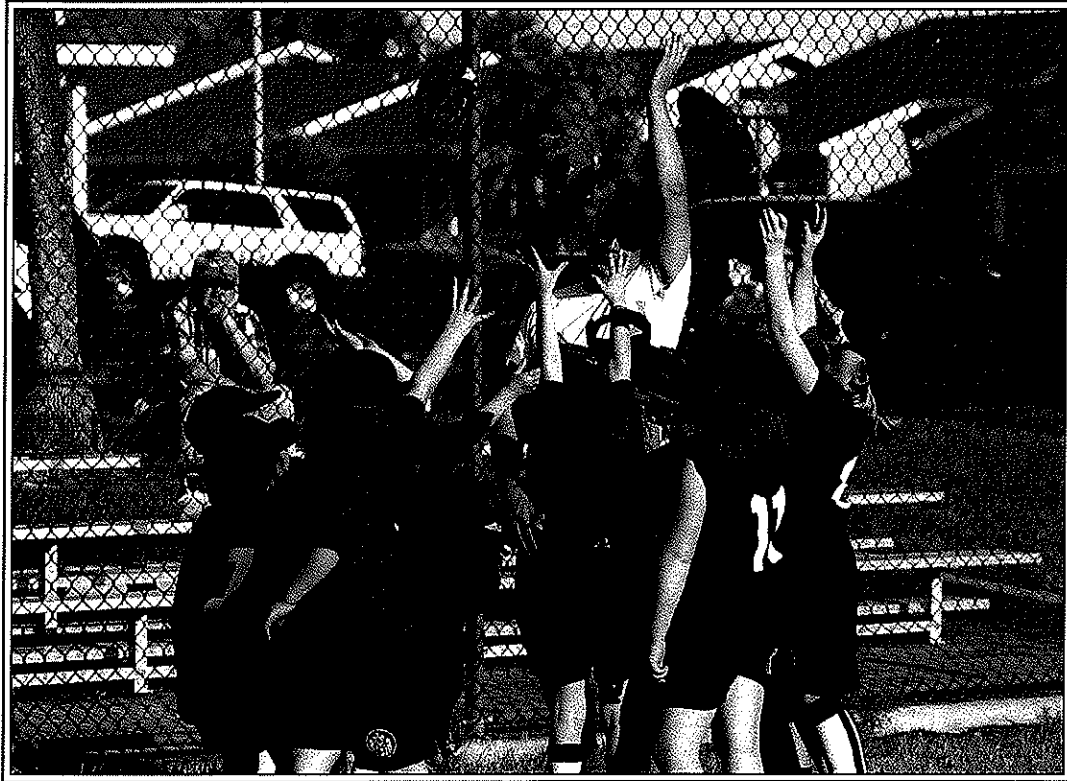


# CITY OF ROHNERT PARK

SONOMA COUNTY, CALIFORNIA



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## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2004

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**CITY OF ROHNERT PARK, CALIFORNIA**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended June 30, 2004**

**Prepared by  
Finance Department**

**Sandra M. Lipitz  
Finance Director**



## **CITY OF ROHNERT PARK**

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# CITY OF ROHNERT PARK

## FINANCE DEPARTMENT

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October 4, 2004

Members of the City Council:

The Comprehensive Annual Financial Report (CAFR) of the City of Rohnert Park for the fiscal year 2003-2004 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, are 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 third 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 CAFR is organized into three sections:

- The Introductory Section is intended to familiarize the reader with the organizational structure of the City, the nature and scope of the services it provides, and the specifics of its legal operating environment.
- The Financial Section is prepared in accordance with the GASB 34 requirements by including the MD&A, the basic financial statements including notes and the required supplementary information. The basic financial statements include the government-wide financial statements that present an overview of the City's entire financial operations and the fund financial statements that present the financial information of each of the City's major funds, as well as non-major governmental and fiduciary funds. Also included in this section is the independent auditor's report on the financial statements and schedules.
- The Statistical Section contains comprehensive statistical data on the City's financial, physical, economic, social and political characteristics.

### THE REPORTING ENTITY

The CAFR includes the funds and account groups of the primary government, which includes several enterprise activities, as well as all of its component units. Component units include legally separate entities for which the primary government is financially accountable and that have substantially the same board as the City or provide services entirely to the City. Accordingly, the Community Development Commission of the City of Rohnert Park and the Rohnert Park Financing Authority are blended with the City. The Rohnert Park Housing Financing Authority (Authority) is reported as a discretely presented component unit because the City is financially accountable for the Authority but the Authority's governing body is not substantially the same as the City's and the Authority does not provide services entirely or almost entirely to the City.

## ***Economic Condition and Outlook***

The City is located in beautiful Sonoma County, approximately forty-five miles north of San Francisco. The economy of Sonoma County is past the worst of its downturn and is showing signs of a slow recovery. Sonoma County will experience the first positive job growth since the 2001 recession. The pace will be slow at first as all of the County's major industries are still facing pricing pressures and excess production, but long term, Sonoma County should once again be an above average performer.

Over the years, Sonoma County has enjoyed traditionally low unemployment rates. Since the 2001 recession, unemployment rates have continued to rise to a high of 4.9% in 2003. Employment has now leveled off and the unemployment rate has dropped slightly to 4.7% and is expected to continue to decline for the next few years as the economy slowly improves.

The technology, wine and tourism industries are beginning to show signs of improvement. Demand and price conditions for biotech and telecom companies are finally past their worst point as there is growing interest from venture capital firms and business investment for new technology. Tourism activity is good as the per capita income in California and nationwide continues to grow. Resort and spa destinations are expected to see increased demand this year. Real estate continues to see a solid pace of house-price appreciation and the office market vacancy rate has declined. Firms are planning for expansion and there are new business services entering the area. The wine and viticulture industries will be the last to recover as there is a vast supply of grapes and wine globally; however, the worst conditions for the industry are now likely past. The weak dollar allows domestic wines to be more competitive imports, as well as the overseas market.

Nonresidential construction continues to be slow and will maintain its moderate pace for at least one more year. Housing prices continue to appreciate due to a limited supply and low interest rates. For Rohnert Park, the assessed valuation of property increased 7.3% from the prior fiscal year.

Retail sales in Rohnert Park increased 12% from the prior year due primarily due to new sales from the Costco store and overall small increase in retail sales. Rohnert Park has a diversified business mix, which helps weather the impact of any downturns in the economy. As sales tax is the largest source of revenue for the City's General Fund, (31% of the General Fund revenues), the City is focusing on economic development to attract new business and entered into an agreement to sell surplus City land for a major commercial development.

During the previous fiscal year, the City entered into a lease agreement with Courseco as the new operator of the two municipal golf courses. Through capital contributions from Courseco and the City, both courses were completely renovated and are now open for full play. Due to the number of competitive private golf courses in the area, as well as a difficult economy, revenue from golf operations has been below projection. Hopefully, as the economy improves, the play will return.

In summary, Sonoma County's long-term economic outlook is strong as all business sectors begin a slow recovery from the 2001 recession.

## ***MAJOR INITIATIVES***

***For the Year.*** In preparing the 2003-04 budget, the City made a concerted effort to reduce expenditure levels in order to meet financial challenges. Accordingly, thirty positions were eliminated through early retirement, attrition and layoff. Five Public Safety Officer positions were added to offset the overtime impact and one Animal Shelter Technician position was added to assist with the increased workload from providing shelter services to both the City of Cotati and the City of Sebastopol.

It should be noted that the City operates with only four employees per thousand of population as compared with an average of the other cities in Sonoma County of seven employees per thousand.

