current economic conditions, the City has taken a more proactive approach and is working towards developing a Strategic Plan for the City of Rohnert Park for 2012-2016. The strategic plan will provide a comprehensive framework which will include an economic development plan, capital improvement plan, budget process, policy issues, organizational efficiencies and the General Plan. During the development of the strategic plan, clear goals and strategies will be identified and prioritized. In January 2012 staff will prepare an implementation business plan identifying tasks for each strategy that was identified. The business plan will be then be incorporated as part of the budget so that resources are allocated to each strategy.

## ***MAJOR INITIATIVES***

### ***For the Year***

The budget format was changed for FY 2011-12, the first of many changes to come as the City moves to performance based budgeting. The City Council adopted the General Fund Budget FY 2011-12 which had a deficit of \$2 million dollars. Management has instituted a number of cost-saving measures to reduce expenditures, including employee concessions in pay and benefits, cost efficiencies improvements and reductions in discretionary service levels. Revenue projections were slightly higher than the previous year due partly to the passage Measure E.

The City also continued working on several projects, street resurface repairs and traffic pedestrian improvements. Projects completed during the year include the bicycle detection symbol, various street rehabilitation and maintenance projects.

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.

Several years ago, the City began to convert to server virtualization, 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. The Officers are trained as both police officers and firefighters as an effective way to provide a quick response to either structure fires or a crime event.

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.

In addition, the staff at the 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.

Development Services Department 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. 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.

Despite the reduction in staffing due to budgetary constraints, all City employees are committed to keeping our City safe and providing the highest quality of public service to our community.

### ***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. City 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.

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 which make up a total of 911 rooms. The largest property is the Doubletree Hotel, which offers convention and meeting facilities. The Hampton Inn captures 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 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 (GP). The GP 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 GP 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.

Recently, the City Council adopted an Economic Development Action Plan and on November 24, 2011 adopted a Strategic Plan for the City of Rohnert Park for 2012-2016.

### ***Departmental Focus***

Each year the City selects a department to highlight its efforts and accomplishments. In 2010-11, the Information Systems Department has been selected.

Over the past twenty years the City has been progressive in providing a level of technology to its employees, to assist them in providing a high level of service to its residents. This is mainly due to the successful efforts of the Information Systems Department.

The Information Systems Department oversees the major components of the cities Telephone, Radio, Television and Computer communications. This is done by employing a high speed Fiber-Optic network. The network joins twelve key facilities within the city. All telephones, printers and computers at these buildings are connected to the city network, providing access to critical resources for all city employees. Information Systems also oversees all connections and provides security on all city data transmissions, to and from the Internet.

The department administers all technologies and devices that touch the cities network. This would include a wide variety of city run systems. Systems that oversee our Police and Fire units, provide tickets at the Performing Arts Center, and even produce the data that is included in this report, along with many more. Technology provided by the cities IS department touches every employee and almost every function in some capacity. With the recent budget cuts and changes to staffing levels, the city uses technology to its advantage to keep city processes running smoothly in a most efficient and cost effective way.

The Information Systems Department is staffed by two full time employees along with part time staff. During past three years they has achieved several accomplishments, these included new city wide telephones systems and network upgrades. They successfully completed several projects that helped improve operating efficiency and lowered operating costs.

During the fiscal 2010-11 year the following are completed projects:

- a. Consolidation from five to two datacenters - Moved remote servers to centralized areas for easier support.
- b. Deployed a virtual desktop computer system that will help lower the overall cost of computers for the city. Replacing a large computer with a small black box that uses very little energy.
- c. Complete a server virtualization program that has saved energy, improve disaster recovery time and increase server uptime.
- d. Deployed a Citizen Request system to track all requests and assist Public Works connect with the residents more effectively.
- e. Assisted Public Safety with its new Radio Channel and Radio equipment roll out.

The following are some of the current projects:

- Upgrade of the city's Finance system along with the implementation of Electronic Time Card recording.
- Deployment of a new Building Permit System.
- Deployed a cost effective data storage solution. Goal is to increase server storage capacity within tight budget guidelines.
- Upgrade the Sports Center Class and the Performing Arts Center ticketing servers.
- Assist Public Works with their Water and Sewer control system server replacement.
- Enhance the Public Access television channel for the residents
- Replacing a third of the cities desktop computer fleet.
- Paperless Agendas in an effort to be more Greener and encourage a sustainable environment.

## **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. At time of adoption, the FY 12 budget had a deficit of approximately \$2 million dollars. The City continues to have severe cash flow problems and current projections indicate that the City's General Fund will exhaust all its available cash in eighteen months. To address this deficit and control its cash burn rate, the City has reduced expenditures through several cost-saving measures.

Instead of following past practice and selling off surplus assets to close the budget deficit, the City made a conscientious decision to live within its means. As mentioned earlier, the City engaged in the development of a strategic plan.



The strategic planning process began with an analysis of strengths, limitations, opportunities and threats (SLOT) by interviewing staff, focus groups and community representatives. Workshops with staff and City Council members developed goals, strategies, values, a vision, and a mission to complete the road map of a strategic plan for the City. The City is also adopted 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 fund 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.

### **OTHER INFORMATION**

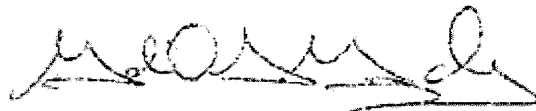
***Independent Audit.*** Management considers an annual audit by independent certified public accountants a sound and prudent business practice. The accounting firm of Vavrinek, Trine, Day Co., LLP performed the annual audit for the City during 2010-11. The independent auditor's report on the basic financial 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, 2010. This was the twenty-ninth 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,

A handwritten signature in black ink, appearing to read 'Gabriel A. Gonzalez', with a stylized flourish at the end.

Gabriel A. Gonzalez, ICMA-CM  
City Manager

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

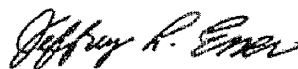
City of Rohnert Park  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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

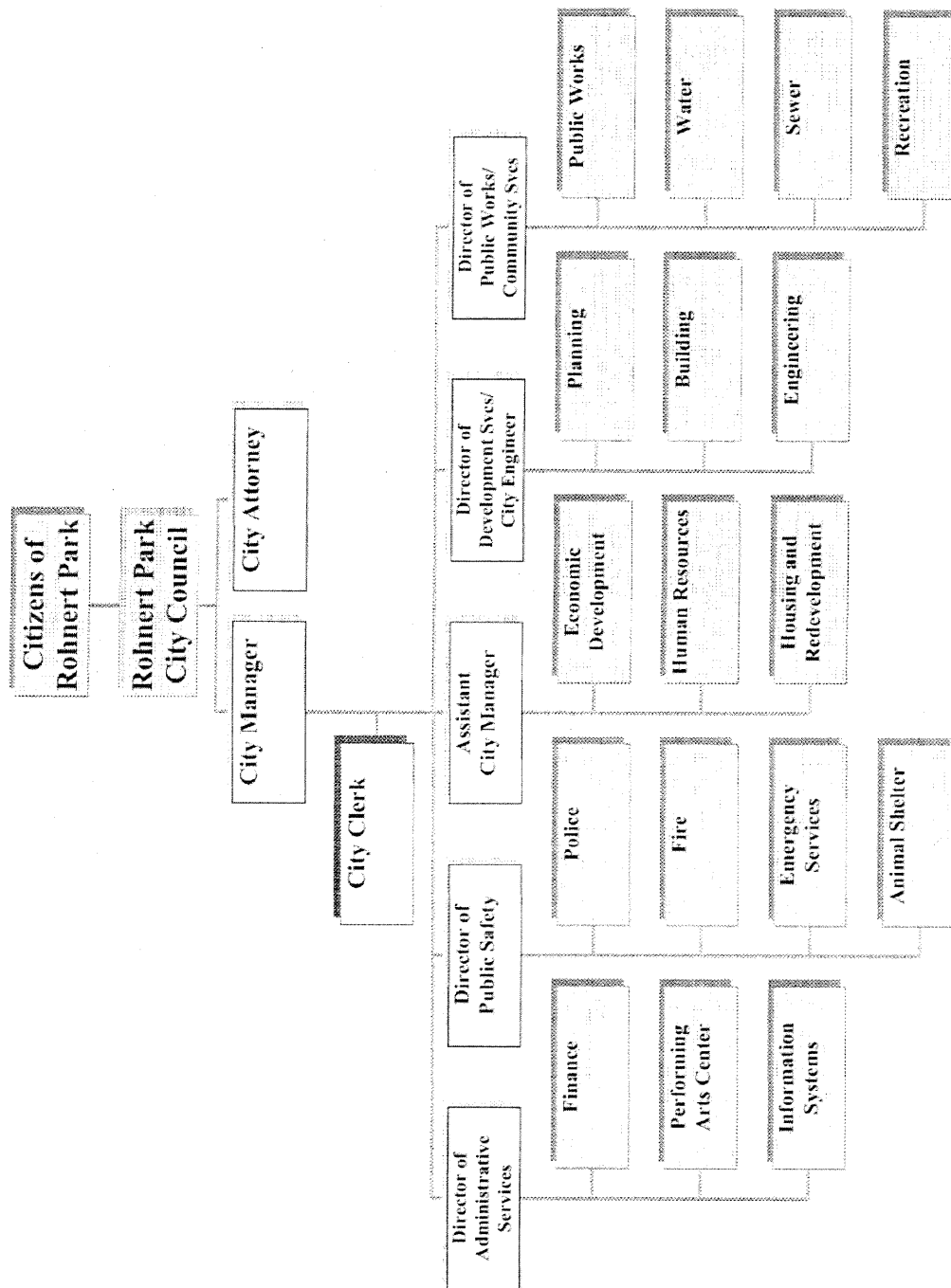


President



Executive Director

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## **CITY OF ROHNERT PARK**

### **LIST OF PRINCIPAL OFFICIALS FOR THE YEAR ENDED JUNE 30, 2011**

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#### **City Council**

Gina Belforte (Mayor)

Pam Stafford

Jake Mackenzie (Vice Mayor)

Joseph T. Callinan

Amy O. Ahanotu

#### **City Staff**

City Manager

Gabriel Gonzalez

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

Terri Griffin

#### **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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VAVRINEK, TRINE, DAY  
& COMPANY, LLP  
*Certified Public Accountants*

VALUE THE DIFFERENCE

## 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, 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, 2011, 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, each major fund, and the aggregate remaining fund information of the City of Rohnert Park as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Community Development Commission of the City of Rohnert Park (the Commission), will continue as a going concern. As discussed in Note 16 to the financial statements, the California Supreme Court upheld that Assembly Bill X1 26, which dissolves redevelopment agencies and redirects their property tax revenues, was constitutional. This event raises substantial doubt about the Commission's ability to continue as a going concern. Management's consideration of this matter is described in Note 16. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As described in the notes to the financial statements, the City has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Statements Omnibus*, effective July 1, 2010.

As explained further in Notes 13 and 16, the California State Legislature has enacted legislation that is intended to provide for the dissolution of redevelopment agencies in the State of California. The effects of this legislation are uncertain.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered 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 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 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.

*VarrineK, Trine, Day & Co., LLP*

Pleasanton, California  
December 31, 2011

**CITY OF ROHNERT PARK**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2011**

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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, 2011. 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 2010-11 fiscal year by \$86,162,571 (*net assets*). Of this amount, \$17,355,890 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors, \$17,346,572 is restricted for specific purposes (*restricted net assets*), and \$51,460,109 is invested in capital assets, net of related debt.
- The City's total net assets decreased by \$8,061,952 during the fiscal year. Business-type activities decreased by \$3,236,360, 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 \$3,427,408 due to the required recording of the unfunded other postemployment retirement benefits ("OPEB") cost of \$2,163,329, a reduction in property taxes of \$952,592, capital grants and contributions of \$765,178 and operating grants and contributions of \$355,144.
- The City's capital assets decreased by \$4,872,581 due to the reduction of non-depreciable assets to the closure of construction in progress projects.
- As of June 30, 2011, the City's governmental funds reported combined ending fund balances of \$58,089,648, a net increase of \$1,908,135. The increase relates primarily to reserved cash and investments. Approximately 48% of the combined fund balances, or \$27,762,210, is restricted to covers the City's needs.
- At the end of the fiscal year, fund balance for the General Fund was \$8,470,217. Of that \$3,592,593 is committed and \$1,567,135 is assigned.

**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.

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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 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.

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*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.

*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.

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**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, 2011 and June 30, 2010:

Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 64,429,709	\$ 64,157,282	\$ 21,345,766	\$ 23,263,592	\$ 75,719,750 (a)	\$ 77,365,149
Capital assets, net	78,109,599	82,982,180	34,538,046	36,190,539	112,647,645	119,172,719
Total assets	142,539,308	147,139,462	55,883,812	59,454,131	188,367,395	196,537,868
Current and other liabilities	4,176,405	5,189,133	11,785,804	11,620,005	5,906,484 (a)	6,753,413
Long-term liabilities	78,764,143	77,525,978	17,534,197	18,033,954	96,298,340	95,559,932
Total liabilities	82,940,548	82,715,111	29,320,001	29,653,959	102,204,824	102,313,345
Net assets:						
Invested in capital assets, net of related debt	25,958,726	45,009,673	25,501,383	27,364,564	51,460,109	72,374,237
Restricted	17,346,572	2,418,812	-	-	17,346,572	2,418,812
Unrestricted	16,293,462	16,995,866	1,062,428	2,435,608	17,355,889	19,431,474
Total net assets	\$ 59,598,760	\$ 64,424,351	\$ 26,563,811	\$ 29,800,172	\$ 86,162,570	\$ 94,224,523

(a) The total column for 2011 and 2010 includes the elimination of net advances between 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 \$86.2 million at the close of the current fiscal year. Total assets decreased by \$8.2 million during the year. This decrease is comprised of a decrease in current and other assets of \$1.6 million and a decrease in net capital assets of \$6.5 million. Capital assets, net of related debt decreased by \$20.9 million due to closure of construction in progress projects and unrestricted assets decreased by \$838,009. The restricted assets increased by \$14.9 million mainly due to prior year's bond defeasance of \$12.4 million from the 2007 Project Bonds.

Total liabilities decreased by \$108,521 during the year. This decrease is comprised of a decrease in current and other liabilities of \$864,929. The decrease in current and other liabilities primarily relates to a decrease in accounts payable of \$738,408. Long-term liabilities increased mainly due to an increase in OPEB liability of \$2.2 million.

A portion of the City's net assets (21%) represents *unrestricted net assets* of \$17.4 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 \$51.5 million (59%) 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.

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An additional portion of the City's net assets of \$17.3 million (20%) 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.

The following table indicates the comparative changes in net assets for governmental and business-type activities for fiscal year June 30, 2011 and 2010:

Statement of Activities				
	Governmental Activities		Business-type Activities	
	2011	2010	2011	2010
Revenues:				
Program revenues:				
Charges for services	\$ 3,763,920	\$ 3,659,218	\$ 20,400,854	\$ 20,136,787
Operating grants and contributions	2,441,258	2,796,402	-	-
Capital grants and contributions	408,794	2,257,720	192,260	235,742
General revenues:				
Property taxes	15,595,903	16,548,494	-	-
Franchise taxes	1,500,461	1,700,371	-	-
Other taxes	1,816,893	1,658,944	-	-
State contributions not restricted to specific programs:				
Sales taxes	8,237,144	5,735,600	-	-
Motor vehicle license fees	2,908,809	2,947,584	-	-
Investment income	1,347,397	2,538,119	109,075	168,124
Other	415,519	16,833	-	-
Total revenues	38,436,098	39,859,285	20,702,189	20,540,653
Expenses:				
General government	16,362,784	18,388,212	-	-
Public safety	15,455,098	16,930,100	-	-
Public works	3,416,001	4,228,872	-	-
Parks and recreation	3,659,993	3,650,692	-	-
Cultural Arts Center	417,011	646,355	-	-
Interest on long-term debt	3,695,712	5,939,204	-	-
Water	-	-	6,791,473	5,702,115
Sewer	-	-	12,071,585	11,252,707
Refuse collection	-	-	5,330,582	5,547,595
Total expenses	43,006,599	49,783,435	24,193,640	22,502,417
Excess (deficiency) before transfers	(4,570,501)	(9,924,150)	(3,491,451)	(1,961,764)
Transfers	(255,090)	(25,807)	255,090	25,807
Change in net assets	(4,825,591)	(9,949,957)	(3,236,361)	(1,935,957)
Net assets, beginning of year	64,424,351	74,374,308	29,800,172	31,736,129
Net assets, end of year	\$ 59,598,760	\$ 64,424,351	\$ 26,563,811	\$ 29,800,172

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**Governmental activities.** Governmental activities decreased the City's net assets by \$3,588,014.

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

- The City's governmental activities, Operating grants and contribution, revenues decreased by \$355,144 due to a lack of development activity and consequently less revenue in developer fees. Capital Grants and Contributions decreased by \$1,848,926 due to State and Federal grants for road projects.
- Governmental activities net assets decreased by \$4,825,591 due to the required recording of the unfunded other postemployment retirement benefits ("OPEB") cost of \$2,163,329 a reduction in property taxes of \$952,592, capital grants and contributions of \$1,848,926 and operating grants and contributions of \$355,144.
- The City's General Revenues decreased in the areas of property tax (\$952,591) as a result of the continued decline as a result of assessed housing valuations and in investment income (\$932,821) as a result of a decline in both idle cash and investment rates. Sales tax increased by \$2,501,544, due to the passage of Measure E, a half cent increase.
- Total expenses decreased by \$6,776,836. Operating expenses were reduced primarily in the areas of General Government, Public Safety, Public Works and Interest on long-term debt. GASB 45, the City recorded an OPEB unfunded liability expense of \$2,163,329 for retiree health and life insurance benefits, with the total OPEB unfunded liability at \$7,929,390 at June 30, 2011 (see Note 10 of notes to the financial statements)

**Business-type activities.** Business-type activities decreased the City's net assets by \$3,236,361. Key factors of this decrease are as follows:

- The Water Fund net assets decreased by \$282,856 as expenditures from operations exceeded revenues. Revenue from operations remained flat, while expenses increased by \$1,096,916 from the prior year due mainly to contractual services and payroll and related costs.
- The Sewer Fund net assets decreased by \$3,149,862 as expenditures from operations exceeded revenues. Revenues slightly increase by \$290,136 from prior year. Expenditures increased by \$827,399 from prior year due to payroll and related costs.
- The refuse collection net assets increased by \$196,357.

## **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.



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As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$58,089,649, a decrease of \$1,908,136 in comparison with the prior year. Of this total amount, \$22,614,232 constitutes *non-spendable*, which is advances to other funds and loans and notes receivable, \$27,420,311 is restricted, \$6,487,971 is committed and \$1,567,135 is assigned or is available for spending at the City's discretion. The *restricted fund balance* is *not* available for new spending because: 1) it is restricted for housing projects (\$13,606,983); 2) it is restricted for street projects (\$953,952); 3) it is restricted for community development projects (\$7,750,598); 4) it is restricted to pay debt service (\$3,748,841); 5) and general government parks, recreation health and safety (\$957,747).

For the fiscal year ended June 30, 2011, revenues for governmental funds totaled \$38,917,326, while expenditures totaled \$36,754,101. Revenues from governmental funds exceeded expenditures by \$2,163,226.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the non-spendable fund balance was \$2,382,742 for advances to other funds and loans and notes receivable. The restricted fund balance was \$957,747 for general government parks, recreation, health and safety. The committed fund balance was \$3,592,593 and assigned fund balance was \$1,567,135.

The fund balance in the City's General Fund decreased by \$867,428 during the fiscal year, primarily due to expenditures exceeding revenues and the continued structural deficit in the General Fund. Property tax decreased by \$952,592 due to reduced housing valuations. Investment earnings declined by \$932,821, as interest rates continued to decrease and reserves were used to cover the operating deficit. Expenditures decreased by \$6,702,764 through layoffs, attrition and negotiated salary reductions, as well as tight controls on materials, supplies and equipment. 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 60% are in salaries and benefits.

The Community Development Commission Capital Projects fund balance increased by \$2,667. The Housing Projects fund balance increased by \$536,159. The Financing Authority Fund balance increased by \$7,377. The City Capital Projects Fund balance increased by \$865,623 as projects were funded by Federal grant money.

***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 \$4,552,916, the Sewer Fund had an unrestricted net deficit of (\$4,646,171), and the Refuse Collection Fund had unrestricted net assets of \$1,155,683.

The total decrease in net assets for proprietary funds was \$3,236,361 from prior year. 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 \$33,000 due to receiving \$15,354 in State monies.

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**Other Post Employment Benefits (OPEB) trust fund**

In accordance with GASB Statement 45, the City updated the actuarial valuation for employee benefit costs as of July 1, 2010 for fiscal year 2010/2011. This actuarial report included the annual required contribution (ARC) amount for the Water and Sewer funds separately from the General Fund obligation. The report also assumed that for the water and sewer funds, the full ARC will be contributed into an irrevocable trust. Over the past three years, the City has collected \$697,594 combined from the Water and Sewer funds and the dollars currently are being held in the General Fund Retiree Medical Reserve. The City's current practice is to "pay-as-you go" from the General Fund to cover the cost of the existing retiree healthcare benefits.

At the May 10, 2011 budget work session, the City Council directed staff to adopt a 20-year phase-in plan to set aside monies for the General Fund OPEB. To fund its OPEB obligations, the City entered into an agreement with California Public Employer Retiree System (CalPERS) to provide California Employer's Retiree Benefit trust (CERBT) services in June of 2011.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The 2010-11 budget highlights of the budget are:

- Total operating revenues were budgeted at \$20.9 million, relatively flat to the 2009-10 budget. Most revenue projections were close to budget, however, certain revenue streams performed better than budget. Sales tax was \$752,354 over budget, mainly due to the passage of Measure E, a half cent sales tax. Transient occupancy was \$147,659 over budget. Both revenue streams are indicators that the economy is in a very slow recovery.
- Total expenditures (including enterprise fund and Community Development Commission allocations) were budgeted at \$24.9 million, a decrease of \$1.3 million over the previous year's budget. The City made a concerted effort to reduce departmental operating budgets to the minimum requirements to provide the current level of service, as well as negotiate salary reductions for all employees. Total expenditures were under budget by \$2,074,507 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 \$2.6 million; however, primarily due to expenditures being below budget, total performance of the general fund had a positive variance of approximately \$1.7 million as compared to the budget.

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**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, 2011, amounted to \$112,647,645 (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 \$13.8 million. Projects in progress include: American Recovery Act Street Maintenance (\$1,291,004); Water Supply Assessment Project (\$1,321,770); Citywide Street Overlays (\$159,508); Community Center Fountain Plaza Development (\$47,503); Southwest Boulevard Affordable Housing (\$119,020); Corridor Improvements (\$129,534); Performing Art Center, Sports & Community Service Retrofit (\$16,391) and other miscellaneous projects. In total, \$125,521 was spent on open projects, while \$13.8 million of completed projects were transferred to structures and improvements. During the year, the City transferred \$8.7 million for City Hall, \$35,970 for the 2010 Jobs Act Street Maintenance, \$626,928 for the 2008 Various Streets Surface Repair, \$3.3 million for the City Center Plaza, \$989,526 for Purchase of Southwest Station, \$134,296 for Stadium Lands Wetlands Elimination, and various street widening projects, and a few miscellaneous projects.
- For business-type activities, construction in progress decreased by a net of \$1,083,047, transferred \$701,636 for Canon Manor, \$300,758 for Cathodic Protection Tanks 3 & 4 and \$175,723 for 101/Wilfred Water Vault Relocation. The City also worked on the Commercial Meter Install Phase II project and spent \$18,696 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.

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) Percent of Change
	2011	2010	2011	2010	2011	2010	
Land and easements	\$ 8,564,276	\$ 8,564,276	\$ -	\$ -	\$ 8,564,276	\$ 8,564,276	0.0%
Infrastructure, structures and improvements	132,812,452	119,671,072	47,106,351	45,806,679	179,918,803	165,477,751	8.7%
Equipment	14,157,457	13,561,200	2,787,678	2,787,678	16,945,135	16,348,878	3.6%
Construction in progress	4,151,550	17,876,419	3,408,393	4,491,440	7,559,943	22,367,859	-66.2%
Accumulated depreciation	(81,576,136)	(76,690,787)	(18,764,376)	(16,895,258)	(100,340,512)	(93,586,045)	7.2%
Total	<u>\$ 78,109,599</u>	<u>\$ 82,982,180</u>	<u>\$ 34,538,046</u>	<u>\$ 36,190,539</u>	<u>\$ 112,647,645</u>	<u>\$ 119,172,719</u>	<u>-5.5%</u>

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

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

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**Debt Administration**

At June 30, 2011, the City had total long-term debt outstanding of \$87,012,311, excluding compensated absences, which was comprised of \$15,414,662 of certificates of participation, \$5,261,792 of lease revenue refunding bonds, \$59,909,749 of tax allocation bonds, \$5,579,535 of water revenue bonds and \$846,573 of capital leases. Long-term debt decreased by \$1,441,589 due to principal payments made during the year on the outstanding 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, 2010, the City's debt limit (15% of assessed valuation) was \$564 million. At June 30, 2011, the City did not have any debt applicable to the limit outstanding.

	Governmental activities		Business-type activities		Total		Increase/ (Decrease) Percent of Change
	2011	2010	2011	2010	2011	2010	
Certificates of participation	\$3,460,000	\$3,635,000	\$11,954,662	\$12,227,272	\$15,414,662	\$15,862,272	-2.8%
Lease revenue refunding bonds including discount and deferred loss on refunding	5,261,792	5,513,951	-	-	5,261,792	5,513,951	-4.6%
Tax allocation bonds, including accretion, premium and deferred loss on refunding	59,909,749	60,288,890	-	-	59,909,749	60,288,890	-0.6%
Water revenue bonds, net of discount	-	-	5,579,535	5,806,682	5,579,535	5,806,682	-3.9%
Capital leases	846,573	982,105	-	-	846,573	982,105	-13.8%
Total	<u>\$ 69,478,114</u>	<u>\$ 70,419,946</u>	<u>\$ 17,534,197</u>	<u>\$ 18,033,954</u>	<u>\$ 87,012,311</u>	<u>\$ 88,453,900</u>	<u>-1.6%</u>

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

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

- The Sonoma County recovery has slowed. Job growth has ground to a near halt despite the recent decline in the unemployment rate. Jobs are being added consistently in just one of the county's core industries—education/healthcare. Job gains in other industries have been smaller or more volatile over the last year. More signs of weakness are evident in residential real estate markets, which have surrendered the modest gains of last year. House prices will decline further until reaching a bottom by the middle of 2012. Mortgage delinquency and foreclosure rates are slowly falling but remain close to record-high levels. The county's housing market will not reach a bottom until 2012. Despite these recent setbacks, the Sonoma County recovery will reaccelerate over the coming year as these imbalances begin to fade away. As the labor market improves, housing demand will improve, with record-high affordability. Further, Sonoma County's technology-producing industries will be supported by business investment spending. Over the long term, the county's various food, beverage and tech R&D industries will expand, supplemented by a travel and tourism industry with broader offerings in health and lifestyle and a workforce that is highly skilled and innovative.

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- Since the beginning of 2008, Sonoma County's unemployment rate has exceeded the U.S. rate and the gap has grown to 1 full percentage point in recent months. The unemployment rate has already peaked and will fall further approaching the U.S. rate by the middle of 2012. After strengthening in the fourth quarter of last year, job growth in the first four months of 2011 has been very weak. Job gains in education, healthcare and retailing have been nearly offset by manufacturing layoffs. Other industries such as construction and leisure/hospitality have experienced slowing growth or slight declines in recent months.
- Similarly, hotel occupancy rates in the county increased by more than 4 percentage points to almost 57% in the first four months of the year, according to PKF Consulting, outpacing nearly all other Northern California markets. The average daily room rate in county hotels increased by more than 4% in April from a year earlier, reflecting the end of earlier rate discounting in order to fill rooms.
- Sonoma County's economic recovery will take firmer hold in the near term. The pace of improvements in the economy will increase in the second half of 2011 and into 2012 as improved macroeconomic factors begin to fully support Sonoma County's basic industry clusters. Recovering consumer spending will support the hospitality industry and will strengthen domestic wine consumption. More confident consumers will combine with slowing but still-healthy business investment spending to drive the county's technology-producing industries.
- Stronger growth in 2012 will generate broader demand for a range of business, personal and creative services. The improvement in the local economy should be evident in accelerated job growth by the beginning of next year. The following sections will illustrate trends in four of the leading industries that drive the Sonoma County economy.
- Information obtained from the Bay Area Real Estate Information Service (BAERIS) provides information about residential properties for the combined markets of Rohnert Park and Cotati. Historical data shows that home prices peaked in 2004 at a median price of \$515,000 and have since declined. In 2008 prices leveled at a median price of \$298,000, but in 2009 experienced another sharp decline of 21% to a median price of \$235,000. Housing prices over the past two years are the lowest they have been since before 1999. The 2010 median home price was \$199,000, a decline of 15% from 2009. BAREIS shows that recent home sales through the second quarter of 2011 have increased slightly and have reached an average sale price of \$211,777 within the Rohnert Park/Cotati market.
- Property taxes decreased by 6% from the prior year due to valuations from the County Assessor's Office.
- Sales in Rohnert Park increased by \$2.5 million, or 43% over the prior year, mainly due to the successful passage of a half-cent sales tax measure, which was effective October 1, 2010 for a period of five years. For two consecutive years, the, 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 2011-12 is \$6.9 million, which includes \$2.4 million from the new measure which reflects a full year of the half cent increase. 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 (37%), the City has developed an economic development plan and will be focused on implementing facets of the plan in fiscal year 2011-12, 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, 2011**

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- To address the structural deficit created by the dramatic decline in revenues, the City reduced operating expenses by \$2.4 million, primarily through layoffs and attrition, while still delivering the core essential services. 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 2011 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 has completed a strategic plan in October of 2011 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 2012.

**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.

# CITY OF ROHNERT PARK

## STATEMENT OF NET ASSETS JUNE 30, 2011

	Primary Government			
	Governmental Activities	Business- type Activities	Eliminations	Total
<b>ASSETS</b>				
Cash and investments	\$ 15,336,270	\$ 9,489,864	\$ -	\$ 24,826,134
Receivables, net of allowance	3,579,853	3,155,372	-	6,735,225
Prepaid items and other assets	154,540	-	-	154,540
Restricted cash and investments	24,262,006	8,260,618	-	32,522,624
Loans and notes receivable, net	9,612,594	-	-	9,612,594
Advances to Enterprise Fund	10,055,725	-	(10,055,725)	-
Deferred costs of issuance	1,428,721	439,912	-	1,868,633
Capital assets:				
Nondepreciable assets	12,715,826	3,408,393	-	16,124,219
Depreciable assets, net of accumulated depreciation	65,393,773	31,129,653	-	96,523,426
Total assets	142,539,308	55,883,812	(10,055,725)	188,367,395
<b>LIABILITIES</b>				
Accounts payable	1,209,124	1,081,683	-	2,290,807
Accrued liabilities	852,567	-	-	852,567
Deposits	415,498	544,536	-	960,034
Advances from CDC	-	10,055,725	(10,055,725)	-
Unearned revenue	443,935	-	-	443,935
Interest payable	1,255,281	103,860	-	1,359,141
Long-term liabilities:				
Net OPEB liability (Note 10)	7,929,390	-	-	7,929,390
Debt due within one year	2,070,505	519,758	-	2,590,263
Debt due in more than one year	68,764,248	17,014,439	-	85,778,687
Total liabilities	82,940,548	29,320,001	(10,055,725)	102,204,824
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	25,958,726	25,501,383	-	51,460,109
Restricted for:				
Housing projects	10,573,191	-	-	10,573,191
Street projects	2,456,991	-	-	2,456,991
Community development projects	83,111	-	-	83,111
Debt service	2,967,428	-	-	2,967,428
Performing Arts Center Endowment (nonexpendable)	1,265,851	-	-	1,265,851
Unrestricted	16,293,462	1,062,428	-	17,355,890
Total net assets	\$ 59,598,760	\$ 26,563,811	\$ -	\$ 86,162,571

# CITY OF ROHNERT PARK

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2011

FUNCTION/PROGRAM ACTIVITIES:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 16,362,784	\$ 1,076,171	\$ 71,408	\$ -
Public safety	15,455,098	592,952	318,036	-
Public works	3,416,001	474,124	2,051,814	408,794
Parks and recreation	3,659,993	1,319,042	-	-
Cultural Arts Center	417,011	301,631	-	-
Interest on long-term debt	3,695,712	-	-	-
Total governmental activities	43,006,599	3,763,920	2,441,258	408,794
Business-type activities:				
Water	6,791,473	6,466,678	-	-
Sewer	12,071,585	8,407,237	-	192,260
Refuse Collection	5,330,582	5,526,939	-	-
Total business-type activities	24,193,640	20,400,854	-	192,260
Total primary government	\$ 67,200,239	\$ 24,164,774	\$ 2,441,258	\$ 601,054

### 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  
 Other  
 Transfers

Total general revenues and transfers

Change in net assets

NET ASSETS, BEGINNING OF YEAR,

NET ASSETS, END OF YEAR



Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business- type Activities	Total
\$ (15,215,205)	\$ -	\$ (15,215,205)
(14,544,110)	-	(14,544,110)
(481,269)	-	(481,269)
(2,340,951)	-	(2,340,951)
(115,380)	-	(115,380)
(3,695,712)	-	(3,695,712)
(36,392,627)	-	(36,392,627)
-	(324,795)	(324,795)
-	(3,472,088)	(3,472,088)
-	196,357	196,357
-	(3,600,526)	(3,600,526)
(36,392,627)	(3,600,526)	(39,993,153)
15,595,903	-	15,595,903
1,500,461	-	1,500,461
1,747,659	-	1,747,659
69,234	-	69,234
8,237,144	-	8,237,144
2,908,809	-	2,908,809
1,347,397	109,075	1,456,472
415,519	-	415,519
(255,090)	255,090	-
31,567,036	364,165	31,931,201
(4,825,591)	(3,236,361)	(8,061,952)
64,424,351	29,800,172	94,224,523
<u>\$ 59,598,760</u>	<u>\$ 26,563,811</u>	<u>\$ 86,162,571</u>

See accompanying notes to the basic financial statements.