In order to balance the budget and offset the reduction in revenues due to the economy, the City made drastic cuts in staffing, restructured two long-term debts, contracted out some IT services and sold surplus property.

The State, as well as the City, continues to experience an economic downturn. Due to the State's large budget deficit, local governments received reduced funding for transportation projects and public safety programs and did not receive any reimbursement for the ERAF shift. The State also shifted \$341,000 from the Redevelopment Agency to ERAF as a balancing measure. The following is a list of the funding received from the State of California:

<b>Funding:</b>	<b>2003-04 Amount</b>
AB 3229 (COPs)	\$ 100,000
Booking Fees	103,765
ABC Grant	42,232
DUI Grant	3,246
<b>Total State Funding for FY 2003-04</b>	<b>\$ 249,243</b>

The City continued implementation of an aggressive water conservation program with the assistance of the Sonoma County Water Agency (SCWA). SCWA provided a list of "Best Management Practices" (BMPs) that the City has been implementing over the years in order to be in compliance with the Agencies requirements for water conservation. Since 1998, the City has received about \$1.1 million from SCWA for water conservation programs. As of 2003, the City has saved about 3,712 acre feet due to these conservation efforts and is on track to meet ten of the thirteen BMP's within the ten-year goal. The City's current programs have been very successful, especially the toilet replacement program. To date, 9,530 ultra low toilets have been installed through the direct installation, rebate and high school giveaway program and 16,800 low-flow showerheads have been distributed to residents. The City's newest program is the residential audit program, which a resident voluntarily requests that their home be inspected to find ways to reduce water consumption. Also along the lines of conservation and in accordance with a State mandate, the City installed water meters on all residential properties. In the past, all single-family residences in Rohnert Park were billed on a flat rate, while all multi-family, commercial and industrial accounts were billed on consumption. The residential water meter project cost \$2.3 million, of which \$1.3 million was grant funded. A new, metered rate structure was adopted in the Spring that created a fixed monthly service charge and an additional consumption charge for all accounts. The first billings with this new rate structure were mailed in October, 2003. Since implementation, the City has seen a reduction in water usage with the new metered-rate structure. The City's next project will be to replace the commercial meters and install automated radio read equipment so that all meters can be read within three days.

The City places a high importance on technology and information systems. The City network is comprised of five primary facilities: City Hall, Public Safety, Public Works, Finance Annex and the Community Center Complex. These primary sites are linked using leased T1 lines. Data and voice information is run over these links and the appropriate firewalls, routers and switches are in place. Each facility has one or more servers on-site for local operations and all internet traffic is routed through a data center at the Finance Annex. The City uses a standard Microsoft Windows Operating System for the servers, desktops, notebooks and PDAs. Most of the computer equipment is leased, with the exception of Public Safety computers and mobile PC's that were purchased through a grant for the CAD/RMS project. The City is looking to replace its obsolete telephone system with a new system that is much easier to implement and administer. In the prior year, the City implemented a new financial software system, Springbrook, which automated all processes and allowed for interface between modules. In the Fall of 2004, the City installed the software Govpartner, which allows citizens to file a complaint or make a request on-line which is then routed and tracked through the appropriate department. Plans for future technology enhancements will include E Commerce so that customers can make payments on-line.

The City has a Public Safety department in which the officers perform dual roles of police and fire, which has proven to be an extremely cost efficient way to provide these services. The focus of the department during 2003-04 was making Rohnert Park the safest city along the US 101 corridor. With funding from the Federated Indians of the Graton Rancheria, the department developed a Special Enforcement Unit (SEU), a proactive team consisting of one sergeant and three public safety officers. The goals of the team are to reduce burglaries and auto thefts, increase drug arrests, and participate in public education programs, such as Neighborhood Watch. The funding also assisted in the development of the City's first Canine Program. The SEU and Canine Program will enhance the safety of the



community and provide a comfortable environment for residents and visitors to enjoy. During the year, the department also increased the level of service to the community through improved fire training and inspection programs.

The City completed various engineering projects during the year, which included the new library, an electronic sign and pedestrian ramps. The library was funded with tax allocation bonds, with a total project cost of \$8.1M. The old library was sold to an investor for commercial property for \$1M. The electronic freeway sign board advertises the Performing Arts Center events, other County events and businesses. The project cost was \$500,000, which was paid for by a loan from the Performing Arts Center endowment fund to the General Fund. The loan will be repaid over a ten-year period by the advertising revenue, which is projected at \$250,000 per year. The pedestrian ramp project is phase two of a city-wide project to replace sidewalk curbs with ramps. The cost of this project, \$170,000, was funded through a Community Development Block Grant.

During the year, the Rohnert Park Housing Financing Authority sold the Rancho Feliz Mobile Home Park to Millenium Housing, a nonprofit organization. Millenium Housing owns and manages several parks within the State and had an excellent reputation. The Rohnert Park Financing Authority acted as a conduit for the debt financing. The Commission assisted with \$500,000 from Low & Moderate Housing funding towards the closing costs. The \$250,000 pledge was returned to the Commission upon the close of escrow in September 2003. Millenium Housing also owns another mobile home park in Rohnert Park, Las Casitas. This park was purchased in 2000 with a similar conduit financing.

***For the Future.*** Tourism is an important industry in Sonoma County and Rohnert Park in particular. The City, through the Community Development Commission, provides funding to both the Chamber of Commerce and the Sonoma County Tourism Council to promote tourism, as well as local interest in the City. Rohnert Park has six hotels/motels with 851 available rooms. The Doubletree Hotel provides facilities for major conventions and meetings. This type of industry expands the City's tax base. The City's Performing Arts Center attracts many people into Rohnert Park in addition to providing the residents with quality cultural performances. During the year, the City constructed an electronic freeway sign to advertise events at the Center and also to generate advertising revenue and promote local businesses. The City's two 18-hole golf courses also draw many visitors to Rohnert Park and provide an excellent golf opportunity for residents. During the year, the City entered into an agreement to sell the wine center building to a private investor. The building was remodeled into an upscale restaurant, with outdoor seating that overlooks Roberts Lake. The City is also looking forward to the completion of Sonoma State University's Green Music Center. The music center will provide for music and education programs all-year round and will be a regional attraction for major indoor/outdoor concert events.

The City is focusing on economic development to attract businesses that fill a market void and also those that complement existing businesses. Special attention is being focused on the West Side vacant parcels for a major retail center. In the prior year, the City ended a lease agreement with the Crushers baseball league and entered into an option to purchase agreement with a real estate development firm for four parcels totaling forty acres, including the stadium lands parcel. The first parcel will be sold before December 31, 2004 and plans for development should begin shortly thereafter.

The City has a tremendous opportunity for economic development with the implementation of the new General Plan. This Plan articulates a vision for the City that includes an urban growth boundary correlated with a growth management program. It describes a framework of targeted growth areas, including the creation of a City Center area anchored with a new library and city hall, 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 industrial uses to the southeast, and the continued expansion of the City's network of parks and open space. The Plan provides for an average growth rate of 1% with an ultimate build-out of approximately 20,000 housing units, 405 acres of commercial, office and industrial uses, 60 acres of mixed use, and 190 acres of open space over the next twenty years.

Maintenance and expansion of the community's general infrastructure (such as roads, curbs and sidewalks) remain a strong concern for the City. The City is focusing a major effort towards economic development to maximize the revenues created within the new City boundaries. A portion of these revenues will be set aside to maintain and expand the infrastructure.

**Departmental Focus.** Each year the City selects a department to highlight its efforts and accomplishments. In 2003-04, the Planning Division has been selected. The Planning Division is an integral part of the City and Community Development Commissions' operation and mission.