# CITY OF ROHNERT PARK

## BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2011

ASSETS	Community Development Commission							Total
	General	Capital Projects	Housing Projects	Debt Service	Financing Authority	City Capital Projects	Other Governmental Funds	
Cash and investments	\$ 6,477,526	\$ 2,722,614	\$ 422,771	\$ -	\$ -	\$ -	\$ 5,713,359	\$ 15,336,270
Receivables, net:								
Taxes	2,012,543	-	-	-	-	-	15,152	2,027,695
Accounts	554,577	-	-	-	-	-	788,590	1,488,265
Accrued interest	56,829	5,960	1,104	-	-	-	145,098	63,893
Due from other funds	306,159	-	14,627	-	-	-	-	320,786
Prepaid items and other assets	154,540	-	-	-	-	-	-	154,540
Restricted cash and investments	-	7,170,554	13,342,611	2,967,428	781,413	-	-	24,262,006
Loans and notes receivable, net	153,202	-	9,459,392	-	-	-	-	9,612,594
Advances to other funds	2,075,000	10,344,225	-	-	-	-	-	12,419,225
	<u>\$ 11,790,376</u>	<u>\$ 20,243,353</u>	<u>\$ 23,240,505</u>	<u>\$ 2,967,428</u>	<u>\$ 781,413</u>	<u>\$ 788,590</u>	<u>\$ 5,873,609</u>	<u>\$ 65,685,274</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 926,371	\$ 54,558	\$ 169,785	\$ -	\$ -	\$ 58,410	\$ -	\$ 1,209,124
Accrued liabilities	852,567	-	-	-	-	-	-	852,567
Due to other funds	-	18,972	4,345	-	-	283,130	14,339	320,786
Deposits	415,498	-	-	-	-	-	-	415,498
Deferred revenue	837,223	-	837,978	-	-	758,950	-	2,434,151
Advances from other funds	288,500	2,075,000	-	-	-	-	-	2,363,500
	<u>3,320,159</u>	<u>2,148,530</u>	<u>1,012,108</u>	<u>-</u>	<u>-</u>	<u>1,100,490</u>	<u>14,339</u>	<u>7,595,626</u>
<b>FUND BALANCES (DEFICIT)</b>								
Nonspendable	2,382,742	10,344,225	8,621,414	-	-	-	1,265,851	22,614,232
Restricted	927,747	7,750,598	13,606,983	2,967,428	781,413	-	1,698,041	27,732,210
Committed	3,592,593	-	-	-	-	-	2,895,378	6,487,971
Assigned	1,567,135	-	-	-	-	-	-	1,567,135
Unassigned	-	-	-	-	-	(311,900)	-	(311,900)
Total fund balances (deficit)	<u>8,470,217</u>	<u>18,094,823</u>	<u>22,228,397</u>	<u>2,967,428</u>	<u>781,413</u>	<u>(311,900)</u>	<u>5,859,270</u>	<u>58,089,648</u>
Total liabilities and fund balances	<u>\$ 11,790,376</u>	<u>\$ 20,243,353</u>	<u>\$ 23,240,505</u>	<u>\$ 2,967,428</u>	<u>\$ 781,413</u>	<u>\$ 788,590</u>	<u>\$ 5,873,609</u>	<u>\$ 65,685,274</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, 2011

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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)	\$	58,089,648
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		78,109,298
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.		301
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.		1,990,216
Costs of issuance are capitalized on the government-wide statement of net assets, whereas, they are reported as expenditures in the governmental funds.		1,428,721
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.		(1,255,281)
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	\$	(7,929,390)
Certificates of participation		(8,818,694)
Tax allocation bonds, net (including accreted interest)		(59,812,847)
Capital leases		(846,573)
Compensated absences		(1,356,639)
		<u>(78,764,143)</u>
Net assets of governmental activities (page F-15)	\$	<u>59,598,760</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, 2011

REVENUES	Community Development Commission							Total
	General	Capital Projects	Housing Projects	Debt Service	Financing Authority	City Capital Projects	Other Governmental Funds	
Taxes	\$ 14,233,608	\$ 12,388,589	\$ -	\$ -	\$ -	\$ -	\$ 528,204	\$ 27,150,401
Intergovernmental	3,393,688	949,932	-	-	-	376,400	1,394,378	6,114,398
Interest and rentals	887,721	514,788	645,167	37,841	6	-	61,251	2,146,774
Charges for current services	1,797,129	-	-	-	-	211,607	-	2,008,736
Licenses, permits and fees	827,022	-	-	-	-	-	61,380	888,402
Fines, forfeitures and penalties	146,940	-	-	-	-	-	-	146,940
Donations and miscellaneous	768,210	-	-	-	-	-	(250,000)	518,210
Total revenues	22,054,318	13,853,309	645,167	37,841	6	588,007	1,795,213	38,973,861
<b>EXPENDITURES</b>								
Current:								
General government	4,830,147	8,086,079	968,034	-	-	-	30,071	13,914,331
Public safety	14,687,085	-	-	-	-	-	-	14,687,085
Public works	656,650	-	-	-	-	-	-	656,650
Parks and recreation	2,270,907	-	-	-	-	-	-	2,270,907
Cultural arts center	417,011	-	-	-	-	-	-	417,011
Capital outlay	49,443	63,035	119,020	-	-	-	-	231,498
Debt service:								
Principal	-	-	-	1,200,000	430,000	-	135,532	1,765,532
Interest and fiscal charges	-	426,396	-	1,993,280	408,609	-	39,337	2,867,622
Total expenditures	22,911,243	8,575,510	1,087,054	3,193,280	838,609	-	204,940	36,810,636
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(856,925)	5,277,799	(441,887)	(3,155,439)	(838,603)	588,007	1,590,273	2,163,225
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	1,724,627	49,718	2,173,879	4,346,804	845,980	636,236	429,114	10,206,358
Transfers out	(1,735,130)	(5,324,850)	(1,195,833)	-	-	(358,621)	(1,847,014)	(10,461,448)
Total other financing sources (uses)	(10,503)	(5,275,132)	978,046	4,346,804	845,980	277,615	(1,417,900)	(255,090)
NET CHANGE IN FUND BALANCES	(867,428)	2,667	536,159	1,191,365	7,377	865,622	172,373	1,908,135
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	9,337,645	18,092,156	21,692,238	1,776,063	774,036	(1,177,522)	5,686,897	56,181,513
FUND BALANCES (DEFICIT), END OF YEAR	\$ 8,470,217	\$ 18,094,823	\$ 22,228,397	\$ 2,967,428	\$ 781,413	\$ (311,900)	\$ 5,859,270	\$ 58,089,648

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, 2011

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

Net change in fund balances - total governmental funds (page F-18)	\$ 1,908,135
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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	\$ 176,716	
Basis in capital assets sold	(366)	
Depreciation	<u>(5,046,279)</u>	(4,869,929)

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.	(541,268)
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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.

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	\$ 1,200,000	
Certificates of participation	430,000	
Capital leases	<u>135,532</u>	1,765,532

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	\$ (2,162,329)	
Amortization of deferred costs of issuance	(77,323)	
Change in accrued interest payable	(4,390)	
Amortization of premium, discount and deferred amount on refunding	3,524	
Interest accretion on capital appreciation bonds	(827,224)	
Change in long-term compensated absences	<u>(17,668)</u>	(3,085,410)

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.

(2,651)

Change in net assets of governmental activities (page F-17)	<u><u>\$ (4,825,591)</u></u>
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# CITY OF ROHNERT PARK

## STATEMENT OF FUND NET ASSETS PROPRIETARY FUNDS JUNE 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activity
	Water	Sewer	Refuse Collection	Total	Internal Service
<b>ASSETS</b>					
Current assets:					
Cash and investments:					
Operating	\$ 3,885,456	\$ 4,510,370	\$ 1,094,038	\$ 9,489,864	\$ -
Held for capital improvements	3,251,879	4,805,743	-	8,057,622	-
Deposits	60,899	91,348	50,749	202,996	-
Total cash and investments	7,198,234	9,407,461	1,144,787	17,750,482	-
Due from other funds	-	-	-	-	-
Accounts receivable	1,033,200	1,323,986	798,186	3,155,372	-
Total current assets	8,231,434	10,731,447	1,942,973	20,905,854	-
Noncurrent assets:					
Deferred costs of issuance	157,604	282,308	-	439,912	-
Capital assets:					
Structures and improvements	13,674,362	33,431,988	-	47,106,350	-
Furniture, fixtures and equipment	1,795,967	986,204	5,510	2,787,681	93,110
Construction in progress	2,949,004	459,389	-	3,408,393	-
Total capital assets	18,419,333	34,877,581	5,510	53,302,424	93,110
Less: accumulated depreciation	(10,415,279)	(8,346,889)	(2,210)	(18,764,378)	(92,809)
Net capital assets	8,004,054	26,530,692	3,300	34,538,046	301
Total noncurrent assets	8,161,658	26,813,000	3,300	34,977,958	301
Total assets	16,393,092	37,544,447	1,946,273	55,883,812	301
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	293,848	51,076	736,762	1,081,686	-
Interest payable	58,687	45,173	-	103,860	-
Deposits	74,104	419,901	50,528	544,533	-
Advances from CDC	-	10,055,725	-	10,055,725	-
Bonds payable	237,146	282,612	-	519,758	-
Total current liabilities	663,785	10,854,487	787,290	12,305,562	-
Noncurrent liabilities:					
Bonds payable	5,342,391	11,672,048	-	17,014,439	-
Total liabilities	6,006,176	22,526,535	787,290	29,320,001	-
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	5,834,000	19,664,083	3,300	25,501,383	301
Unrestricted	4,552,916	(4,646,171)	1,155,683	1,062,428	-
Total net assets	\$ 10,386,916	\$ 15,017,912	\$ 1,158,983	\$ 26,563,811	\$ 301

See accompanying notes to the basic financial statements.

# CITY OF ROHNERT PARK

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activity
	Water	Sewer	Refuse Collection	Total	Internal Service
<b>OPERATING REVENUES:</b>					
Utility service charges	\$ 6,360,484	\$ 8,179,627	\$ 5,481,045	\$ 20,021,156	\$ -
Charges for services	-	-	-	-	510,594
Penalties and other	106,194	227,610	45,894	379,698	-
Total operating revenues	6,466,678	8,407,237	5,526,939	20,400,854	510,594
<b>OPERATING EXPENSES:</b>					
Contractual services	2,137,540	75,665	5,289,372	7,502,577	-
Rent and leases	10,028	8,167,399	-	8,177,427	-
Payroll and related costs	2,275,861	1,394,370	-	3,670,231	-
Heat, light and power	246,951	70,006	-	316,957	-
Other	548,041	369,331	15,223	932,595	-
Depreciation	747,673	1,120,340	1,105	1,869,118	2,651
Repairs, operations and maintenance	221,460	107,698	-	329,158	510,594
Professional services	177,925	167,515	24,882	370,322	-
Supplies	176,800	37,556	-	214,356	-
Total operating expenses	6,542,279	11,509,880	5,330,582	23,382,741	513,245
OPERATING INCOME (LOSS)	(75,601)	(3,102,643)	196,357	(2,981,887)	(2,651)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	41,939	67,136	-	109,075	-
Interest expense	(249,194)	(561,705)	-	(810,899)	-
Total nonoperating revenues (expenses)	(207,255)	(494,569)	-	(701,824)	-
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	(282,856)	(3,597,212)	196,357	(3,683,711)	(2,651)
Capital contributions	-	192,260	-	192,260	-
Transfers In	137,400	327,590	-	464,990	-
Transfers out	(137,400)	(72,500)	-	(209,900)	-
CHANGE IN NET ASSETS	(282,856)	(3,149,862)	196,357	(3,236,361)	(2,651)
<b>NET ASSETS, BEGINNING OF YEAR</b>	10,669,772	18,167,774	962,626	29,800,172	2,952
<b>NET ASSETS, END OF YEAR</b>	\$ 10,386,916	\$ 15,017,912	\$ 1,158,983	\$ 26,563,811	\$ 301

See accompanying notes to the basic financial statements.

# CITY OF ROHNERT PARK

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2011

	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	\$ 6,453,434	\$ 8,256,853	\$ 5,530,464	\$ 20,240,751	\$ 510,594
Cash paid to suppliers for goods and services	(3,401,725)	(8,953,960)	(5,332,857)	(17,688,542)	(510,594)
Cash paid to employees for services	(2,275,861)	(1,394,370)	-	(3,670,231)	-
Net cash provided by (used in) operating activities	775,848	(2,091,477)	197,607	(1,118,022)	-
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	137,400	327,590	-	464,990	-
Transfers out	(137,400)	(72,500)	-	(209,900)	-
Net cash provided by (used in) noncapital financing activities	-	255,090	-	255,090	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Payment on capital debt	(229,999)	(265,000)	-	(494,999)	-
Interest paid on capital debt	(238,285)	(558,741)	-	(797,026)	-
Acquisition of capital assets	(23,009)	(193,615)	(1)	(216,625)	-
Contributions from developers and other agencies	-	192,260	-	192,260	-
Net cash provided by (used in) capital and related financing activities	(491,293)	(825,096)	(1)	(1,316,390)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	41,939	67,136	-	109,075	-
Net cash provided by investing activities	41,939	67,136	-	109,075	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	326,494	(2,594,347)	197,606	(2,070,247)	-
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	6,871,740	12,001,808	947,181	19,820,729	-
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 7,198,234</u>	<u>\$ 9,407,461</u>	<u>\$ 1,144,787</u>	<u>\$ 17,750,482</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (75,601)	\$ (3,102,643)	\$ 196,357	\$ (2,981,887)	\$ (2,651)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	747,673	1,120,340	1,105	1,869,118	2,651
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	(17,768)	(156,136)	329	(173,575)	-
Increase (decrease) in accounts payable	117,020	41,210	(3,380)	154,850	-
Increase (decrease) in deposits	4,524	5,752	3,196	13,472	-
Net cash provided by (used in) operating activities	<u>\$ 775,848</u>	<u>\$ (2,091,477)</u>	<u>\$ 197,607</u>	<u>\$ (1,118,022)</u>	<u>\$ -</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>					
Amortization of premiums (discounts)	<u>\$ (2,854)</u>	<u>\$ 7,612</u>	<u>\$ -</u>	<u>\$ 4,758</u>	<u>\$ -</u>

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, 2011**

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### **ASSETS**

Cash and investments	\$ 137,975
Accounts receivable	<u>13,760</u>
Total Assets	151,736

### **LIABILITIES**

Accounts payable	<u>64,318</u>
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<b>NET ASSETS</b>	<u><u>\$ 87,418</u></u>
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<sup>6</sup>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 JUNE 30, 2011**

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#### **ADDITIONS**

Interest and rentals	\$ 1,289
Seizures and forfeitures	<u>35,177</u>
	36,466

#### **DEDUCTIONS**

Law enforcement costs	<u>3,466</u>
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#### **CHANGE IN NET ASSETS**

33,000

#### **NET ASSETS:**

BEGINNING OF THE YEAR	<u>54,418</u>
END OF YEAR	<u><u>\$ 87,418</u></u>

<sup>6</sup>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, 2011

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#### NOTE 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. The City believes that success in increasing revenues and controlling costs is achievable, and that available cash and cash equivalents will provide

## CITY OF ROHNERT PARK

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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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.

## CITY OF ROHNERT PARK

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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- 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.

## CITY OF ROHNERT PARK

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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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.

## CITY OF ROHNERT PARK

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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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 using the purchase method 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

## CITY OF ROHNERT PARK

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

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

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

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

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

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.



## CITY OF ROHNERT PARK

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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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.

#### NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

##### *Fund Deficits*

At June 30, 2011, the City Capital Projects fund had a deficit fund balance of \$311,900 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.

#### NOTE 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	\$ 24,826,135
Restricted	32,522,624
Private-purpose Trust Fund	<u>137,975</u>
Total cash and investments	<u><u>\$ 57,486,734</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, 2011, the carrying value of the City's deposits and cash on hand was \$4,972,860. 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.

# CITY OF ROHNERT PARK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

### *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 45% of its investments in maturities of less than 1 year in order to take advantage of anticipated rising interest rates.

As of June 30, 2011, 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	\$ 5,505,900	\$ -	\$ -	\$ 5,505,900	AAA
Certificates of Deposit	2,004,162	-	-	2,004,162	Not rated
Certificates of Deposit	1,072,000	1,072,000	-	-	Not rated
State Local Agency Investment Fund	18,090,528	18,090,528	-	-	Not rated
Sonoma County Investment Pool	166,439	-	166,439	-	Not rated
Guaranteed investment contracts	18,713,342	-	-	18,713,342	Not rated
Money market funds	2,751,360	2,751,360	-	-	AAAm
	<u>\$ 48,303,731</u>	<u>\$ 21,913,888</u>	<u>\$ 166,439</u>	<u>\$ 26,223,404</u>	

## **CITY OF ROHNERT PARK**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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As of June 30, 2011, the City's investment in LAIF was \$18,090,528, which has a weighted average maturity of 207 days. The total amount invested by all public agencies in LAIF at that date is approximately \$23.9 billion. The City's proportionate share of structured notes and asset-backed securities held by the LAIF was \$559,052 or 8.2% 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, 2011, the City's investment in the County's Pool was \$166,439, which has a weighted average maturity of 751 days. The total amount invested by the County's Pool at that date is approximately \$1.8 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 (39%).

#### **NOTE 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, 2011, the outstanding balance owed to the City was \$135,290, 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 \$3,036,523 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 (\$802,543) 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 \$757,900. Additionally, the Commission has established an allowance of \$476,580 related to accrued interest on the Muirfield loan. Interest amounting to \$837,979 on the Commission's other loans and notes receivable is reported as deferred revenue in the fund financial statements.

## **CITY OF ROHNERT PARK**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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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 \$332,500 at June 30, 2011.

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 \$4,466,539 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 in 2008-09. 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 \$1,745,876 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, 2011, 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 \$1,242,510 related to this loan is included in loans and notes receivable on the accompanying financial statements.

## **CITY OF ROHNERT PARK**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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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 \$476,580 at June 30, 2011.

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 \$139,900 at June 30, 2011.

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 \$618,800 at June 30, 2011.

On April 2007, the Commission was awarded \$600,000 of funding for an owner occupied rehabilitation loan program through the CalHome program which is administered by California Department of Housing and Community Development ("HCD"). The Sonoma County Community Development Commission ("SCCDC") was also awarded \$600,000 of CalHome funding and will be administering the City CalHome program. The loans are deferred payment loans that have a 30 year term with 3% simple interest. As SCCDC request funds, the City draws against the awarded money. As of June 2011 the City recorded \$242,099 CalHome loans.

# CITY OF ROHNERT PARK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

### NOTE 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, 2011, the unavailable and unearned revenues reported were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
<b>Governmental activities:</b>			
Major funds:			
General Fund:			
Due from governmental agencies	\$ 257,998	\$ -	\$ 257,998
Courseco loan receivable	135,290	-	135,290
Parks and recreation and other advances	-	203,935	203,935
RP Refuse contract extension fee	-	240,000	240,000
City Capital Projects Fund -	758,950	-	758,950
Housing Projects Fund:			
Housing loans	837,978	-	837,978
Total governmental activities	<u>\$ 1,990,216</u>	<u>\$ 443,935</u>	<u>\$ 2,434,151</u>

### NOTE 6 - INTERFUND TRANSACTIONS

*Interfund Receivables/Payables* - The composition of interfund balances as of June 30, 2011 was as follows:

<u>Fund reporting receivable</u>	<u>Fund reporting payable</u>	<u>Amount</u>
<b>Due to/from other funds:</b>		
General Fund	SLESF Fund	\$ 14,339
	City Capital Projects Fund	283,130
	CDC Capital Projects Fund	4,345
	CDC Housing Projects Fund	4,345
CDC Housing Projects Fund	CDC Capital Projects Fund	14,627
		<u>\$ 320,786</u>
<b>Advances to/from other funds:</b>		
General Fund	CDC Capital Projects Fund	\$ 2,075,000
CDC Capital Projects Fund	General Fund	288,500
CDC Capital Projects Fund	Sewer Enterprise Fund	10,055,725
		<u>\$ 12,419,225</u>

## **CITY OF ROHNERT PARK**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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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 \$14,339 for the 4<sup>th</sup> Quarter Funding to SLESF. This amount was received and the General Fund was reimbursed subsequent to June 30, 2011.

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 \$8,690, 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, 2011, the General Fund advance is \$2,075,000.

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, 2011, the Commission had advanced \$10,055,725 to the Sewer Fund for this project.

# CITY OF ROHNERT PARK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

*Interfund Transfers* - The composition of interfund transfers during the year ended June 30, 2011 was as follows:

<u>Fund Reporting Transfer In</u>	<u>Fund Reporting Transfer Out</u>	<u>Amount</u>
General Fund	CDC Capital Projects Fund	\$ 52,396 a
	CDC Housing Projects Fund	52,396 a
	Enterprise Funds	304,304 e
	Nonmajor Governmental Funds	956,910 c
	City Capital Projects Fund	358,621 f
		<u>1,724,627</u>
CDC Capital Projects Fund	General Fund	49,718 d
CDC Housing Projects Fund	CDC Capital Projects Fund	<u>2,173,879 g</u>
CDC Debt Service Funds	CDC Capital Projects Fund	3,150,972
	CDC Housing Projects Fund	<u>1,195,832</u>
		<u>4,346,804</u>
Financing Authority Fund	General Fund	348,804 d
	CDC Capital Projects Fund	<u>497,176 d</u>
		<u>845,980</u>
City Capital Projects fund	Nonmajor Governmental Funds	636,236 b
		<u>636,236</u>
Nonmajor governmental funds	General Fund	429,114 d
		<u>429,114</u>
Water Enterprise Fund	General Fund	137,400 e
		<u>137,400</u>
Sewer Enterprise Fund	General Fund	327,590 e
		<u>327,590</u>
Total		<u>\$ 10,671,347</u>

The purpose for the interfund transfers during the fiscal year ended June 30, 2011 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 retiree medical for the Utility Funds.
- 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, 2011, which is required to be set aside in a separate fund to provide adequate housing for families and individuals with low or moderate income (\$2,173,879). The CDC Capital Projects Fund also provided its share of the staff's costs as stated in footnote (a) (\$52,396).



# CITY OF ROHNERT PARK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

### NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Additions	Retirements	Transfers	Balance June 30, 2011
<b>Governmental activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 8,564,276	\$ -	\$ -	\$ -	\$ 8,564,276
Construction in progress	17,876,419	125,521	-	(13,850,390)	4,151,550
Total capital assets, not being depreciated	26,440,695	125,521	-	(13,850,390)	12,715,826
<i>Capital assets, being depreciated</i>					
Infrastructure, structures and improvements	119,671,072	13,141,380	-	-	132,812,452
Equipment	13,561,200	760,205	(163,948)	-	14,157,457
Total capital assets, being depreciated	133,232,272	13,901,585	(163,948)	-	146,969,909
<i>Less accumulated depreciation for:</i>					
Infrastructure, structures and improvements	(64,804,546)	(4,299,546)	-	-	(69,104,092)
Equipment	(11,886,241)	(749,385)	163,582	-	(12,472,044)
Total accumulated depreciation	(76,690,787)	(5,048,931)	163,582	-	(81,576,136)
Total capital assets, being depreciated, net	56,541,485	8,852,654	(366)	-	65,393,773
<b>Governmental activities capital assets, net</b>	<u>\$ 82,982,180</u>	<u>\$ 8,978,175</u>	<u>\$ (366)</u>	<u>\$ (13,850,390)</u>	<u>\$ 78,109,599</u>
<b>Business-type activities</b>					
<i>Capital assets, not being depreciated</i>					
Construction in progress	\$ 4,491,440	\$ 216,625	\$ -	\$ (1,299,672)	\$ 3,408,393
<i>Capital assets, being depreciated</i>					
Structures and improvements	45,806,679	1,299,672	-	-	47,106,351
Equipment	2,787,678	-	-	-	2,787,678
Total capital assets, being depreciated	48,594,357	1,299,672	-	-	49,894,029
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(15,343,860)	(1,641,431)	-	-	(16,985,291)
Equipment	(1,551,398)	(227,687)	-	-	(1,779,085)
Total accumulated depreciation	(16,895,258)	(1,869,118)	-	-	(18,764,376)
Total capital assets, being depreciated, net	31,699,099	(569,446)	-	-	31,129,653
<b>Business-type activities capital assets, net</b>	<u>\$ 36,190,539</u>	<u>\$ (352,821)</u>	<u>\$ -</u>	<u>\$ (1,299,672)</u>	<u>\$ 34,538,046</u>

## CITY OF ROHNERT PARK

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Construction in progress for governmental activities at June 30, 2011 is comprised of the following:

	<u>Project Authorization</u>	<u>Expended to June 30, 2011</u>	<u>Unexpended (Overexpended)</u>
City Projects:			
Pedestrian Safety Survey	\$ 200,000	\$ 24,292	\$ 175,708
LED Street Light Conversion	75,000	70,659	4,341
Specific Plans Developments	N/A	782,097	N/A
Water Supply Assessment Project	N/A	1,321,770	N/A
American Recovery Act	1,900,000	1,291,004	608,996
Citywide Street Widening Projects	8,588,947	92,893	8,496,054
Citywide Bike Path Project	1,457,945	88,619	1,369,326
Citywide Street Overlays	551,045	159,508	391,537
Various other projects			
Community Development Commission Projects:			
Community Center Fountain Plaza Development	250,000	47,503	202,497
Performing Art Ctr, Sports & Community Service Retrofit	15,000	16,391	(1,391)
Recreation & Community Facility Improvement	35,000	8,260	26,740
SW Blvd Affordable Housing	128,020	119,020	9,000
Corridor Improvements	3,000,000	129,534	2,870,466
	<u>\$ 17,867,191</u>	<u>\$ 4,151,550</u>	<u>\$ 14,153,274</u>

During the year, the City completed governmental activities projects totaling \$13,850,390 that were transferred from construction in progress to improvements.

Construction in progress for business-type activities at June 30, 2011 is comprised of the following:

	<u>Project Authorization</u>	<u>Expended to June 30, 2011</u>	<u>Project Funds Unexpended (Overexpended)</u>
Commercial Meter Install Phase II	\$ 2,709,300	\$ 2,744,134	\$ (34,834)
Water System Distribution Improvement	145,000	161,672	(16,672)
Water Tank #8 Project	4,000,000	38,890	3,961,110
2009 Sewer Main Rehabilitation	600,000	244,572	355,428
Eastside Trunk Sewer Phase II	9,000,000	213,824	8,786,176
Various other projects	1,695,000	5,301	1,689,699
Total	<u>\$ 18,149,300</u>	<u>\$ 3,408,393</u>	<u>\$ 14,740,907</u>

The City completed \$1,299,672 business-type activities projects during the fiscal year that were transferred from construction in progress to structures and improvements.

# CITY OF ROHNERT PARK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Depreciation expense was charged to governmental functions as follows:

General government	\$ 129,829
Public safety	768,013
Public works	2,759,352
Parks and recreation	1,389,086
Depreciation on capital assets held by the City's internal service fund is charged to the various functions based on their usage of the assets.	<u>2,651</u>
Total depreciation expense – governmental functions	<u>\$ 5,048,931</u>

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

Water	\$ 747,673
Sewer	1,120,340
Refuse	<u>1,105</u>
Total depreciation expense – business-type functions	<u>\$ 1,869,118</u>

### NOTE 8 - LONG-TERM LIABILITIES

The City's long-term debt payable at June 30, 2011 follows:

	Final Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2011
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	\$ 534,387
<b>(a) 1999 Tax Allocation Bonds:</b>					
Redevelopment Project (includes accreted interest)	2036	3.60-5.30%	154,386-553,597	11,936,651	15,341,136
<b>(b) 1999 Certificates of Participation:</b>					
Capital Facilities Project	2025	3.60-5.00%	120,000-330,000	5,055,000	3,460,000
<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	5,280,000
<b>(b) 2001 Tax Allocation Bonds:</b>					
Redevelopment Project	2021	3.50-5.25%	55,000-810,000	8,200,000	6,665,000
<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	16,205,000
<b>(d) Capital leases</b>	2020	Various	Various	Various	846,573
Total Governmental Activities					<u>68,727,096</u>
Business-Type Activities					
<b>(e) 2002 Water Revenue Bonds</b>	2023	2.00-4.50%	80,000-145,000	2,090,000	1,405,000
<b>(e) 2005 Sewer System Revenue Certificates of Participation</b>					
Capital Facilities Project	2036	3.00-5.00%	230,000-775,000	13,000,000	11,765,000
<b>(e) 2005 Water Revenue Bonds</b>	2030	2.50-4.50%	120,000-305,000	5,000,000	4,225,000
Total Business-Type Activities					<u>17,395,000</u>
Total governmental and business-type activities – bonds, certificates of participation, capital leases, and accreted interest on capital appreciation bonds					<u>\$ 86,122,096</u>

## **CITY OF ROHNERT PARK**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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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") in the amount of \$6,950,000. The bonds were issued 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 2011, revenues pledged totaled \$495,079 and the required debt service was \$491,129.

## **CITY OF ROHNERT PARK**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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#### ***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 fiscal year 2011, pledged revenues for the Series 1991 Bonds, 1999 TABs, 2001 TABs, and 2007 Redevelopment Project Bonds totaled \$2,566,220, and required debt service was \$2,337,587, as follows: 1991 Bonds - \$580,000; 1999 TABs - \$395,000; 2001 TABs - \$388,668; and 2007 Redevelopment Project Bonds - \$973,919. 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 2011 for the 2007 Housing Bonds were \$855,694, and the required debt service was \$855,694.

#### **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 2010 and 2011 net operating losses for sewer were \$2,565,380 and \$3,102,643 respectively. However, there is a sufficient cash reserve in the sewer fund of \$4.5 million to cover both the operating expenses and debt service of \$817,074 for fiscal year 2012. The City reviewed sewer rates and determine what rate increases are necessary to maintain the systems and provide sufficient reserves. The City also formed a Stakeholder Group consisting of sixteen community members to assist the City with the task of increasing the sewer rates to a sufficient base to cover sewer operations. The new sewer rates were implemented by July 1, 2011.

# CITY OF ROHNERT PARK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

### *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 2011, system net revenues available to fund the 2002 and 2005 Water Revenue Bonds totaled \$538,412 and debt service was \$469,369.

The following is a summary of changes to long-term liabilities for the year ended June 30, 2011:

	Balance July 1, 2010	Additions/ Accretions	Retirements	Balance June 30, 2011	Amount due Within One Year
Governmental activities:					
Certificates of participation	\$ 3,635,000	\$ -	\$ 175,000	\$ 3,460,000	\$ 180,000
Lease revenue refunding bonds	5,535,000	-	255,000	5,280,000	265,000
Tax allocation bonds	52,173,164	-	620,355	51,552,809	601,810
Capital leases	982,105	-	135,532	846,573	141,620
Accreted interest on capital appreciation bonds	7,340,135	827,224	579,645	7,587,714	429,449
Total long-term debt	69,665,404	827,224	1,765,532	68,727,096	1,617,879
Original issue premium	1,250,273	-	34,332	1,215,941	34,330
Original issue discount	(374,598)	-	(9,609)	(364,989)	(9,609)
Deferred amount on refunding	(121,133)	-	(21,199)	(99,934)	(19,659)
Compensated absences	1,338,971	944,213	926,545	1,356,639	447,564
Total governmental activities	<u>\$ 71,758,917</u>	<u>\$ 1,771,437</u>	<u>\$ 2,695,601</u>	<u>\$ 70,834,753</u>	<u>\$ 2,070,505</u>
Business-type activities:					
Water revenue bonds	\$ 5,860,000	\$ -	\$ 230,000	\$ 5,630,000	\$ 240,000
Sewer revenue certificates of participation	12,030,000	-	265,000	11,765,000	275,000
Original issue premium	197,272	-	7,614	189,662	7,614
Original issue discount	(53,318)	-	(2,849)	(50,465)	(2,856)
Total business-type activities	<u>\$ 18,033,954</u>	<u>\$ -</u>	<u>\$ 499,765</u>	<u>\$ 17,534,197</u>	<u>\$ 519,758</u>

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

# CITY OF ROHNERT PARK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

Fiscal Year Ending June 30:	Certificates of Participation		Lease Revenue Bonds		Tax Allocation Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest	Accreted Interest
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	215,000	129,125	305,000	185,815	1,988,682	2,052,469	221,318
2017 – 2021	1,245,000	469,375	1,720,000	717,883	11,803,883	10,043,224	2,281,117
2022 – 2026	1,230,000	126,750	2,150,000	264,813	10,571,591	12,029,887	6,283,410
2027 – 2031	-	-	-	-	12,002,861	10,550,968	6,867,140
2032 – 2036	-	-	-	-	6,535,578	9,193,889	7,319,420
2037 – 2038	-	-	-	-	4,895,000	245,688	-
Total	<u>\$ 3,460,000</u>	<u>\$ 1,334,603</u>	<u>\$ 5,280,000</u>	<u>\$ 2,020,455</u>	<u>\$ 51,552,809</u>	<u>\$ 51,886,700</u>	<u>\$ 24,172,191</u>

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
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	275,000	195,034	315,000	500,143
2017 – 2021	1,530,000	796,321	1,775,000	2,303,613
2022 – 2026	1,415,000	456,694	2,200,000	1,875,500
2027 – 2031	1,405,000	163,688	2,785,000	1,284,625
2032 – 2036	-	-	3,535,000	534,550
Total	<u>\$ 5,630,000</u>	<u>\$ 2,485,186</u>	<u>\$ 11,765,000</u>	<u>\$ 8,606,614</u>

### Legal Debt Limit

As of June 30, 2011, the City's legal debt limit (15% of valuation subject to taxation) was \$564,587,000. 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, 2011, 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.