As a component of the City's Building Services Department, the Planning Division is charged to assist the community in determining the City's vision of its future. The key document in this effort is the City's General Plan, which was approved in 2000 and outlines the City's growth and development until the year 2020. The City's General Plan identifies six Specific Plan areas that are outside the current City limits but are intended for future annexation to the City. During the past year, the Planning Division reviewed draft specific plan documents for four of these areas: the Wilfred/Dowdell Village, the University District, the Northeast Area, and the Southeast Area. In conjunction with these reviews, staff has been working with consultants to prepare the required Environmental Impact Reports (EIRs) for the Plans. A Preliminary Specific Plan for a fifth location, the Northwest Area, was reviewed earlier this year with comments provided to assist in the final drafting. Also, a preliminary plan for the redevelopment of the Rohnert Park Stadium area was reviewed.

In addition to being the "caretaker" of the General Plan and the Specific Plans, Planning is also responsible for processing development applications, administering zoning ordinances and providing technical and administrative support to the Planning Commission and City Council. During the fiscal year, Planning processed fifty-two development applications, which included some larger apartment complexes. Each of these approvals was subject to the City's new Inclusionary Housing Ordinance, which requires that a minimum of fifteen percent of the units constructed be reserved as affordable for lower-income households.

Commercial applications processed during the year, included a new Office Depot store, a remodel of Target and an expansion of a large health club. Planning is also implementing the City Center Concept Plan, which seeks to create a true "downtown" for the community, offering a mix of commercial, office and residential uses. This past year, two key projects were approved for this area, the City Center Townhomes mixed-use project (76 residential units) and the Arbors mixed commercial/residential project (56 units). Planning is working with another housing developer on an additional mixed-use project for this area.

Planning also routinely provides guidance to homeowners on the laws and standards contained in the City's zoning ordinance. The zoning ordinance governs the way in which buildings can be constructed or expanded on properties within City limits, including provisions for projects such as second residential units and garage conversions. Planning is also taking a proactive role in the maintenance of the existing City through the new Neighborhood Preservation Program initiated during the year. This program allows the City to work with property owners to correct nuisance situations that negatively affect residents' quality of life, thereby preserving and enhancing Rohnert Park's image as "The Friendly City".

## **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.

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

accounting system as one technique of accomplishing budgetary control. All unencumbered appropriations lapse at year-end.

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

**Cash Management.** The following table illustrates the cash invested by the City as of June 30, 2004, by investment type:

Cash & Investments - June 30, 2004

Sonoma County Investment Pool	\$ 597,011	1.2%
Cash, CD's and money market funds	15,605,649	31.7%
State Treasurer LAIF	23,068,057	46.8%
Government securities	<u>10,000,000</u>	<u>20.3%</u>
Total Cash & Investments	<u>\$ 49,270,717</u>	<u>100.00%</u>

Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, obligations of U.S. Government Agencies, State of California Local Agency Investment Fund (LAIF), Sonoma County Investment Pool and mutual funds. The average yield on investments at June 30, 2004 for the City was 2.507% and for the Commission 2.308%. The City and Commission's investment performance ranks favorably when compared to the yield rate of 2.21% for U.S. Treasury bills (1 Yr), but both the City's and Commission's performance is less than the yield rate of 3.44% for U.S. Treasury Notes (5 Yr). While it is tempting to secure the higher yields by investing in securities that are longer term, the City holds firm to the investment policy to have a balanced portfolio. The City adopts an investment policy annually, which includes the criteria for selecting investments. As in the past, the priority of the criteria has remained safety first, then liquidity, and last, yield. All CDs are FDIC secured and the City works with two brokerage firms to find attractive investment opportunities. Interest rates over the last three years have been on a decline, resulting in a loss of about \$1M annually in investment earnings. Recently, the market has shown signs of a rebound in interest rates and the City will take advantage of this rebound as cash becomes available. About half of the Commission's cash is from bond proceeds that are invested in short-term treasury notes for immediate liquidity for capital spending. As a result of the recession, interest rates continued to drop.

**Risk Management.** The City is a member of Redwood Empire Municipal Insurance Fund (REMIF), a joint powers authority composed of cities located in Northern California. The City maintains coverage for property, liability and workers' compensation through REMIF. As of June 30, 1995, REMIF discontinued its indemnity-type health insurance program and accordingly, the City presently contracts with Blue Cross. Other health related employee fringe benefit programs are self-administered by the City and funded by the General Fund. During the fiscal year, the City received a refund of \$133,318 for the liability program; however, with the rising cost of workers comp and the amount of claims, there was no refund for the workers' compensation program this year. For 2004-05, the City's workers' compensation premium rose 23%, while the premium for liability remained about the same.

## OTHER INFORMATION

**Independent Audit.** Management considers an annual audit by independent certified public accountants a sound and prudent business practice. The accounting firm of Macias, Gini & Company LLP performed the annual audit for the City during 2003-2004. 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 (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, 2003. This was the twenty-second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized

## OTHER INFORMATION

**Independent Audit.** Management considers an annual audit by independent certified public accountants a sound and prudent business practice. The accounting firm of Macias, Gini & Company LLP performed the annual audit for the City during 2003-2004. 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.

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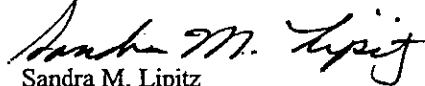
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA and CSMFO to determine its eligibility for another certificate.

**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,



Carl Eric Leivo  
City Manager



Sandra M. Lipitz  
Finance Director/City Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rohnert Park,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

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

# California Society of Municipal Finance Officers

## Certificate of Award

*Outstanding Financial Reporting 2002-2003*

Presented to the

*City of Rohnert Park*

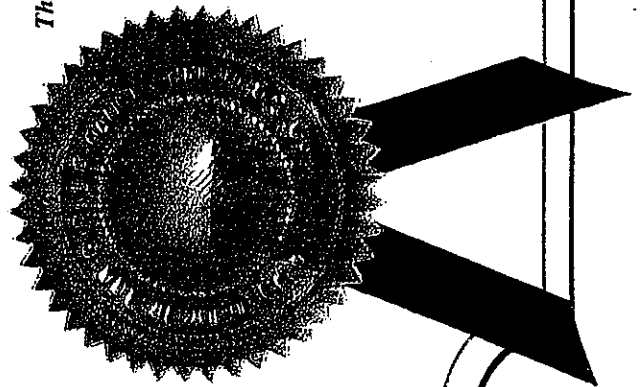
*This certificate is issued in recognition of meeting professional standards and criteria in reporting  
which reflect a high level of quality in the annual financial statements  
and in the underlying accounting system from which the reports were prepared.*