## CITY OF ROHNERT PARK

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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The aggregate principal amount payable for the five series of bonds as of June 30, 2011 is as follows:

Mobile Home Park Revenue Bonds 2001 Series A (Las Casitas De Sonoma)	\$4,315,000
Mobile Home Park Revenue Bonds 2001 Series B (Las Casitas De Sonoma)	\$445,603
Mobile Home Park Revenue Bonds Series 2003A (Rancho Feliz MHP)	\$12,065,000
Mobile Home Park Revenue Bonds Series 2003B (Rancho Feliz MHP)	\$3,270,000

#### 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, 2011:

<u>June 30:</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 141,620	\$ 34,167
2013	111,192	28,717
2014	79,354	24,715
2015	83,989	21,106
2016	88,876	17,287
2017-2020	<u>341,542</u>	<u>25,549</u>
Total	<u>\$ 846,573</u>	<u>\$ 151,541</u>

Payment for capital lease obligations are made from various revenue sources recorded in the General Fund and transferred to the Debt Service Fund. At June 30, 2011, equipment under the capital leases of \$3,527,991 is included in the statement of net assets.

#### **NOTE 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, 2011 were 34.142% for safety employees and 17.558% 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.



# CITY OF ROHNERT PARK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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 3.55% 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)

<u>Fiscal Year Ended</u>	<u>Required Contributio</u>	<u>Percentage Contributed</u>
6/30/09	\$ 2,954	100
6/30/10	2,555	100
6/30/11	1,163	100

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

<u>Year Ended</u>	<u>Cost (APC)</u>	<u>APC</u>	<u>Obligation</u>
6/30/09	\$ 1,387	100	-
6/30/10	1,132	100	-
6/30/11	2,202	100	-

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

		(B)	(C) Unfunded			(F) Unfunded
	(A)	Entry Age	(Overfunded)	(D)	(E)	(Overfunded)
Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability	Actuarial Accrued Liability [(B) – (A)]	Funded Ratio [(A) / (B)]	Covered Payroll	Actuarial Liabilit as Percentage of Covered Payroll [(C)/(E)]
6/30/09	\$ 53,153	\$ 60,934	\$ 10,214	83.2%	\$ 8,071	126.6%
6/30/10	53,153	65,556	12,403	81.1%	6,844	181.2%

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

# CITY OF ROHNERT PARK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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### NOTE 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, 2011.

#### Funding Policy

At the May 10, 2011 budget work session, the City Council directed staff to adopt a 20-year phase-in plan to set aside monies for the General Fund OPEB. To fund its OPEB obligations, the City entered into an agreement with California Public Employer Retiree System (CalPERS) to provide California Employer's Retiree Benefit trust (CERBT) services in June of 2011.

The City's policy is to fund these benefits on a pay-as-you-go basis, and paid \$14,557 per retiree for the fiscal year ended June 30, 2011 (a total of \$1,586,671) 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, 2010 actuarial valuation and updated in October 2011 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, 2011 was a total of \$7,929,390. This OPEB obligation has been adjusted by an annual inflation percentage of 3.0 percent based on the assumptions of the actuarial valuation and a general salary increase of 3.25 percent.

## CITY OF ROHNERT PARK

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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	\$ 3,775,000
Interest on beginning net OPEB obligation	447
Contributions made by the City	(1,612,118)
Increase in net OPEB obligation	2,163,329
Net OPEB obligations, beginning of year	5,767,061
NOO adjustment	(1,000) <sup>1</sup>
Net OPEB obligations, end of year	<u>\$ 7,929,390</u>

<sup>1</sup> Adjustment reflects a reduction of \$1,000 in the implied subsidy calculation to reflect 2009/10 premiums.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal 2011 and the two preceding years were as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/09	\$ 4,233	\$ 1,206	30.90%	\$ 3,027
06/30/10	4,365	1,522	34.90%	5,767
06/30/11	3,775	1,612	42.60%	7,929

The funded status of the OPEB Plan as of June 30, 2011 (the latest plan valuation date) is as follows:

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)/(c)]
7/1/2010	\$ -	\$ 43,032,000	\$ 43,032,000	0.00%	\$ 12,080,000	356.23%

#### 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.

## **CITY OF ROHNERT PARK**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. The actuarial assumptions include a 4.0 percent investment rate of return, covered payroll increases of 3.75 percent per year, an inflation rate of 3.0 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.

#### **NOTE 11 - FUND BALANCE / NET ASSETS**

Fund balance is classified in accordance with GASB issued Statement No. 54, which classifies fund balance into five different components. The components are nonspendable, restricted, committed, assigned and unassigned.

- Nonspendable resources are not in spendable form or required to be maintained intact such as an endowment.
- Restricted resources are subject to externally enforceable legal restrictions or imposed by law through constitutional provisions or enabling legislation.
- Committed resources are constrained to specific purposes by a formal action of the City Council such as an ordinance or resolution. The constraint remains binding unless removed in the same formal manner by the City Council. Council action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.
- Assigned resources are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.
- Per GASB 54, the lowest level of constraint for capital project funds is the assigned classification. The unassigned classification is to be used when there are negative residual resources in excess of what can be properly classified as nonspendable, restricted, committed or assigned.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the city's practice is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the City's practice is to first apply committed fund balance. It is at the discretion of the Council's designee to then apply the remaining expenditures to assigned or unassigned fund balance.

# CITY OF ROHNERT PARK

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The Finance Director has the authority to assign unrestricted fund balance amounts where the City's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.

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, 2011, nonspendable, restricted, committed and assigned fund balances were as follows:

	Community Development Commission						Other Governmental	Total Governmental Funds
	General	Redevelopment	Low/Moderate Income Housing	Debt Service Fund	Financing Authority	City Capital Projects		
Nonspendable:								
Advances	\$ -	\$ 10,344,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,344,225
Prepaid and other assets	154,540	-	-	-	-	-	-	154,540
Notes receivable	2,228,202	-	8,621,414	-	-	-	-	10,849,616
Performing Art Center endowment							1,265,851	1,265,851
Restricted for:								
Housing programs	462,462	-	13,606,983	-	-	-	-	14,069,445
Debt service	-	-	-	2,967,428	781,413	-	-	3,748,841
Street projects	-	-	-	-	-	-	1,698,041	1,698,041
Capital projects	-	7,750,598	-	-	-	-	-	7,750,598
Technology	25,254	-	-	-	-	-	-	25,254
Donations	179,289	-	-	-	-	-	-	179,289
Other purpose	283,594	-	-	-	-	-	-	283,594
Committed for:								
Traffic safety	780,164	-	-	-	-	-	-	780,164
Technology	47,801	-	-	-	-	-	-	47,801
Housing programs	59,296	-	-	-	-	-	-	59,296
Capital projects	1,254,716	-	-	-	-	-	-	1,254,716
Animal Shelter	76,744	-	-	-	-	-	-	76,744
Insurance	1,116,864	-	-	-	-	-	-	1,116,864
Other purpose	60,937	-	-	-	-	-	-	60,937
Assigned for:								
Housing programs	815,940	-	-	-	-	-	1,862,107	2,678,047
Capital projects	781,031	-	-	-	-	-	971,561	1,752,592
Public Safety	143,383	-	-	-	-	-	-	143,383
Other purpose	-	-	-	-	-	-	61,710	61,710
Unassigned for:								
Capital projects	-	-	-	-	-	(311,900)	-	(311,900)
Total fund balance	<u>\$ 8,470,217</u>	<u>\$ 18,094,823</u>	<u>\$ 22,228,397</u>	<u>\$ 2,967,428</u>	<u>\$ 781,413</u>	<u>\$ (311,900)</u>	<u>\$ 5,859,270</u>	<u>\$ 58,089,648</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.”

## CITY OF ROHNERT PARK

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

The City contributes its pro-rata share of anticipated losses to a pool administered by REMIF. Should actual losses among participants be greater than the anticipated losses, the City will be assessed its pro-rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the City will be refunded its pro-rata share of the excess. The City paid insurance premiums and deductibles of \$1,138,807 and received REMIF refunds of \$877,374 during the year ended June 30, 2011. 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, 2011 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, 2009 (reported in accrued liabilities)	\$ 69,261
Current year claim deductibles and changes in estimates	191,814
Net payments	<u>(152,761)</u>
Liability at June 30, 2010 (reported in accrued liabilities)	108,314
Current year claim deductibles and changes in estimates	-
Net payments	-
Liability at June 30, 2011 (reported in accrued liabilities)	<u><u>\$ 108,314</u></u>

At June 30, 2011, management assigned \$1,116,864 of fund balance in the General Fund for future claims liabilities.

## **CITY OF ROHNERT PARK**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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#### **NOTE 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 Voluntary Alternative Redevelopment Program for fiscal year 2011-12 is \$4,011,622, and the first payment of \$2,005,811 will be due by January 2012.

## **CITY OF ROHNERT PARK**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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#### Recent Changes in Legislation Affecting California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 27 indicates that the city "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Rohnert Park intends to use available monies of its redevelopment agency for this purpose and the City and Commission have approved a reimbursement agreement to accomplish that objective.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26. At a special joint meeting of the City of Rohnert Park and the Commission on March 8, 2011, fifteen properties (see Note 5 for details) were transferred from the Commission to the City of Rohnert Park pursuant to Section 33220(g) of the Health and Safety Code. Additionally, the City might be impacted if reimbursements previously paid by the Agency to the City for shared administrative services are reduced or eliminated.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligation Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

Since the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule (EOPS) and draft Recognized Obligation Payment Schedule (ROPS) prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in ABX1 26.



## CITY OF ROHNERT PARK

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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On December 29, 2011, the California Supreme Court upheld that Assembly Bill X1 26 was constitutional. Assembly Bill X1 26 dissolves redevelopment agencies and redirects their property tax revenues. Assembly Bill X1 27 was struck down by the Supreme Court. The City's management is evaluating the impact of this event and the details of the outcome are not yet known.

#### NOTE 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 \$2.17 million at June 30, 2011.

The future minimum rentals to be received from the aforementioned operating lease as of June 30, 2011 are as follows (in thousands):

<u>Fiscal Year Ending June 30,</u>	
2012	\$ 175
2013	175
2014	175
2015	175
2016	200
2017-2021	1,025
2022-2026	1,150
2027-2031	1,250
2032-2033	<u>500</u>
Future minimum lease rentals	<u>\$ 4,825</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 2011-12.

#### NOTE 15 - NEW GASB PRONOUNCEMENTS

The City adopted the following Governmental Accounting Standards Board (GASB) Statements for the fiscal year ended June 30, 2011:

**GASB Statement No. 54** - 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. Please see footnote 11 for additional information.

## CITY OF ROHNERT PARK

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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**GASB Statement No. 59** - 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. This statement does not have a material effect to the financial statements.

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:

**GASB Statement No. 60** - In November, 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. This pronouncement is effective for periods beginning after December 15, 2011. The City does not believe there will be a significant financial statement effect related to this Statement.

**GASB Statement No. 61** - In November, 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This pronouncement is effective for periods beginning after June 15, 2012. The City does not believe there will be a significant financial statement effect related to this Statement.

**GASB Statement No. 62** - In December, 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure.

This pronouncement is effective for periods beginning after December 15, 2011. The City does not believe there will be a significant financial statement effect related to this Statement.

**Statement No. 63** - In June, 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by providing guidance and standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government’s net positions. This pronouncement is effective for financial statements for periods beginning after December 15, 2011. The City does not believe there will be a significant financial statement effect related to this statement.

**Statement No. 64** - In June, 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. The objective of this Statement is to enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty or a swap counterparty’s credit support provider is replaced. This pronouncement is effective for financial statements for periods beginning after June 15, 2011. The City does not believe there will be a significant financial statement effect related to this statement.

## **CITY OF ROHNERT PARK**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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#### **NOTE 16 – SUBSEQUENT EVENTS \ COMMITMENTS \ GOING CONCERN**

On September 27, 2011, City Ordinance No. 839 was adopted, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 were upheld as constitutional. The initial payment by the City was estimated to be \$3.1 million with one half due on January 15, 2012 and the other half due on May 15, 2012. Thereafter, an estimated \$3 million would have been due annually. The amounts to be paid after fiscal year 2012-13 would have been determined by the State. The semi-annual payments would have been due on January 15 and May 15 of each year and would increase or decrease with changes in the tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. This ordinance also requires the Commission to transfer annual portions of its tax increment to the City in amounts not to exceed the annual community remittance payments to enable the City, directly or indirectly, to make the annual remittance payments. The City Council did not intend, by enactment of this ordinance, to pledge any of its General Fund revenues or assets to make the remittance payments. Assembly Bill X1 27 allowed a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of AB X1 26.

On August 23, 2011, the City adopted the Enforceable Obligation payment Schedule (EOPS), and on September 20, 2011, the Agency adopted and amended EOPS. On September 27, 2011, the Agency made available to the public the Recognized Obligation Payment Schedule (ROPS).

On or about September 29, 2011, a Complaint for Declaratory and Injunctive Relief and Petition for Writ of Mandate was filed by the City of Cerritos and its Agency and other California cities and redevelopment agencies challenging the constitutionality of Assembly Bill X1 26 and 27. This action was filed with the Sacramento Superior Court.

On December 29, 2011, the California Supreme Court upheld that Assembly Bill X1 26 was constitutional. Assembly Bill X1 26 dissolves redevelopment agencies and redirects their property tax revenues. Assembly Bill X1 27 was struck down by the Supreme Court.

Management believes that the Commission will have sufficient funds to pay its obligation as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame is subject to the interpretation and implementation of Assembly Bill X1 26.

The City's management is evaluating the impact of this event and the details of the outcome are not yet known.