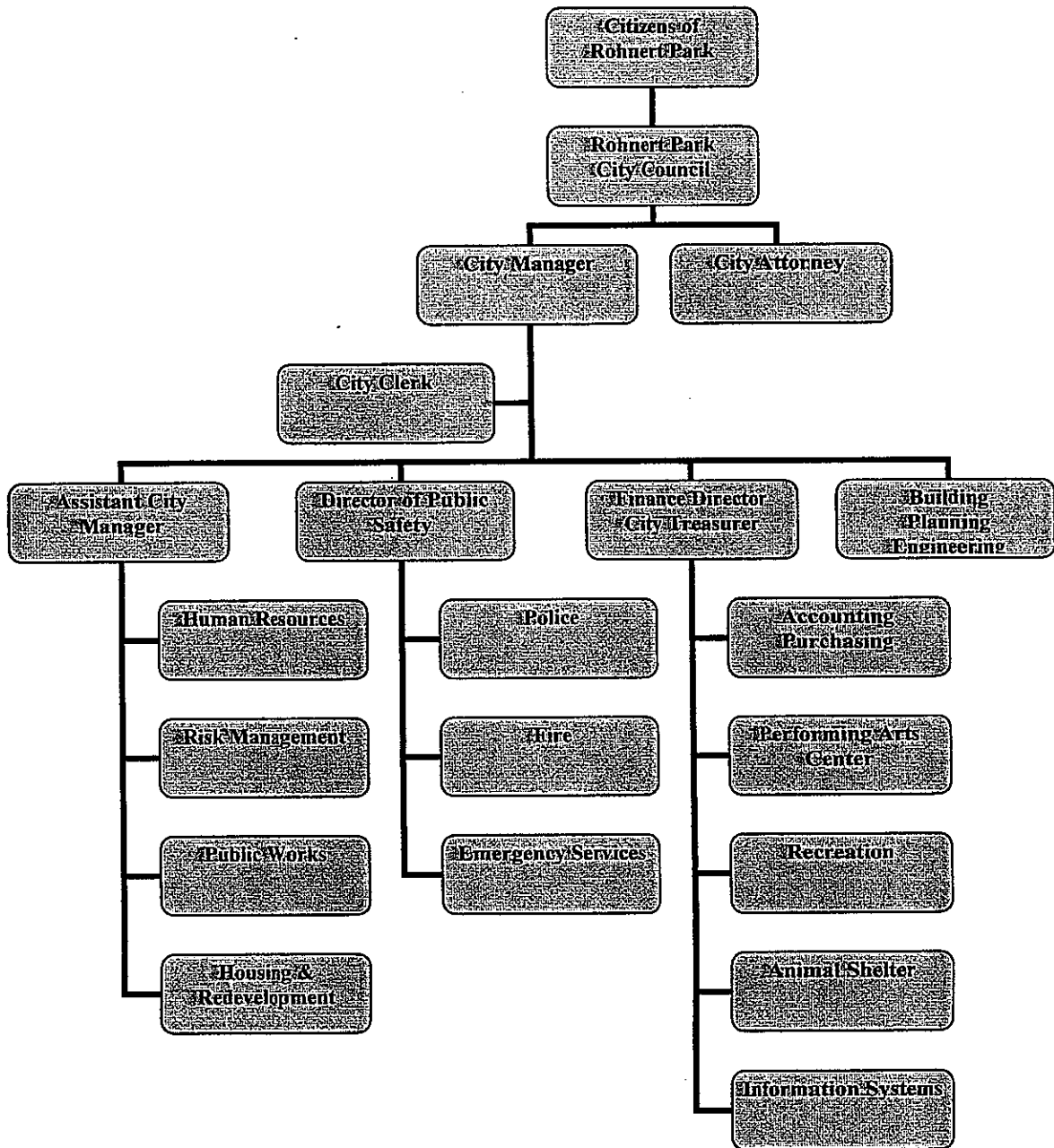
*March 1, 2004*

*Bret M. Lindee*

Chair, Professional & Technical Standards Committee

*Dedicated to Excellence in Municipal Financial Management*





**CITY OF ROHNERT PARK**

**LIST OF PRINCIPAL OFFICIALS**

**City Council**

Greg Nordin (Mayor)

Amie Spradlin (Vice Mayor)

Vicki Vidak-Martinez

Jake Mackenzie

Armando Flores

**City Staff**

City Manager

Carl Eric Leivo

Assistant City Manager

Steve Donley

Interim City Attorney

Gabriel Whelan

Finance Director/City Treasurer

Sandra M. Lipitz

Director of Public Safety

Tom Bullard

**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

Sister City Relations Committee

Bicycle Advisory Committee

Rohnert Park Housing Financing Board







## MACIAS GINI & COMPANY<sup>LLP</sup>

Mt. Diablo Plaza  
2175 N. California Boulevard, Ste. 645  
Walnut Creek, California 94596

925.274.0190 PHONE  
925.274.3819 FAX

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

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rohnert Park (City), as of and for the fiscal year ended June 30, 2004, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated September 17, 2004 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 assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison schedules for the General Fund and Transportation Equity Act Special Revenue Fund, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by 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's basic financial statements. The introductory section, supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is 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.

*Macias, Gini & Company LLP*

Certified Public Accountants

Walnut Creek, California  
September 17, 2004

## Management's Discussion and Analysis

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, 2004. 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 2003-2004 fiscal year by \$90,755,344 (*net assets*). Of this amount, \$48,322,213 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors, \$8,569,188 is restricted for specific purposes (*restricted net assets*), and \$33,863,943 is invested in capital assets, net of related debt.
- The government's total net assets increased by \$7,971,185 during the fiscal year. The General Fund cash increased by \$3.5 million, mostly attributable to the sale of City surplus property. Commission cash increased \$2.1 million due to continued growth in tax increment as well as the return of \$1.3 million in tax increment held by the County pending resolution of a dispute between the School District and the Commission. Cash in the Special Revenue funds also increased by \$1.9 million through developer fees and a \$700,000 contribution from the Federated Indians of the Graton Rancheria for Public Safety neighborhood enforcement. Overall cash and investments, including restricted cash increased by \$8.7 million. Capital assets decreased by \$1.8 million, net of accumulated depreciation. Notes and loans receivable increased \$0.7 million, with a \$355,000 loan from the General Fund to the City's golf course operator for driving range improvements and an increase in affordable housing loans. Liabilities decreased by \$0.5 million, which included a decrease in long-term liabilities due within one year of \$1 million, offset by an increase in deposits of \$0.3 million.
- As of June 30, 2004, the City's governmental funds reported combined ending fund balances of \$40,069,758 a net increase of \$6,898,576. Approximately 64% of the combined fund balances, \$25,456,715 is available to meet the City's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$15,782,442, or 75% of total General Fund expenditures.
- The government's total long-term liability (excluding Rohnert Park Housing Financing Authority) decreased by \$916,387 in comparison with the prior year. The decrease was attributable to a decrease in capital leases of \$153,539, a decrease in compensated absences of \$55,389 and debt payments and amortization of discount, premium and deferred loss on refunding of \$1.3 million, offset by an increase in accreted interest of \$749,371.
- Following the events of September 11, 2001 and the depressed economy, City's revenues have grown at a moderate pace, with the majority of the growth being in taxes. The City has experienced rising costs in health insurance, workers comp insurance and PERS retirement costs. In an effort to keep expenditures relatively flat, the City reduced its workforce by thirty positions in July 2003.

### 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.

## Management's Discussion and Analysis, Continued

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), the Rohnert Park Financing Authority (the Financing Authority), and the Rohnert Park Housing Financing Authority (the Housing 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. The Housing Financing Authority is reported separately from the financial information presented for the primary government.

**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; Transportation Equity Act Fund; Commission's Capital Projects Fund and Housing Projects Fund; Financing Authority; Special Assessments Debt Service Fund; and the City Capital Projects Fund; all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation entitled "other governmental funds". Individual and combining fund data for each of these nonmajor governmental funds is provided as supplementary information elsewhere in this report.

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

- *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for the water, sewer, and refuse collection operations.

## Management's Discussion and Analysis, Continued

- *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.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table represents a comparative analysis of the net assets of governmental and business-type activities for the years ending June 30, 2004 and June 30, 2003:

Statement of Net Assets						
June 30, 2004						
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 44,966,142	\$ 37,991,448	\$ 16,368,910	\$ 14,081,717	\$ 61,335,052	\$ 52,073,165
Capital assets, net	60,486,310	62,706,132	11,463,913	11,065,570	71,950,223	73,771,702
<b>Total assets</b>	<b>105,452,452</b>	<b>100,697,580</b>	<b>27,832,823</b>	<b>25,147,287</b>	<b>133,285,275</b>	<b>125,844,867</b>
Current and other liabilities	2,450,763	2,196,310	1,168,353	1,037,196	3,619,116	3,233,506
Long-term liabilities	36,911,059	37,748,008	1,999,756	2,079,194	38,910,815	39,827,202
<b>Total liabilities</b>	<b>39,361,822</b>	<b>39,944,318</b>	<b>3,168,109</b>	<b>3,116,390</b>	<b>42,529,931</b>	<b>43,060,708</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	24,399,786	25,838,048	9,464,157	8,986,376	33,863,943	34,824,424
Restricted	8,569,188	8,351,086	-	-	8,569,188	8,351,086
Unrestricted	33,121,656	26,564,128	15,200,557	13,044,521	48,322,213	39,608,649
<b>Total net assets</b>	<b>\$ 66,090,630</b>	<b>\$ 60,753,262</b>	<b>\$ 24,664,714</b>	<b>\$ 22,030,897</b>	<b>\$ 90,755,344</b>	<b>\$ 82,784,159</b>

**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 \$90.8 million at the close of the current fiscal year. Total assets increased by \$7.4 million during the year. This is comprised of an increase in current assets by \$9.3 million and a decrease in capital assets by \$1.4 million. Cash and investments increased by \$3.5 million in the General Fund, mostly attributable to the sale of City surplus property; Commission cash increased \$2.1 million due to continued growth in tax increment as well as the return of \$1.3 million tax increment withheld by the County pending resolution of a dispute between the School District and the Commission. Cash in the Special Revenue funds also increased by \$1.9 million, consisting of developer fee revenue as well as a \$700,000 contribution from the Federated Indians of the Graton Rancheria for Public Safety neighborhood enforcement. Overall cash, including restricted cash, increased by \$8.7 million. Capital assets decreased by \$1.8 million, net of accumulated depreciation. Notes and loans receivable increased \$0.7 million, with a \$355,000 loan from the General Fund to the City's golf course operator for driving range improvements and an increase in affordable housing loans.

A portion of the City's net assets (53%) represents *unrestricted net assets* of \$48.3 million, which may be used to meet the City's ongoing obligations to citizens and creditors.

## Management's Discussion and Analysis, Continued

Another significant portion of the City's net assets of \$33.9 million (37%) reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets of \$8.5 million (10%) 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 activities. For business-type activities, the City reported a positive balance of \$15.2 million in unrestricted net assets.

The following table indicates the comparative changes in net assets for governmental and business-type activities for fiscal year June 30, 2004 and 2003:

### Statement of Activities For the Fiscal Year Ended June 30, 2004

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	\$ 4,285,754	\$ 3,104,681	\$ 15,819,578	\$ 15,753,492	\$ 20,105,332	\$ 18,858,173
Operating grants and contributions	3,286,244	3,369,440	-	1,308,893	3,286,244	4,678,333
Capital grants and contributions	714,594	702,025	3,348,132	504,589	4,062,726	1,206,614
General revenues:						
Property taxes	12,900,727	10,415,445	-	-	12,900,727	10,415,445
Franchise taxes	1,725,402	1,073,224	-	-	1,725,402	1,073,224
Other taxes	1,776,800	2,311,692	-	-	1,776,800	2,311,692
Contributions not restricted to specific programs:						
Sales taxes allocation from State	6,834,708	6,088,866	-	-	6,834,708	6,088,866
Motor Vehicle license fees	1,968,325	2,436,209	-	-	1,968,325	2,436,209
Rental income	803,898	448,626	-	-	803,898	448,626
Investment income	1,126,080	1,406,240	146,546	206,350	1,272,626	1,612,590
Other	2,779,073	326,535	-	-	2,779,073	326,535
Total revenues	38,201,605	31,682,983	19,314,256	17,773,324	57,515,861	49,456,307
Expenses:						
General government	8,280,697	7,692,265	-	-	8,280,697	7,692,265
Public safety	13,459,313	12,098,684	-	-	13,459,313	12,098,684
Public works	4,369,470	4,585,522	-	-	4,369,470	4,585,522
Parks and recreation	3,834,955	4,007,338	-	-	3,834,955	4,007,338
Other	1,043,298	1,129,467	-	-	1,043,298	1,129,467
Interest on long-term debt	1,991,137	2,014,601	-	-	1,991,137	2,014,601
Water	-	-	5,593,980	4,543,407	5,593,980	4,543,407
Sewer	-	-	7,465,887	8,628,125	7,465,887	8,628,125
Refuse collection	-	-	3,505,939	4,106,036	3,505,939	4,106,036
Total expenses	32,978,870	31,527,877	16,565,806	17,277,568	49,544,676	48,805,445
Excess (deficiency) before transfers	5,222,735	155,106	2,748,450	495,756	7,971,185	650,862
Transfers	114,633	306,350	(114,633)	(306,350)	-	-
Change in net assets	5,337,368	461,456	2,633,817	189,406	7,971,185	650,862
Net assets, beginning of year	60,753,262	60,291,806	22,030,897	21,841,491	82,784,159	82,133,297
Net assets, end of year	\$ 66,090,630	\$ 60,753,262	\$ 24,664,714	\$ 22,030,897	\$ 90,755,344	\$ 82,784,159

## Management's Discussion and Analysis, Continued

**Governmental activities.** Governmental activities increased the City's net assets by \$5,337,368 thereby accounting for 67% of the total growth in net assets of the City as explained below.

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

- Property taxes increased by \$2,485,282, which consisted of a 7% increase in the property tax assessment roll and \$0.6 million in tax increment released by the County pending resolution of a dispute between the School District and the Redevelopment Agency. Housing prices in Sonoma County continued to rise during the year and demand for housing continued to be strong.
- Sales taxes rose by \$745,842 or 12%, which consisted of a small growth in retail sales and revenue from one new retailer, Costco. Franchise taxes increased by 61% over the previous year, due to an increase in PG&E and cable rates in the current year, as well as a settlement from Empire Waste Management of \$540,000 for prior years franchise fees. Motor vehicle license fees (classified as contributions not restricted to specific programs) decreased \$467,884 or 19.2% as the State did not backfill the loss in MVLFF fees for the first three months of the fiscal year.
- Charges for services increased \$1.2 million or 38%, which consisted of increased revenues in building permits and license fees, as well as revenue from traffic signal and capital outlay fees.
- The City's overall investment earnings fell \$339,966 or 21% during the year due to a steady decline in investment rates tied to a soft economy. The average yield of the City pooled investments dropped from 3.4% to 2.5% and the CDC pooled investments stayed flat at 2.3%.
- Other revenue increased \$2.4 million from the sale of surplus capital assets
- Total expenses increased by \$1,450,993 or 4.6% as a result of the City's concerted effort to keep expenditures under control by offsetting the increasing costs in salary and benefits by a reduction in workforce.

**Business-type activities.** Business-type activities increased the City's net assets by \$2,633,817. Out of this change in net assets. Key factors of this increase are as follows:

- The water department net assets decreased by \$606,275 as revenue from operations dropped by \$254,730 due to the new water meter rate structure and increased conservation. Expenses increased by \$1,029,389 from the prior year as the City decreased well production and purchased more water from the Sonoma County Water Agency at a much higher cost.
- The sewer department net assets increased by \$3,023,582 as revenues increased \$460,947 and expenses for the sewer operation decreased \$1.2 million due to two large refunds from the City of Santa Rosa related to excess reserves in the subregional sewer system. The sewer department also received \$1.8 million in capital contributions from developer fees for capital expansion projects.
- The refuse collection net assets increased by \$216,510. This increase was due to the City spending a lower amount on consultants. In the prior year, consultants were required for the refuse rate review and assistance with the Empire Waste Management franchise fee case.