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**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

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

Actuarial Valuation Date	(A) Actuarial Asset Value	Age Actuarial Accrued Liability	Actuarial Accrued Liability [(B) – (A)]	(D) Funded Ratio [(A) / (B)]	(E) Covered Payroll	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						
6/30/11						

\*\* information not available\*\*

**PERS Schedule of Funding Progress for Safety 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	\$ 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						
6/30/11						

\*\* 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, 2011

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Property	\$ 2,735,000	\$ 2,735,000	\$ 2,679,110	\$ (55,890)
Real property transfer	84,000	84,000	69,234	(14,766)
Transient occupancy	1,600,000	1,600,000	1,747,659	147,659
Sales and use	7,484,790	7,484,790	8,237,144	752,354
Franchises	1,415,000	1,415,000	1,500,461	85,461
	<u>13,318,790</u>	<u>13,318,790</u>	<u>14,233,608</u>	<u>914,818</u>
Licenses, permits and fees:				
Business licenses	486,000	486,000	470,093	(15,907)
Animal licenses	60,000	60,000	67,515	7,515
Building permits	140,415	140,415	191,577	51,162
Plan check	103,000	103,000	97,837	(5,163)
	<u>789,415</u>	<u>789,415</u>	<u>827,022</u>	<u>37,607</u>
Fines, forfeitures and penalties:				
Vehicle code	100,000	100,000	72,476	(27,524)
Parking fines	50,000	50,000	53,066	3,066
Impound fees	20,000	20,000	17,176	(2,824)
Other court	20,000	20,000	4,222	(15,778)
	<u>190,000</u>	<u>190,000</u>	<u>146,940</u>	<u>(43,060)</u>
Interest and rentals:				
Investment earnings	500,000	500,000	226,237	(273,763)
Rent - golf courses	150,000	150,000	175,000	25,000
Rent - other	490,995	490,995	486,484	(4,511)
Subtotal	<u>1,140,995</u>	<u>1,140,995</u>	<u>887,721</u>	<u>(253,274)</u>
Intergovernmental:				
State motor vehicle in-lieu tax	2,842,000	2,842,000	2,908,809	66,809
Public Safety Augmentation Fund	185,000	185,000	190,779	5,779
Grants	159,000	159,000	229,130	70,130
Reimbursements	40,000	40,000	48,127	8,127
Other	-	-	16,843	16,843
Subtotal	<u>3,226,000</u>	<u>3,226,000</u>	<u>3,393,688</u>	<u>167,688</u>

(continued)

# CITY OF ROHNERT PARK

## BUDGETARY COMPARISON SCHEDULE GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2011

(Continued)

### REVENUES (Continued)

#### Charges for current services:

Zoning and subdivision fees	160,000	160,000	107,189	(52,811)
General plan maintenance fee	20,000	20,000	12,405	(7,595)
Sales of maps and lists	1,200	1,200	1,253	53
Special public safety services	55,000	55,000	51,657	(3,343)
Fire Inspection Fees	195,000	195,000	212,010	17,010
Vehicle abatement revenue	20,000	20,000	20,132	132
Animal shelter fees	70,000	70,000	66,648	(3,352)
Alcohol Education Fee	25,000	25,000	28,050	3,050
Engineering fees	200,000	200,000	123,330	(76,670)
Library ground maintenance	9,000	9,000	8,370	(630)
Recreation:				
Recreation centers	965,700	965,700	970,765	5,065
Swimming pools	144,300	144,300	160,719	16,419
Community Events	32,000	32,000	34,601	2,601

Subtotal	1,897,200	1,897,200	1,797,129	(100,071)
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#### Donations and miscellaneous:

Performing Arts Center	324,000	324,000	301,631	(22,369)
Refuse administration	-	-	54,565	54,565
Donations	5,000	5,000	11,370	6,370
Miscellaneous	82,000	82,000	400,644	318,644
Subtotal	411,000	411,000	768,210	357,210

Total revenues	20,973,400	20,973,400	22,054,318	1,080,918
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(continued)



# CITY OF ROHNERT PARK

## BUDGETARY COMPARISON SCHEDULE GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2011

(Continued)

### EXPENDITURES

Current:

General government:

City Council	90,818	90,818	73,915	16,903
City Manager	770,162	770,162	748,056	22,106
Finance and accounting	1,147,900	1,147,900	1,116,526	31,374
Information Services	533,804	533,804	510,659	23,145
Legal services	425,000	425,000	416,808	8,192
Development Services	1,154,429	1,154,429	906,860	247,569
Human Resource	420,500	420,500	442,047	(21,547)
Rent appeals board	150,912	150,912	130,252	20,660
City Office building	506,996	506,996	525,815	(18,819)
City Office annex	23,580	23,580	26,285	(2,705)
Property tax administration fee	110,000	110,000	112,450	(2,450)
General government-nondepartmen	1,698,674	1,698,674	1,520,551	178,123
Nondepartmental-employee benefit	1,518,128	1,518,128	1,581,567	(63,439)
General government-nondepartmental T/O	258,290	258,290	174,869	83,421
Enterprise fund cost allocation	(2,095,628)	(2,095,628)	(2,331,963)	236,335
Community Development Commission cost allocation	(1,179,000)	(1,179,000)	(1,124,550)	(54,450)
Subtotal	5,534,565	5,534,565	4,830,147	704,418

Public safety:

Personnel	13,067,346	13,067,346	12,730,924	336,422
Police protection	1,255,100	1,255,100	898,038	357,062
Fire protection	198,700	198,700	160,396	38,304
Fire prevention	224,810	224,810	217,818	6,992
Animal control	455,504	455,504	357,592	97,912
Animal shelter	44,940	44,940	44,628	312
Main station	216,100	216,100	200,584	15,516
North station	23,000	23,000	20,597	2,403
South station	10,500	10,500	5,439	5,061
Booking fees	20,000	20,000	36,669	(16,669)
Sexual assault examination fees	15,000	15,000	14,400	600
Subtotal	15,531,000	15,531,000	14,687,085	843,915

(continued)

# CITY OF ROHNERT PARK

## BUDGETARY COMPARISON SCHEDULE GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2011

### EXPENDITURES (Continued)

Current:

#### Public works:

General	332,421	332,421	446,770	(114,349)
Maintenance of streets/bikepaths	494,735	494,735	440,623	54,112
Maintenance of school grounds	5,000	5,000	717	4,283
Street lighting	192,715	192,715	202,454	(9,739)
Traffic signals	98,633	98,633	89,254	9,379
Storm drains and drainage	124,187	124,187	79,370	44,817
Weed abatement	-	-	43	(43)
Enterprise fund cost allocation	(429,225)	(429,225)	(477,631)	48,406
Community Development Commission cost allocation	(123,900)	(123,900)	(124,950)	1,050
Subtotal	<u>694,566</u>	<u>694,566</u>	<u>656,650</u>	<u>37,916</u>

#### Parks and recreation:

Parks Landscaping	476,263	476,263	351,675	124,588
Parks maintenance-general	502,832	502,832	379,646	123,186
Recreation centers	1,038,059	1,038,059	1,078,531	(40,472)
Swimming pools	502,574	502,574	305,418	197,156
Recreation administration and prog	56,178	56,178	139,015	(82,837)
Golf courses	-	-	2,709	(2,709)
Library	10,000	10,000	13,913	(3,913)
Subtotal	<u>2,585,906</u>	<u>2,585,906</u>	<u>2,270,907</u>	<u>314,999</u>

#### Performing Arts Center

Performing Arts Center	<u>396,513</u>	<u>396,513</u>	<u>417,011</u>	<u>(20,498)</u>
Capital outlay	<u>243,200</u>	<u>243,200</u>	<u>49,443</u>	<u>193,757</u>
Subtotal expenditures	<u>24,985,750</u>	<u>24,985,750</u>	<u>22,911,243</u>	<u>2,074,507</u>

#### DEFICIENCY OF REVENUES

UNDER EXPENDITURES	<u>(4,012,350)</u>	<u>(4,012,350)</u>	<u>(856,925)</u>	<u>3,155,425</u>
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#### OTHER FINANCING SOURCES (USES)

Transfers in	3,931,903	1,760,833	1,724,627	(36,206)
Transfers out	<u>(330,000)</u>	<u>(330,000)</u>	<u>(1,735,130)</u>	<u>(1,405,130)</u>
Total other financing sources (uses)	<u>3,601,903</u>	<u>1,430,833</u>	<u>(10,503)</u>	<u>(1,441,336)</u>

NET CHANGE IN FUND BALANCE	<u>\$ (410,447)</u>	<u>\$ (2,581,517)</u>	<u>(867,428)</u>	<u>\$ 1,714,089</u>
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FUND BALANCE, BEGINNING OF YEAR:

9,337,645

FUND BALANCE, END OF YEAR

\$ 8,470,217

## **CITY OF ROHNERT PARK**

### **NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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#### *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, 2011.

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## **OTHER SUPPLEMENTARY INFORMATION**

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## CITY OF ROHNERT PARK

### DESCRIPTION OF OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2011

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#### 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.

## **CITY OF ROHNERT PARK**

### **DESCRIPTION OF OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2011**

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#### **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 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.



**CITY OF ROHNERT PARK**

**COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Performing Arts Center Endowment Permanent Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and investments	\$ 4,447,508	\$ -	\$ 1,265,851	\$ 5,713,359
Receivables:				
Taxes	15,152	-	-	15,152
Accounts	145,098	-	-	145,098
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 4,607,758</u>	<u>\$ -</u>	<u>\$ 1,265,851</u>	<u>\$ 5,873,609</u>
<b>LIABILITIES</b>				
Due to other funds	<u>\$ 14,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,339</u>
<b>FUND BALANCES</b>				
Nonspendable				
Permanent fund principal	-	-	1,265,851	1,265,851
Restricted				
Street projects	1,698,041	-	-	1,698,041
Capital projects	2,833,669	-	-	2,833,669
Public Safety	29,491	-	-	29,491
Other projects	32,219	-	-	32,219
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>4,593,420</u>	<u>-</u>	<u>1,265,851</u>	<u>5,859,271</u>
Total liabilities and fund balances	<u>\$ 4,607,759</u>	<u>\$ -</u>	<u>\$ 1,265,851</u>	<u>\$ 5,873,610</u>

# CITY OF ROHNERT PARK

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Performing Arts Center Endowment Permanent Fund	Total Other Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 528,204	\$ -	\$ -	\$ 528,204
Intergovernmental	1,394,378	-	-	1,394,378
Interest and rentals	47,872	-	13,379	61,251
Licenses, permits and fees	61,380	-	-	61,380
Donations	(250,000)	-	-	(250,000)
Total revenues	1,781,834	-	13,379	1,795,213
<b>EXPENDITURES</b>				
Current:				
General government	30,071	-	-	30,071
Debt service:				
Principal	-	135,532	-	135,532
Interest and fiscal charges	-	39,337	-	39,337
Total expenditures	30,071	174,869	-	204,940
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,751,763	(174,869)	13,379	1,590,273
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from tender of bonds	-	-	-	-
Transfers in	254,245	174,869	-	429,114
Transfers out	(1,833,635)	-	(13,379)	(1,847,014)
Total other financing sources (uses)	(1,579,390)	174,869	(13,379)	(1,417,900)
<b>NET CHANGE IN FUND BALANCES</b>	172,373	-	-	172,373
<b>FUND BALANCES:</b>				
BEGINNING OF THE YEAR	4,421,046	-	1,265,851	5,686,897
END OF YEAR	\$ 4,593,419	\$ -	\$ 1,265,851	\$ 5,859,270

# CITY OF ROHNERT PARK

## COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2011

	State Gasoline Tax	Measure M Traffic	Prop 1B	Traffic Signals Fee	Capital Outlay Fee	Public Facility Finance Fee	Supplemental Law Enforcement Services	Traffic Congestion Relief (AB2928)	Measure M Fire Benefit Assessment	Mobile Home Rent Appeals Board	Total
<b>ASSETS</b>											
Cash and investments	\$ 612,207	\$ 265,214	\$ 689,861	\$ 1,862,107	\$ 217,325	\$ 754,236	\$ -	\$ 1,585	\$ -	\$ 44,973	\$ 4,447,508
Receivables (net of allowance for uncollectibles):											
Taxes	-	-	-	-	-	-	-	-	15,152	-	15,152
Accounts	130,759	-	-	-	-	-	14,339	-	-	-	145,098
Total assets	\$ 742,966	\$ 265,214	\$ 689,861	\$ 1,862,107	\$ 217,325	\$ 754,236	\$ 14,339	\$ 1,585	\$ 15,152	\$ 44,973	\$ 4,607,758
<b>LIABILITIES</b>											
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,339	\$ -	\$ -	\$ -	\$ 14,339
Total liabilities	-	-	-	-	-	-	14,339	-	-	-	14,339
<b>FUND BALANCES (DEFICIT)</b>											
Restricted for street projects	742,966	265,214	689,861	-	-	-	-	-	-	-	1,698,041
Committed	-	-	-	1,862,107	217,325	754,236	-	1,585	15,152	44,973	2,895,378
Total fund balances	742,966	265,214	689,861	1,862,107	217,325	754,236	-	1,585	15,152	44,973	4,593,419
Total liabilities and fund balances	\$ 742,966	\$ 265,214	\$ 689,861	\$ 1,862,107	\$ 217,325	\$ 754,236	\$ 14,339	\$ 1,585	\$ 15,152	\$ 44,973	\$ 4,607,758

# 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, 2011

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 528,204	\$ -	\$ -	\$ 528,204
Intergovernmental	1,092,259	202,119	-	-	-	-	100,000	-	-	-	-	1,394,378
Interest and rentals	5,329	1,767	8,020	19,394	2,263	9,177	337	1,585	-	-	-	47,872
Licenses, permits and fees	-	-	-	-	-	61,380	-	-	-	-	-	61,380
Donations	-	-	-	-	-	-	-	-	-	-	-	(250,000)
Total revenues	1,097,588	203,886	8,020	19,394	2,263	70,557	100,337	1,585	528,204	-	(250,000)	1,781,834
<b>EXPENDITURES</b>												
Current:												
General government	30,071	-	-	-	-	-	-	-	-	-	-	30,071
EXCESS OF REVENUES OVER EXPENDITURES	1,067,517	203,886	8,020	19,394	2,263	70,557	100,337	1,585	528,204	-	(250,000)	1,751,763
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	-	-	-	-	-	-	-	-	-	4,245	250,000	254,245
Transfers out	(612,713)	(62,772)	(89,346)	-	-	(255,551)	(100,337)	(181,051)	(531,865)	-	-	(1,833,635)
Total other financing sources (uses)	(612,713)	(62,772)	(89,346)	-	-	(255,551)	(100,337)	(181,051)	(531,865)	4,245	250,000	(1,579,390)
<b>NET CHANGE IN FUND BALANCES</b>	454,804	141,114	(81,326)	19,394	2,263	(184,994)	-	(179,466)	(3,661)	4,245	-	172,373
<b>FUND BALANCES (DEFICIT):</b>												
BEGINNING OF THE YEAR	288,162	124,100	771,187	1,842,713	215,062	939,230	-	181,051	18,813	40,728	-	4,421,046
<b>END OF YEAR</b>	\$ 742,966	\$ 265,214	\$ 689,861	\$ 1,862,107	\$ 217,325	\$ 754,236	\$ -	\$ 1,585	\$ 15,152	\$ 44,973	\$ -	\$ 4,593,419

**CITY OF ROHNERT PARK****BUDGETARY COMPARISON SCHEDULE  
STATE GASOLINE TAX SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	<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	\$ -	\$ -	\$ 5,329	\$ 5,329
Intergovernmental:				
Section 2105, maintenance	-	-	222,649	222,649
Section 2106, construction	-	-	155,362	155,362
Section 2107, maintenance	-	-	297,362	297,362
Section 2107.5, engineering	-	-	6,000	6,000
R & T 360 Prop 42 Swap	-	-	410,886	410,886
Total revenues	-	-	1,097,588	1,097,588
<b>EXPENDITURES</b>				
Current:				
General government	-	-	30,071	(30,071)
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	1,067,517	1,067,517
<b>OTHER FINANCING USES</b>				
Transfers in			-	-
Transfers out	-	-	(612,713)	(612,713)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	454,804	<u>\$ 454,804</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>288,162</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 742,966</u>	

**CITY OF ROHNERT PARK**

**BUDGETARY COMPARISON SCHEDULE  
MEASURE M TRAFFIC SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

---

	<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:				
Measure M Streets Allocation	\$ -	\$ -	\$ 202,119	\$ 202,119
Interest and rentals	<u>-</u>	<u>-</u>	<u>1,767</u>	<u>1,767</u>
Total revenues	-	-	203,886	203,886
<b>OTHER FINANCING USES</b>				
Transfers in			-	
Transfers out	<u>-</u>	<u>-</u>	<u>(62,772)</u>	<u>(62,772)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	141,114	<u>\$ 141,114</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>124,100</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 265,214</u>	

**CITY OF ROHNERT PARK**

**BUDGETARY COMPARISON SCHEDULE  
PROP 1B SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

---

	<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:				
Interest and rentals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,020</u>	<u>\$ 8,020</u>
Total revenues	-	-	8,020	8,020
<b>OTHER FINANCING USES</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(89,346)</u>	<u>(89,346)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>(81,326)</u>	<u><u>\$ (81,326)</u></u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>771,187</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u><u>\$ 689,861</u></u>	

**CITY OF ROHNERT PARK**

**BUDGETARY COMPARISON SCHEDULE  
TRAFFIC SIGNALS FEE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

---

	<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:				
Interest and rentals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,394</u>	<u>\$ 19,394</u>
Total revenues	-	-	19,394	19,394
<b>OTHER FINANCING USES</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	19,394	<u><u>\$ 19,394</u></u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>1,842,713</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u><u>\$ 1,862,107</u></u>	



**CITY OF ROHNERT PARK**

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL OUTLAY FEE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Interest and rentals	\$ -	\$ -	\$ 2,263	\$ 2,263
Total revenues	-	-	2,263	2,263
<b>OTHER FINANCING USES</b>				
Transfers in			-	-
Transfers out	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	2,263	<u>\$ 2,263</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>215,062</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$217,325</u>	

**CITY OF ROHNERT PARK**

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC FACILITIES FINANCE FEE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

---

	<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:	\$ -	\$ -	\$ 61,380	\$ 61,380
Interest and rentals	-	-	9,177	9,177
Total revenues	<u>-</u>	<u>-</u>	<u>70,557</u>	<u>70,557</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>(255,551)</u>	<u>(255,551)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(184,994)</u>	<u>\$ (184,994)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>939,230</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 754,236</u>	

**CITY OF ROHNERT PARK**

**BUDGETARY COMPARISON SCHEDULE  
SUPPLEMENTAL LAW ENFORCEMENT SERVICES  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Interest and rentals	\$ 100,000	\$ 100,000	\$ 337	\$ (99,663)
Intergovernmental	-	-	100,000	100,000
Total revenues	100,000	100,000	100,337	337
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(100,337)	(100,337)
<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, 2011**

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Interest and rentals	\$ -	\$ -	\$ 1,585	\$ 1,585
Total revenues	-	-	1,585	1,585
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(181,051)	(181,051)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(179,466)</u>	<u>\$ (179,466)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>181,051</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 1,585</u>	