### 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.



## Management's Discussion and Analysis, Continued

**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 Project Funds and the Permanent Fund.

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$40,069,758, an increase of \$6,898,576 in comparison with the prior year. \$25,456,715 of this total amount constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is *not* available for new spending because: 1) it reflects fund equity in assets that are long-term in nature and thus, do not represent available spendable resources (\$5,948,064); 2) it is restricted for housing projects (\$2,660,475); 3) it is restricted for street projects (\$1,301,363); 4) it is restricted to pay debt service (\$2,843,799); and 5) it represents an endowment, of which the principal may not be spent (\$1,763,551).

For the fiscal year ended June 30, 2004, revenues for government functions overall totaled \$35,832,625, while expenditures totaled \$32,701,807. Revenues from governmental functions exceeded expenditures by approximately \$3,130,818.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$15,782,442 while total fund balance was \$18,409,233. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 75% of total General Fund expenditures of \$21,111,134, while total fund balance represents 87% of that same amount.

The fund balance in the City's General Fund increased by \$2,716,456 during the fiscal year, primarily due to an increase in taxes and the sale of capital assets. As noted above, the City's General Fund property tax collections increased by approximately 7% during the fiscal year related to growth in assessed values of real and personal property, as well as growth in supplemental property tax revenues. Sales tax grew 12% as a result of a small growth in retail sales and new sales tax from Costco. Intergovernmental revenue decreased by 20% primarily due to the State not backfilling three months of motor vehicle in-lieu fees. The sale of surplus assets contributed \$3.3 million to the General Fund. Expenditures increased \$400,517, most of which was attributable to capital outlay expenditures for Public Safety. The City made a concerted effort to reduce operating expenditures through a reduction in workforce and by postponing facility maintenance. Overall, the General Fund's performance resulted in expenditures in excess of revenues in the fiscal year ended June 30, 2004 of about \$297,120, which is strong performance considering economic conditions and the rising cost of health and insurance benefits.

**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 operation were \$5,024,353, the sewer operation \$9,413,945, and the refuse collection \$762,258.

The total increase in net assets for proprietary funds was \$2,633,817. 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 operations consist 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 decreased by \$1,392.

## **Management's Discussion and Analysis, Continued**

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

There were no amendments to the 2003-04 budget. Highlights of the budget are:

- Total revenues were budgeted at \$20.2 million, about \$0.7 million higher than the 2002-03 budget. Most revenue projections were kept flat based with the exception of taxes, which were increased based on economic data and previous year's performance. Interest earnings, and recreation revenues were reduced based on economic conditions. Revenue performance was favorable to budget by approximately \$592,349 with the majority of taxes exceeding budget. Unfortunately, the weak economy resulted in transient occupancy tax, interest earnings and recreation revenues ending up below budget.
- Total expenditures (excluding enterprise fund and Community Development Commission allocations) were budgeted at \$22 million, an increase of \$0.3 million over the previous year's budget. There were increases in the budget categories of costs for salary and benefits due to cost of living increases and increased premiums for health and workers comp insurance. These increases were offset by cost savings from a reduction in workforce. Due to the City's concerted effort to control costs, actual expenditures (excluding enterprise fund and Community Development Commission allocations) were about \$0.9 million less than budget.
- Total reserves were budgeted to increase by \$6 million, mostly attributable to proceeds from the sale of capital assets. Specifically, the budgeted increases in reserves were \$1.9 million in the General Fund Reserve, \$2.5 million in the Infrastructure Reserve, \$640,000 in the Capital Replacement Reserve and \$950,000 in the Self Insured Losses Reserve. However, some of the capital assets were not sold, and thus only \$2.7 million was transferred to the reserve.

### **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, 2004, amounted to \$71,950,223 (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 \$8,237,915 due in part to the completion of major projects: Library (\$8.1 million), Rubberized Railroad (\$0.6 million), Civic Center Connector Road (\$0.8 million) and the Performing Arts Center Highway sign (\$0.5 million). In total \$10.2 million of completed projects were transferred to structures and improvements, reducing construction in progress. There are several projects that are still in progress: CAD/RMS (\$1.5 million), City Hall (\$0.5 million) Street Overlays (\$0.7 million) and many smaller projects totaling \$2.3 million that are still open at the end of the year. There were also various equipment and vehicle additions made during the year for about \$322,000.
- For business-type activities, construction in progress increased by a net of \$787,732 due primarily to the residential water meter project (\$2.6 million) and the telemetry system upgrade (\$.6 million), both of which should be completed during the next fiscal year. A few small projects were completed, totaling \$156,740, and were transferred from construction in progress to infrastructure.

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.

## Management's Discussion and Analysis, Continued

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)
	2004	2003	2004	2003	2004	2003	Percent of Change
Land and easements	\$ 2,480,203	\$ 2,480,203	\$ -	\$ -	\$ 2,480,203	\$ 2,480,203	0%
Infrastructure, structures and improvements	104,979,789	94,989,638	18,082,173	17,968,837	123,061,962	112,958,475	8.9%
Equipment	10,584,159	10,439,270	1,294,965	1,117,843	11,879,124	11,557,113	2.8%
Construction in progress	4,990,881	13,228,796	3,793,151	3,005,419	8,784,032	16,234,215	(45.9%)
Accumulated depreciation	(62,548,722)	(58,431,775)	(11,706,376)	(11,026,529)	(74,255,098)	(69,458,304)	6.9%
Total	<u>\$ 60,486,310</u>	<u>\$ 62,706,132</u>	<u>\$ 11,463,913</u>	<u>\$ 11,065,560</u>	<u>\$ 71,950,223</u>	<u>\$ 73,771,702</u>	<u>(2.5%)</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 6 to the financial statements.

### Debt Administration

At June 30, 2004, the City had total long-term debt outstanding of \$38,086,279 which was comprised \$11,286,642 of certificates of participation, \$23,203,824 of tax allocation bonds, \$1,147,223 of special assessment bonds, \$1,999,756 of water revenue bonds and \$448,834 of capital leases. During the year, reduction in the special assessment bonds, certificates of participation and tax allocation bonds was due to retirement of debt. In the tax allocation bonds category, retirement of debt was partially offset by accretion of interest on capital appreciation bonds.

The City's Ordinance imposes a limit on the amount of general obligation bonds the City can have outstanding at any give time. As of June 30, 2004, the City's debt limit (15% of assessed valuation) was \$487.7 million. At June 30, 2004, the City did not have any debt applicable to the limit outstanding.

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2004	2003	2004	2003	2004	2003	Percent of Change
Special assessment bonds, net of deferred loss on refunding	\$ 1,147,223	\$ 1,448,156	\$ -	\$ -	\$ 1,147,223	\$ 1,448,156	(20.8)%
Certificates of participation	11,286,642	11,530,000	-	-	11,286,642	11,530,000	(2.1)%
Tax allocation bonds, including accretion, premium and deferred loss on refunding	23,203,824	23,287,555	-	-	23,203,824	23,287,555	(0.3)%
Water revenue bonds, net of discount	-	-	1,999,756	2,079,194	1,999,756	2,079,194	(3.8)%
Capital leases	448,834	602,373	-	-	448,834	602,373	(25.5)%
Total	<u>\$ 36,086,523</u>	<u>\$ 36,868,084</u>	<u>\$ 1,999,756</u>	<u>\$ 2,079,194</u>	<u>\$ 38,086,279</u>	<u>\$ 38,947,278</u>	<u>(2.2)%</u>

Additional information about the City's long-term obligations can be found in Note 7 to the financial statements.

## **Management's Discussion and Analysis, Continued**

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

- The economy of Sonoma County is past the worst downturn and is showing signs of a slow recovery. Sonoma County will experience the first positive job growth since the 2001 recession. The unemployment rate has finally leveled off and dropped slightly from 4.9% the prior year to 4.7%. The rate is expected to decline for the next few years as the economy slowly improves.
- The technology, wine and tourism industries are beginning to show signs of improvement. Demand and price conditions for biotech and telecom companies are finally past their worst point as there is growing interest from venture capital firms and business investment for new technology. Tourism activity is good as the per capita income in California and nationwide continues to grow. The real estate market continues to experience house-price appreciation and the office vacancy rate has declined. The wine industry will be the last to recover as there is still a vast supply of grapes and wine globally. However, the worst conditions are now likely past, and the weak dollar is helping domestic wines be more competitive with imports and the overseas market.
- Nonresidential construction continues to be slow and will maintain at its moderate pace for at least one more year. Housing prices continue to appreciate due to a limited supply of housing and low interest rates. The assessed valuation for properties within the City increased 7.3% from the prior year. The 2003-04 property tax budget projection is conservative, based on the prior year actuals and a 3% growth in assessed value.
- The retail sector in Rohnert Park experienced a 12% rise in sales, which was mostly attributable to a full year of sales tax from the newly opened Costco store. The City's diversified business mix also helps weather any downturns in the economy. As sales tax is the largest source of revenue for the Rohnert Park General Fund (31%), the City is focusing on economic development to attract new business and has already entered into an agreement to sell surplus City land for a major commercial development on the west side. The 2004-05 sales tax projection includes moderate growth in the sales tax base as new restaurants and retailers are anticipated to open doors during the year.
- As stated above, the tourism industry in the County is slowly recovering through renewed support by the local leisure traveler and the business traveler. For the City, the transient occupancy tax (TOT) had dropped 18% from 2000-01. The TOT revenue for 2003-04 was increased by \$100,000 to reflect the additional TOT from the 1% increase in the tax rate. However, due to a continued sluggish economy, the projection was not met and the 2004-05 budget was reduced by \$100,000 to be more realistic with the current conditions.
- In order to bring General Fund expenditures in line with revenues, the City reduced the workforce in July 2003 by thirty positions. Some of these positions were vacant, however, other positions were eliminated through employees accepting the "Golden Handshake" and retiring early or through involuntary layoffs. These changes reduced expenditures by \$2.5 million. The 2004-05 budget adds only two new positions that will be funded with new revenue. The City did approve the enhancement of both the Public Safety and Miscellaneous PERS retirement plans to be implemented July 1, 2007. The combined annual cost of both of these plans is \$1.4 million, which will be funded through new revenues from the Westside developments, as well as increased revenues from taxes as the economy continues to improve.
- Expenditures in the area of capital outlay or non-routine facility maintenance will either be funded through outside sources such as grants or donations, or will be postponed until the City's financial condition improves.
- Included in the 2004-05 budget is the sale of various surplus properties. All of the proceeds derived will be placed in the General Fund Endowment Reserve.
- The State's "Triple Flip" measures for both sales tax and motor vehicle license fees should only have a minor impact on sales tax, but will reduce MVLFF by about \$0.5 million. The City is supportive of Proposition 1A which will constitutionally protect local revenues from future raids by the State.

All of these factors were considered in preparing the City's budget for fiscal year 2005.

## **Management's Discussion and Analysis, Continued**

### **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 Finance Director, P.O. Box 1489, Rohnert Park, CA 94927-1489.

Questions concerning any of the information provided in this report regarding the discretely presented component unit, the Housing Financing Authority, or requests for additional information should be addressed to the Treasurer, P.O. Box 1489, Rohnert Park, CA 94927-1489.

## CITY OF ROHNERT PARK

STATEMENT OF NET ASSETS  
JUNE 30, 2004

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Housing Financing Authority
<b>ASSETS</b>				
Cash and investments	\$ 26,154,527	\$ 13,756,481	\$ 39,911,008	\$ 78,051
Receivables (net of allowance for uncollectibles)	4,102,245	2,540,189	6,642,434	-
Prepaid items and other assets	95,791	-	95,791	-
Restricted cash and investments	9,353,271	-	9,353,271	-
Special assessments receivable	915,000	-	915,000	-
Notes and loans receivable	3,764,533	-	3,764,533	-
Deferred costs of issuance	580,775	72,240	653,015	-
Capital assets:				
Nondepreciable assets	7,471,084	3,793,151	11,264,235	-
Depreciable assets, net of accumulated depreciation	53,015,226	7,670,762	60,685,988	-
Total assets	105,452,452	27,832,823	133,285,275	78,051
<b>LIABILITIES</b>				
Accounts payable	995,039	955,345	1,950,384	-
Accrued liabilities	296,332	-	296,332	-
Deposits	475,150	195,322	670,472	-
Deferred revenue	252,699	-	252,699	-
Interest payable	431,543	17,686	449,229	-
Long-term liabilities:				
Due within one year	1,677,961	79,439	1,757,400	-
Due in more than one year	35,233,098	1,920,317	37,153,415	-
Total liabilities	39,361,822	3,168,109	42,529,931	-
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	24,399,786	9,464,157	33,863,943	-
Restricted for:				
Housing projects	2,660,475	-	2,660,475	-
Street projects	1,301,363	-	1,301,363	-
Debt service	2,843,799	-	2,843,799	-
Performing Arts Center Endowment	1,763,551	-	1,763,551	-
Unrestricted	33,121,656	15,200,557	48,322,213	78,051
Total net assets	\$ 66,090,630	\$ 24,664,714	\$ 90,755,344	\$ 78,051

See accompanying notes to the basic financial statements.

**CITY OF ROHNERT PARK**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b>FUNCTION/PROGRAM ACTIVITIES:</b>				
Primary government:				
Governmental activities:				
General government	\$ 8,280,697	\$ 341,098	\$ 1,612,278	\$ 714,594
Public safety	13,459,313	1,240,792	207,937	-
Public works	4,369,470	1,522,550	109,631	-
Parks and recreation	3,834,955	1,181,314	-	-
Other	1,043,298	-	1,356,398	-
Interest on long-term debt	1,991,137	-	-	-
Total governmental activities	32,978,870	4,285,754	3,286,244	714,594
Business-type activities:				
Water	5,593,980	4,622,425	-	365,280
Sewer	7,465,887	7,474,704	-	2,982,852
Refuse Collection	3,505,939	3,722,449	-	-
Total business-type activities	16,565,806	15,819,578	-	3,348,132
Total primary government	\$ 49,544,676	\$ 20,105,332	\$ 3,286,244	\$ 4,062,726
Component unit:				
Housing Financing Authority	\$ 2,217,747	\$ 356,376	\$ -	\$ -
General revenues:				
Property taxes				
Franchise taxes				
Other taxes				
State contributions not restricted to specific programs:				
Sales taxes				
Motor vehicle license fees				
Rental income				
Investment income				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net assets				
NET ASSETS, BEGINNING OF YEAR				
NET ASSETS, END OF YEAR				