**CITY OF ROHNERT PARK****BUDGETARY COMPARISON SCHEDULE  
MEASURE M FIRE BENEFIT ASSESSMENT SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Measure M assessments	\$ 475,000	\$ 475,000	\$ 528,204	\$ 53,204
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(475,000)</u>	<u>(475,000)</u>	<u>(531,865)</u>	<u>(56,865)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	(3,661)	<u>\$ (3,661)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>18,813</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 15,152</u>	

**CITY OF ROHNERT PARK**

**BUDGETARY COMPARISON SCHEDULE  
MOBILE HOME RENT APPEALS BOARD SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>OTHER FINANCING USES</b>				
Transfers in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,245</u>	<u>\$ 4,245</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>4,245</u>	<u><u>\$ 4,245</u></u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>40,728</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u><u>\$ 44,973</u></u>	

**CITY OF ROHNERT PARK**

**BUDGETARY COMPARISON SCHEDULE  
F.I.G.R. FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

---

	<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>\$ -</u>	<u>\$ -</u>	<u>\$ (250,000)</u>	<u>\$ (250,000)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	250,000	250,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ -</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**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

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	<b>General Debt Service</b>
<b>REVENUES</b>	
Interest and rentals	<u>\$ -</u>
<b>EXPENDITURES</b>	
Debt service:	
Principal	135,532
Interest and fiscal charges	<u>39,337</u>
Total expenditures	<u>174,869</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(174,869)
<b>OTHER FINANCING SOURCES</b>	
Proceeds from tender of bonds	
Transfers in	174,869
Transfers out	<u>-</u>
Total other financing sources (uses)	<u>174,869</u>
<b>NET CHANGE IN FUND BALANCES</b>	-
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ -</u></u>



## **STATISTICAL SECTION**

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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)*

	Fiscal Year					
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 25,958,726	\$ 45,009,673	\$ 46,572,533	\$ 56,608,019	\$ 36,112,457	\$ 28,259,799
Restricted	17,346,573	2,418,812	13,873,842	5,730,424	11,318,076	5,955,759
Unrestricted	17,531,038	16,995,866	13,927,933	17,318,920	19,471,114	29,407,530
Total governmental activities net assets	<u>\$ 60,836,337</u>	<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>
Business-type activities						
Invested in capital assets, net of related debt	\$ 25,501,383	\$ 27,364,564	\$ 17,081,819	\$ 25,538,667	\$ 17,709,497	\$ 14,867,127
Unrestricted	1,062,429	2,435,608	14,654,310	6,682,325	11,737,893	11,641,400
Total business-type activities net assets	<u>\$ 26,563,812</u>	<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>
Primary government						
Invested in capital assets, net of related debt	\$ 51,460,109	\$ 72,374,237	\$ 63,654,352	\$ 82,146,686	\$ 53,821,954	\$ 43,126,926
Restricted	17,346,571	2,418,812	13,873,842	5,730,424	11,318,076	5,955,759
Unrestricted	18,593,465	19,431,474	28,582,243	24,001,245	31,209,007	41,048,930
Total primary government net assets	<u>\$ 87,400,145</u>	<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>

Source: City Finance Department

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

	<b>Fiscal Year</b>					
	<u><b>2011</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>	<u><b>2006</b></u>
<b>Expenses</b>						
Governmental activities:						
General government	\$ 16,306,249	\$ 18,388,212	\$ 16,036,110	\$ 12,955,293	\$ 12,926,332	\$ 11,455,704
Public Safety	15,455,097	16,930,100	19,823,047	20,758,556	17,349,211	16,703,386
Public Works	3,416,002	4,228,872	4,050,312	4,421,182	4,522,563	4,220,758
Parks and recreation	3,659,993	3,650,692	4,687,184	4,979,212	4,198,572	4,167,196
Other	417,011	646,355	841,126	902,319	889,073	1,504,207
Interest on long-term debt	3,856,319	5,939,204	4,586,047	4,629,601	2,690,598	2,038,944
Total governmental activities expenses	<u>43,110,671</u>	<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>
Business-type activities:						
Water	6,791,475	5,702,115	6,306,127	7,122,292	6,690,385	6,454,568
Sewer	12,071,585	11,252,707	11,318,825	9,830,647	10,085,147	9,697,231
Refuse Collection	5,330,582	5,547,595	5,390,186	5,344,215	5,181,643	4,548,674
Total business-type activities expenses	<u>24,193,642</u>	<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>
Total primary government expenses	<u>\$ 67,304,314</u>	<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>
<b>Program Revenues (see Schedule 3)</b>						
Governmental activities:						
Charges for services:						
General government	\$ 1,076,171	\$ 1,076,152	\$ 1,137,111	\$ 978,440	\$ 1,221,652	\$ 1,476,260
Public safety	592,952	621,490	623,483	592,567	517,742	450,057
Public works	474,124	388,237	859,348	1,697,041	2,836,987	2,542,293
Parks and recreation	1,319,042	1,187,022	1,156,550	1,791,969	1,618,401	1,640,881
Other	301,631	386,317	448,970	-	-	1,429
Operating grants and contributions	2,441,258	2,796,402	3,366,714	2,572,995	2,344,534	2,719,200
Capital grants and contributions	1,492,542	2,257,720	1,480,622	1,991,493	1,492,565	546,563
Total governmental activities program revenues	<u>7,697,720</u>	<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>
Business-type activities:						
Charges for services:						
Water	6,466,678	6,384,464	6,630,287	6,341,560	6,433,014	6,406,197
Sewer	8,407,237	8,117,101	10,304,507	12,370,603	12,007,771	9,955,355
Refuse Collection	5,526,939	5,635,222	5,554,993	5,454,193	5,240,389	4,723,623
Capital grants and contributions	192,260	235,742	214,617	566,411	1,829,074	1,186,735
Total business-type activities program revenues	<u>20,593,114</u>	<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>
Total primary government program revenues	<u>\$ 28,290,834</u>	<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>

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

	Fiscal Year					
	2011	2010	2009	2008	2007	2006
<b>Net (Expense)/Revenue</b>						
Governmental activities	\$ 35,412,951	\$ 41,070,095	\$ 40,951,028	\$ 39,021,658	\$ 32,544,468	\$ 30,713,512
Business-type activities	<u>3,600,528</u>	<u>2,129,888</u>	<u>310,734</u>	<u>(2,435,613)</u>	<u>(3,553,073)</u>	<u>(1,571,437)</u>
Total primary government net expense	<u>\$ 39,013,479</u>	<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>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Taxes						
Property taxes	\$ 15,595,902	\$ 16,632,581	\$ 16,989,860	\$ 17,054,597	\$ 16,928,529	\$ 15,504,905
Franchise taxes	1,500,461	1,700,371	1,411,622	1,440,749	1,428,827	1,308,839
Sales taxes	8,237,144	5,735,600	6,172,593	7,236,048	7,707,375	7,386,925
Motor vehicle license fees	2,908,809	2,947,584	3,042,186	3,142,034	3,074,869	2,572,107
Other taxes	1,816,893	1,574,857	1,812,696	2,016,907	1,606,108	1,855,821
Rental Income	-	-	31,823	-	-	-
Investment earnings	1,605,298	2,538,119	3,726,188	4,792,727	3,155,613	1,964,903
Gain (Loss) on sale of capital assets	-	(159,537)	997,720	4,778,278	-	1,109,814
Gain (Loss) on retirement of bonds	-	-	759,614	-	-	-
Other	415,518	176,370	197,023	311,425	217,520	-
Transfers	<u>(255,089)</u>	<u>(25,807)</u>	<u>526,648</u>	<u>573,812</u>	<u>294,438</u>	<u>277,474</u>
Total governmental activities	<u>31,824,937</u>	<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>
Business-type activities:						
Investment earnings	109,076	168,124	352,519	458,866	426,769	586,583
Transfers	<u>255,089</u>	<u>25,807</u>	<u>(526,648)</u>	<u>(518,348)</u>	<u>(294,438)</u>	<u>(277,474)</u>
Total business-type activities	<u>364,165</u>	<u>193,931</u>	<u>(174,129)</u>	<u>(59,482)</u>	<u>132,331</u>	<u>309,109</u>
Total primary government	<u>\$ 32,189,102</u>	<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>
<b>Change in Net Assets</b>						
Governmental activities	\$ (3,588,014)	\$ (9,949,957)	\$ (5,283,055)	\$ 2,324,919	\$ 1,868,811	\$ 1,267,276
Business-type activities	<u>(3,236,363)</u>	<u>(1,935,957)</u>	<u>(484,863)</u>	<u>2,376,131</u>	<u>3,685,404</u>	<u>1,880,546</u>
Total primary government	<u>\$ (6,824,377)</u>	<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>

Source: City Finance Department

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

	Program Revenues					
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Function/Program</b>						
Governmental activities:						
General government	\$ 1,147,579	\$ 1,230,469	\$ 1,842,155	\$ 3,416,683	\$ 4,104,573	\$ 2,683,313
Public safety	910,988	1,626,916	1,477,094	858,919	748,521	729,783
Public works	4,018,480	1,519,461	4,081,609	2,887,783	3,117,622	3,412,799
Parks and recreation	1,319,042	1,691,952	1,156,550	1,791,969	1,618,401	1,655,338
Other	301,631	386,822	515,390	669,151	442,764	895,450
Subtotal governmental activities	<u>7,697,720</u>	<u>6,455,620</u>	<u>9,072,798</u>	<u>9,624,505</u>	<u>10,031,881</u>	<u>9,376,683</u>
Business-type activities:						
Water	6,466,678	6,384,464	6,794,666	6,388,188	6,330,481	6,530,394
Wastewater	8,599,497	8,352,843	10,354,745	12,890,386	13,590,308	11,017,893
Refuse	5,526,939	5,635,222	5,554,993	5,454,193	5,240,389	4,723,623
Subtotal business-type activities	<u>20,593,114</u>	<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>
Total primary government	<u>\$ 28,290,834</u>	<u>\$ 26,828,149</u>	<u>\$ 31,777,202</u>	<u>\$ 34,357,272</u>	<u>\$ 35,193,059</u>	<u>\$ 31,648,593</u>

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

	<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>	<u>2011</u>
<b>General Fund</b>										
(1) Nond spendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 2,382,742
(1) Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	927,747
(1) Committed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,592,593
(1) Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,567,135
Reserved	\$ 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	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	\$ 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	\$ 8,470,217
<b>All Other Governmental Funds</b>										
(1) Nond spendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 20,231,489
(1) Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	26,492,563
(1) Committed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,895,378
(1) Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-
Reserved	\$ 12,899,397	\$ 11,392,576	\$ 11,986,252	\$ 11,807,568	\$ 13,321,727	\$ 73,308,593	\$ 68,299,779	\$ 56,532,084	\$ 62,746,031	49,619,430
Unreserved, reported in:										
Special revenue funds	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	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	\$ 21,099,324	\$ 17,478,405	\$ 21,660,525	\$ 21,953,141	\$ 23,706,258	\$ 85,983,269	\$ 77,244,517	\$ 64,794,751	\$ 65,383,256	\$ 58,089,647

**Source:** City Finance Department  
(1) New Fund Balance GASB 54



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

	<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>	<u>2011</u>
<b>Revenues</b>										
Taxes (see Schedule 6)	\$ 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	\$ 27,150,400
Intergovernmental	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	6,114,398
Interest and rentals	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	2,146,774
Charges for services	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	1,952,202
Licenses, permits and fees	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	888,402
Special assessment collection	586,108	351,885	160,866	327,225	306,495	210,435	-	-	-	0
Fines, forfeitures and penalties	186,611	185,715	174,550	181,727	216,368	197,134	159,701	212,849	193,392	146,940
Donations and miscellaneous	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	518,210
Total revenues	30,296,725	30,867,341	35,832,625	35,479,026	39,092,213	44,428,218	45,495,942	42,222,871	38,331,976	38,917,327
<b>Expenditures</b>										
General government	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	13,914,331
Public safety	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	14,687,084
Public works	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	656,651
Parks and recreation	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	2,270,907
Other	1,029,440	1,076,102	997,196	1,094,895	1,187,748	889,073	902,319	841,126	646,355	417,011

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

	<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>	<u>2011</u>
Capital outlay	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	174,963
Debt service										
Interest	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	3,028,229
Cost of issuance						1,316,741				
Principal	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	1,604,925
Total expenditures	<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>	<u>36,754,102</u>
Excess of revenues over (under) expenditures	(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)	2,163,225
<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	-	-	-	1,175,965	818,624	-	-	-	-	-
Transfers in	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	10,206,357
Transfers out	(9,805,718)	(10,450,825)	(6,941,870)	(9,389,415)	(8,968,201)	(12,083,300)	(21,380,121)	(23,592,333)	(24,652,411)	(10,461,446)
Total other financing sources (uses)	<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>	<u>(255,089)</u>
Net change in fund balances	<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>	<u>\$ 1,908,136</u>
Debt service as a percentage of noncapital expenditures	13.7%	13.9%	10.2%	8.4%	8.7%	11.6%	15.5%	29.5%	34.7%	12.7%

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>d Sales &amp; Use</b>	<b>a Occupancy</b>	<b>b Franchise</b>	<b>c Real Property Transfer</b>	<b>Total</b>
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
2011	2,679,110	8,237,144	1,747,659	1,500,461	69,234	14,233,608
Change						
2001-201	16.8%	37.8%	30.5%	42.7%	-73.1%	30.3%

**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

<sup>d</sup> Passage of Measure M , a half cent sales tax increase

**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	not available	not available	not available
2008	3,262,949	434,387	12,582	373,261	123,628	128,319	4,078,488	0.17	5,249,522	55.96%
2009	3,136,944	459,211	12,245	473,115	\$ 119,825	149,311	4,052,029	0.16	6,545,045	64.27%
2010	3,003,726	450,565	11,703	468,113	\$ 121,865	155,029	3,900,943	1.75	7,339,077	57.25%
2011	2,895,105	334,015	12,500	456,555	\$ 177,795	155,904	3,720,066	1.75	7,617,162	53.25%
								2.25	7,617,162	50.88%

**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.

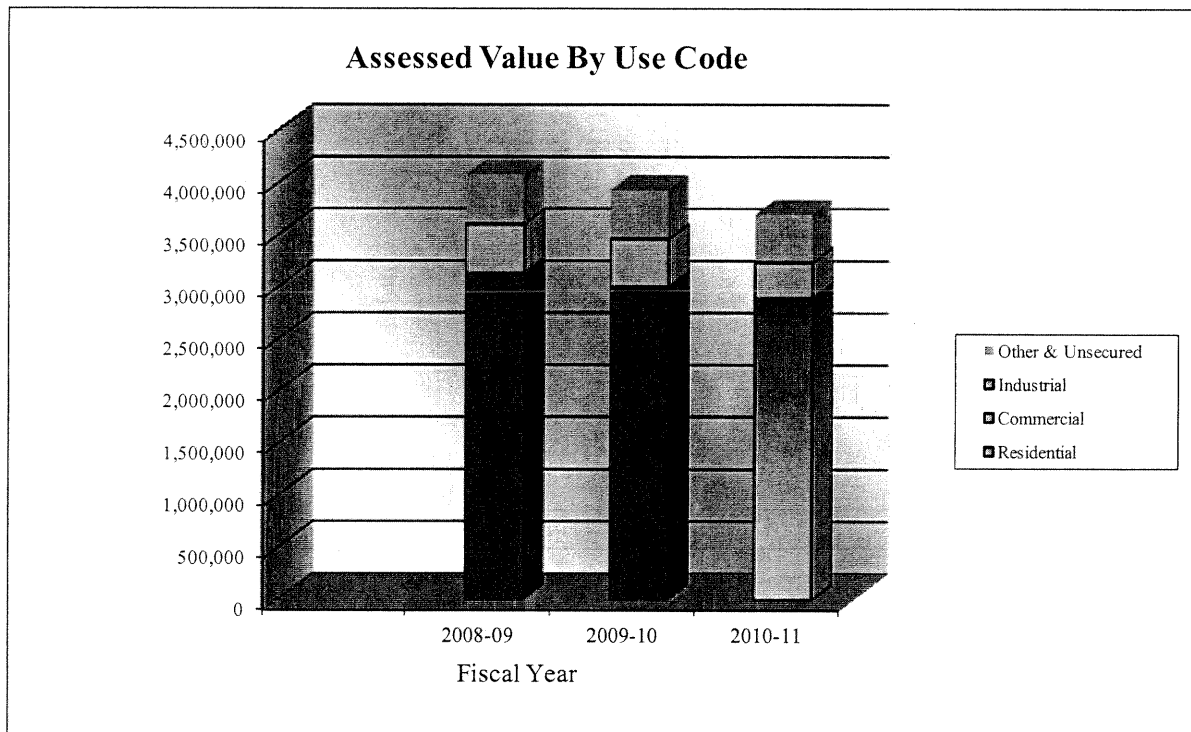
- (1) Total Direct Tax Rate is represented by TRA 007-000  
(2) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sales prices.  
Based on these calculations, a multiplier value was extrapolated and applied to current assessed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

# City of Rohnert Park

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

Category	2008-09	2009-10	2010-11
Residential	\$ 3,136,944	\$ 3,003,726	\$ 2,895,105
Commercial	459,211	450,565	334,015
Industrial	12,245	11,703	12,500
Other & Unsecured	473,115	468,113	456,555
Gross Secured Value	4,081,515	3,934,107	3,698,175
Unsecured Value	119,825	121,865	177,795
Exemptions	149,311	155,029	155,904
Net Taxable Value	\$ 4,052,029	\$ 3,900,943	\$ 3,720,066

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)*

Basic City and County Levy				Overlapping Rates <sup>a</sup>						
Fiscal Year	City of Rohnert Park	County of Sonoma	Total	Rohnert Park			Santa Rosa			Total Tax Rate
				Cotati School District	Warm Spring Dam	Bellvue School District	Rosa Junior College	Rosa High School	Bellvue School District	
2000	n/a	n/a	1.00	0.11	0.007	0.025	0.0300	0.025	0.025	1.1970
2001	n/a	n/a	1.00	0.11	0.007	0.025	0.0300	0.025	0.025	1.1970
2002	n/a	n/a	1.00	0.11	0.007	0.025	0.0542	0.025	0.025	1.2212
2003	n/a	n/a	1.00	0.11	0.007	0.025	0.0542	0.025	0.025	1.2212
2004	n/a	n/a	1.00	0.11	0.007	0.025	0.0542	0.025	0.025	1.2212
2005	n/a	n/a	1.00	0.11	0.007	0.025	0.0542	0.025	0.025	1.2212
2006	n/a	n/a	1.00	0.11	0.007	0.025	0.0542	0.025	0.025	1.2212
2007	0.175	0.825	1.00	0.11	0.007	0.025	0.0542	-	-	1.1420
2008	0.175	0.825	1.00	0.11	0.007	0.025	0.025	-	-	1.1420
2009	0.175	0.825	1.00	0.11	0.007	0.025	0.025	-	-	1.1420
2010	0.175	0.825	1.00	0.11	0.007	0.025	0.025	-	-	1.1420
2011	0.175	0.825	1.00	0.11	0.007	0.025	0.025	-	-	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  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
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
2011	2,679,110	2,668,030	99.59		2,668,030	99.59

**Sources:** Sonoma County Auditor-Controller

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

	Calendar Year											
	2000	2001	2002	2003	2004	2005	2006	2007Q3*	2008Q3*	2009Q3*	2010Q3*	
All other outlets	\$ 116,599	\$ 100,176	\$ 78,390	\$ 73,646	\$ 75,051	\$ 82,371	\$ 83,199	\$ 95,037	\$ 88,437	\$ 81,305	\$ 8,868	\$ 6,602
Apparel stores	15,347	15,036	15,062	13,786	13,691	13,927	14,154	14,504	13,838	13,551	31,548	32,602
Auto dealers and supplies	24,811	26,306	20,821	22,528	21,451	19,923	20,365	20,065	17,967	20,326	47,999	53,972
Building materials and farm tools	107,922	109,540	109,063	114,615	126,268	126,436	125,132	103,043	77,368	33,877	208,332	186,030
Eating and drinking establishments	52,850	55,632	56,357	60,000	68,442	72,279	73,091	73,939	70,627	81,305	183,167	178,472
Food stores	30,996	31,844	35,023	34,990	38,929	39,765	40,923	36,466	38,581	40,653	85,244	84,092
General merchandise	75,118	79,458	104,242	164,097	179,419	191,443	194,974	199,921	206,342	216,814	523,130	557,239
Home furnishings and appliances	29,134	29,521	45,674	39,276	36,601	32,707	29,879	32,777	27,509	27,102	48,183	68,920
Other retail stores	81,210	72,700	71,914	70,868	71,228	76,111	74,799	64,939	57,796	108,407	134,960	256,404
Service stations	33,728	31,010	29,556	31,805	31,960	34,155	36,395	39,181	45,281	47,428	89,151	82,737
Packaged Liquor and Drug Stores	-	-	-	-	-	-	-	7,558	7,988	6,775	15,744	16,921
Total	\$ 567,714	\$ 551,223	\$ 566,101	\$ 625,611	\$ 663,040	\$ 689,114	\$ 692,912	\$ 687,430	\$ 651,734	\$ 677,543	\$ 1,376,326	\$ 1,523,991

**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
2011	1.25	1.00	7.25

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

2011		2012	
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	DEPARTMENT 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	BLDG MATLS - RETAIL	COSTCO WHOLESALE	BLDG MATLS - RETAIL
CSV	PHARMACY	FOOD 4 LESS	FOOD MARKETS
EXXON SERVICE STATIONS	SERVICE STATIONS	HERTZ BIG 4 RENTS	LEASING
FOOD MAXX	FOOD MARKETS	HOME DEPOT	BLDG MATLS - RETAIL
HERTZ EQUIPMENT RENTAL	LEASING	J.E.HIGGINS LUMBER COMPANY	BLDG MATLS - RETAIL
HOME DEPOT	BLDG MATLS - RETAIL	LEVITZ FURNITURE	DEPARTMENT STORES
IN-IN-OUT BURGERS	RESTAURANT	LINENS N THINGS	FURNITURE/APPLIANCE
LANDIS & SYR	LIGHT INDUSTRY	LONGS DRUG STORES	PHARMACY
MCPHAIL'S APPLIANCES	FURNITURE/APPLIANCE	MCPHAIL'S APPLIANCES	LIGHT INDUSTRY
O'DELL PRINTING COMPANY	LIGHT INDUSTRY	NEXT LEVEL COMMUNICATIONS	OFFICE EQUIPMENT
OLIVE GARDEN	RESTAURANT	NORTRAX WEST	FOOD MARKETS
ACLARA RF SYSTEMS	LIGHT INDUSTRY	OFFICE DEPOT	DEPARTMENT STORES
PETSMART	MISCELLANEOUS RETAIL	RALEY'S SUPERMARKET	FOOD MARKETS
RALEY'S SUPERMARKET	FOOD MARKETS	ROSS STORES	APPAREL STORES
ROSS STORES	APPAREL STORES	SAFEWAY STORES	FOOD MARKETS
ROTTEN ROBBIE	SERVICE STATIONS	SHELL SERVICE STATIONS	SERVICE STATIONS
SAFEWAY STORES	FOOD MARKETS	TARGET STORES	DEPARTMENT STORES
ASHLEY FURNITURE	FURNITURE/APPLIANCE	UNITED FURNITURE	FURNITURE/APPLIANCE
TARGET STORES	DEPARTMENT STORES	W.W.GRAINGER	LIGHT INDUSTRY
W.W.GRAINGER	LIGHT INDUSTRY	WAL MART STORES	DEPARTMENT STORES
WAL MART STORES	DEPARTMENT STORES	YARDBIRDS HOME CENTER	BLDG MATLS - RETAIL

Source: State Board of Equalization, MuniServices, LLC

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

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

Fiscal Year	Government-type Activities					Business-type Activities					Per Capita <sup>v</sup>
	Redevelopment Bonds	Certificates of Participation	Lease Revenue Bonds	Special Assessment Bonds	Capital Leases	Water Revenue Bonds	Certificates of Participation	Total Primary Government	Percentage of Personal Income <sup>v</sup>		
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	
2011	51,553	3,460	5,280	-	846	5,630	11,765	78,534	7.04	1,810	

**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 Value of Property	Per Capita
	Redevelopment Bonds	Total		
2002	\$ 23,649	\$ 23,649	0.9930 %	\$ 554
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
2011	51,553	51,553	1.38581	1,198.35

**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, 2011**  
*(dollars in thousands)*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable *</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Cotati-Rohnert Park Unified School District	\$ 67,330,000	82.018%	<u>\$ 55,222,770</u>
Subtotal, overlapping debt			55,222,770
<b>City direct debt</b>			<u>-</u>
<b>Total direct and overlapping debt</b>			<u>\$ 55,222,770</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 2011**

Assessed value	\$ 3,763,915
Debt limit (15% of assessed value)	564,587
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for	
repayment of general	
obligation debt	<u>564,587</u>
Total net debt applicable to limit	\$ <u>564,587</u>
Legal debt margin	

	<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>	<u>2011</u>
Debt limit	\$ 445,713	\$ 478,156	\$ 487,694	\$ 526,849	\$ 534,506	\$ 580,879	\$ 611,773	\$ 611,773	\$ 564,587	\$ 564,587
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 445,713	\$ 478,156	\$ 487,694	\$ 526,849	\$ 534,506	\$ 580,879	\$ 611,773	\$ 611,773	\$ 564,587	\$ 564,587
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		Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Special Assessment Collections	Debt Service		Coverage	
				Principal	Interest				Principal	Interest		Principal	Interest		
2002	-	-	-	-	-	-	-	-	-	-	644	495	180	1	
2003	-	-	-	-	-	-	-	-	-	-	382	330	46	1	
2004	4,622	5,061	(439)	80	72	(2.89)	-	-	-	-	317	295	56	1	
2005	4,933	5,031	(98)	80	70	(0.65)	-	-	-	-	340	270	46	1	
2006	6,406	5,480	926	205	237	2.10	-	843	-	-	319	290	37	1	
2007	6,084	5,700	384	210	262	0.81	9,955	2,507	-	-	456	430	21	1	
2008	6,342	6,851	(509)	220	251	(1.08)	12,008	9,501	n/a	n/a	-	-	-	-	
2009	6,630	5,715	915	225	245	1.95	12,371	3,127	n/a	n/a	-	-	-	-	
2010	6,384	5,445	939	230	238	2.01	10,304	10,740	n/a	n/a	-	-	-	-	
2011	6,360	6,542	(182)	240	231	(0.39)	8,117	10,682	(2,565)	-	-	-	-	-	
#							8,180	11,510	(3,330)	-	-	-	-	-	

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 (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	County		City	
						Unemployment		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%	
2011	40,971	not available	28,241	32.7 est*	6,003	10.30%		10.1%	

**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

<u>Employer</u>	2011			2010			2009			2008		
	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	900	1	3.96 %	1,483	1	13.79 %	1,483	1	13.79 %	1,483	1	13.79 %
Rohnert Park/ Cotati USD	507	2	2.23	450	2	4.19	468	2	4.35	468	2	4.35
Wal-Mart	260	3	1.15	260	3	2.42	277	3	2.58	360	3	3.35
Home Depot	250	4	1.10	238	4	2.21	238	4	2.21	242	4	2.25
Costco	250	4	1.10	220	5	2.05	220	5	2.05	213	5	1.98
DC Power Systems	170	5	0.75	182	8	1.69	205	6	1.91	190	6	1.77
Target	161	6	0.71									
Safeway	140	7	0.62									
DoubleTree	135	8	0.59									
City of Rohnert Park	151	9	0.67									
ParkerCompumotor Corp	-		-	179	6	1.66	190	7	1.77	178	8	1.66
State Farm Insurance	-		-	164	7	1.53	182	8	1.69	177	7	1.65
Cross Check	-		-	139	9	1.29	142	9	1.32	143	9	1.33
Masterwork Electronics	-		-	99	10	0.92	111	10	1.03	126	10	1.17
Alvarado Street Bakery												
Total	2,924		12.88 %	3,414		31.75 %	3,516		32.70 %	3,580		33.30 %
Total City Employment (1)	22,700											

**Source:** 2006 and prior: Chamber of Commerce for top employers and [www.epodunk.com](http://www.epodunk.com) for total employment  
2007-11: Direct correspondence with City's local businesses

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

**Note:** Data not available for years prior to 2006

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

<u>Function/Program</u>	<u>Full-Time-Equivalent Employees as of June 30,</u>									
	<u>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>	<u>2011</u>
General government										
City Manager's Office	6	6	4	5	5	7	7	7	6.7	5.85
Finance	12	11	10	11	12	12	12	11	11	9.75
Information Systems	2	2	2	2	2	2	2	2	2	2
Planning	3	3	2	2	3	3	3	3	1.7	0
Development Services <sup>a</sup>										11
Human Resource	3	3	2	2	2	2	2	3	2.25	2.25
Other	3	3	1	2	2	-	-	-	-	0
Public Safety										
Officers	70	70	70	76	77	78	78	78	63.75	63
Civilians	31	31	30	30	30	31	32	32	27	20.75
Building Inspection	4	4	2	2	3	3	3	3	2.3	0
Public Works										
Engineering <sup>b</sup>	4	4	3	4	5	6	6	8	8	0
Public Works	28	27	23	25	25	29	29	29	27.4	34.08
Park Maintenance	9	9	7	6	5	4	5	5	6.6	0
Parks and recreation	10	10	7	7	7	7	7	6	2	
Community Services										37
Performing Arts Center	4	4	3	4	4	4	4	4	3	2
Total	<u>189</u>	<u>187</u>	<u>166</u>	<u>178</u>	<u>182</u>	<u>188</u>	<u>190</u>	<u>191</u>	<u>164</u>	<u>151</u>

Source: City Budget Office.

a - New Department combine Plan, Building and Engineering

b - New Department combine Parks & Recreation

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

<u>Function/Program</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>	<u>2011</u>
Police										
Stations	4	4	4	4	4	4	4	4	3	3
Patrol officers	44	44	48	48	48	48	48	48	34	29
Fire stations	4	4	4	4	4	4	4	4	3	3
Refuse Collection <sup>a</sup>										
Collection trucks	not available	13	11	11	11	10	10	10	10	10
Street Sweepers	not available	2	2	2	1	1	1	1	1	1
Other public works										
Streets (miles)	85.12	85.12	85.12	85.12	85.12	85.12	85.12	85.12	86.17	86.17
Streethlights	2,794	2,794	2,794	2,794	2,794	2,794	2,794	2,794	2817	2817
Parks and recreation										
Acreage	102	102	102	102	102	102	102	105	105	105
Playgrounds	30	30	30	30	30	30	30	25	25	24
Baseball/softball diamonds	14	14	14	14	14	14	14	10	10	10
Soccer/football fields	9	9	9	9	9	9	9	11	11	11
Tennis courts	25	25	25	25	25	25	25	26	26	25
Water										
Water mains (miles)	82.81	82.81	115.70	115.70	115.70	115.70	115.70	115.7	115.7	115.7
Fire hydrants	not available	not available	not available	not available	1,450	1,458	1,458	1,462	1462	1,462
Storage capacity (thousands of gallons)	4,374.6	4,374.6	4,374.6	4,374.6	4,374.6	4,374.6	4,374.6	4,374.6	4374.6	4,375
Wastewater										
Sanitary sewers (miles)	77.0	77.0	77.0	77.0	80.0	77.0	77.0	83.0	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 gallo	4.75	4.68	4.44	5.11	5.41	3.13	3.83	3.13	3.28	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.

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

<u>Function/Program</u>	<u>Fiscal Year</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>	<u>2011</u>
General government										
Building permits issued	746	801	634	736	574	663	650	515	575	622
Building inspections conducted	not available	not available	not available	2,228	1,875	1,560	1,393	1,664	815	1,168
Police										
Physical arrests	not available	not available	1,839	2,174	2,485	2,474	3,076	3,156	2,323	2,214
Parking violations	not available	not available	1,111	3,583	3,794	2,554	2,448	3,248	2,419	2,034
Traffic violations	not available	not available	265	286	264	1,402	1,695	1,452	876	822
Fire										
Emergency responses	119	103	107	113	134	3,164	3,007	3,262	3,263	3,156
Inspections	not available	not available	not available	not available	not available	1,713	1,869	1,966	1,555	2,031
Refuse collection <sup>a</sup>										
Refuse collected (tons per day)	not available	65.6	65.3	61.3	64.3	68.2	59.7	58	53	49
Recyclables collected (tons per day)	not available	29.5	27.4	27.5	30.9	31.4	28.89	29	18	19
Parks and recreation										
Sports & Fitness Center Attendance	127,530	113,552	135,259	136,490	119,803	111,655	124,261	101,253	125,321	112,330
Community Center Attendance <sup>b</sup>	85,511	86,121	71,069	41,120	42,019	46,495	42,240	48,682	43,253	36,170
Library										
Volumes in collection	57,179	60,254	65,078	74,868	75,718	84,369	84,381	90,478	90,478	90,538
Water										
Water main breaks	not available	not available	not available	2	2	0	1	3	1	1
Average daily consumption (millions of gallons)	6.33	6.31	6.18	5.42	5.00	4.90	4.4	4.4	3.9	3.9
Peak daily consumption (millions of gallons)	9.87	10.18	8.81	8.44	7.86	7.15	6.7	6.4	5.7	5.4
Wastewater										
Average daily sewage treatment (millions of gallons)	3.80	3.69	3.60	3.88	3.87	3.16	3.42	3.12	3.28	3.48

**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.