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business- type Activities	Total	Housing Financing Authority
\$ (5,612,727)	\$ -	\$ (5,612,727)	\$ -
(12,010,584)	-	(12,010,584)	-
(2,737,289)	-	(2,737,289)	-
(2,653,641)	-	(2,653,641)	-
313,100	-	313,100	-
(1,991,137)	-	(1,991,137)	-
(24,692,278)	-	(24,692,278)	-
-	(606,275)	(606,275)	-
-	2,991,669	2,991,669	-
-	216,510	216,510	-
-	2,601,904	2,601,904	-
(24,692,278)	2,601,904	(22,090,374)	-
-	-	-	(1,861,371)
12,900,727	-	12,900,727	-
1,725,402	-	1,725,402	-
1,776,800	-	1,776,800	-
6,834,708	-	6,834,708	-
1,968,325	-	1,968,325	-
803,898	-	803,898	-
1,126,080	146,546	1,272,626	18,383
2,779,073	-	2,779,073	-
114,633	(114,633)	-	-
30,029,646	31,913	30,061,559	18,383
5,337,368	2,633,817	7,971,185	(1,842,988)
60,753,262	22,030,897	82,784,159	1,921,039
\$ 66,090,630	\$ 24,664,714	\$ 90,755,344	\$ 78,051



**CITY OF ROHNERT PARK**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004**

			Community Development Commission	
	General	Transportation Equity Act	Capital Projects	Housing Projects
<b>ASSETS</b>				
Cash and investments	\$ 15,643,297	\$ -	\$ 3,155,955	\$ 2,680,889
Receivables (net of allowance for uncollectibles):				
Taxes	1,620,539	-	138,446	-
Accounts	1,445,361	516,049	-	-
Accrued interest	146,330	-	38,527	13,592
Due from other funds	106,853	-	-	138,183
Prepaid items and other assets	95,791	-	-	-
Restricted cash and investments	51,785	-	1,351,540	-
Special assessments receivable	-	-	-	-
Loans and notes receivable	347,469	-	-	3,417,064
Advances to other funds	2,531,000	-	-	-
Total assets	<u>\$ 21,988,425</u>	<u>\$ 516,049</u>	<u>\$ 4,684,468</u>	<u>\$ 6,249,728</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 723,445	\$ -	\$ 1,438	\$ 153,475
Accrued liabilities	296,332	-	-	-
Due to other funds	518,261	516,049	119,922	-
Deposits	475,150	-	-	-
Deferred revenue	1,566,004	-	-	18,714
Advances from other funds	-	-	2,531,000	-
Total liabilities	<u>3,579,192</u>	<u>516,049</u>	<u>2,652,360</u>	<u>172,189</u>
<b>FUND BALANCES (DEFICIT)</b>				
Reserved for:				
Prepaid items and other assets	95,791	-	-	-
Advances, loans and notes	2,531,000	-	-	3,417,064
Housing projects	-	-	-	2,660,475
Street projects	-	-	-	-
Debt service	-	-	-	-
Performing Arts Center endowment	-	-	-	-
Unreserved, reported in:				
General Fund	15,782,442	-	-	-
Special revenue funds	-	-	-	-
Capital project funds	-	-	2,032,108	-
Total fund balances (deficit)	<u>18,409,233</u>	<u>-</u>	<u>2,032,108</u>	<u>6,077,539</u>
Total liabilities and fund balances	<u>\$ 21,988,425</u>	<u>\$ 516,049</u>	<u>\$ 4,684,468</u>	<u>\$ 6,249,728</u>

See accompanying notes to the basic financial statements.

<b>Financing Authority</b>	<b>Special Assessments Debt Service</b>	<b>City Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ 4,674,386	\$ 26,154,527
-	-	-	-	1,758,985
-	-	91,823	91,578	2,144,811
-	-	-	-	198,449
-	-	-	1,016,049	1,261,085
-	-	-	-	95,791
5,730,347	459,183	-	1,760,416	9,353,271
-	915,000	-	-	915,000
-	-	-	-	3,764,533
-	-	-	-	2,531,000
<u>\$ 5,730,347</u>	<u>\$ 1,374,183</u>	<u>\$ 91,823</u>	<u>\$ 7,542,429</u>	<u>\$ 48,177,452</u>
\$ -	\$ -	\$ 116,681	\$ -	\$ 995,039
-	-	-	-	296,332
-	-	106,853	-	1,261,085
-	-	-	-	475,150
-	915,000	-	49,370	2,549,088
-	-	-	-	2,531,000
-	915,000	223,534	49,370	8,107,694
-	-	-	-	95,791
-	-	-	-	5,948,064
-	-	-	-	2,660,475
-	-	-	1,301,363	1,301,363
624,200	459,183	-	1,760,416	2,843,799
-	-	-	1,763,551	1,763,551
-	-	-	-	15,782,442
-	-	-	2,567,278	2,567,278
5,106,147	-	(131,711)	100,451	7,106,995
5,730,347	459,183	(131,711)	7,493,059	40,069,758
<u>\$ 5,730,347</u>	<u>\$ 1,374,183</u>	<u>\$ 91,823</u>	<u>\$ 7,542,429</u>	<u>\$ 48,177,452</u>

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**CITY OF ROHNERT PARK**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES  
JUNE 30, 2004**

Fund balances - total governmental funds (page F-17)	\$ 40,069,758
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Amounts reported for governmental activities in the  
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	60,471,163
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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.	15,147
--	--------

Long-term receivables and interest on deferred loans are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis.	2,296,389
---	-----------

Costs of issuance are capitalized on the government-wide statement of net assets, whereas, they are reported as expenditures in the governmental funds.	580,775
--	---------

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.	(431,543)
--	-----------

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

Special assessment bonds, net	\$ (1,147,223)	
Certificates of participation	(4,545,000)	
Lease revenue bonds	(6,741,642)	
Tax allocation bonds, net (including accreted interest)	(23,203,825)	
Capital leases	(448,834)	
Compensated absences	(824,535)	(36,911,059)

Net assets of governmental activities (page F-13)	<u>\$ 66,090,630</u>
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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, 2004**

			Community Development Commission	
	General	Transportation Equity Act	Capital Projects	Housing Projects
<b>REVENUES</b>				
Taxes	\$ 12,710,725	\$ -	\$ 10,117,371	\$ -
Intergovernmental	2,388,120	516,049	-	-
Interest and rentals	1,549,740	-	67,637	164,834
Charges for current services	1,746,714	-	-	-
Licenses, permits and fees	1,456,885	-	-	-
Special assessment collections	-	-	-	-
Fines, forfeitures and penalties	174,550	-	-	-
Donations and miscellaneous	787,280	-	-	125
Total revenues	20,814,014	516,049	10,185,008	164,959
<b>EXPENDITURES</b>				
Current:				
General government	2,508,900	-	4,124,747	1,586,644
Public safety	12,601,586	-	-	-
Public works	1,852,072	-	-	-
Parks and recreation	2,419,161	-	-	-
Other	997,196	-	-	-
Capital outlay	732,219	-	226,237	366,679
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	231,840	-
Cost of issuance	-	-	-	-
Payment to escrow agent	-	-	-	-
Total expenditures	21,111,134	-	4,582,824	1,953,323
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(297,120)	516,049	5,602,184	(1,788,364)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of capital assets	3,269,170	-	-	-
Proceeds from the sale of bonds	-	-	-	-
Payment to escrow agent	-	-	-	-
Transfers in	1,189,654	200,951	77,231	1,962,024
Transfers out	(1,445,248)	-	(3,489,585)	(230,789)
Total other financing sources (uses)	3,013,576	200,951	(3,412,354)	1,731,235
<b>NET CHANGE IN FUND BALANCES</b>	2,716,456	717,000	2,189,830	(57,129)
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	15,692,777	(717,000)	(157,722)	6,134,668
<b>FUND BALANCES (DEFICIT), END OF YEAR</b>	\$ 18,409,233	\$ -	\$ 2,032,108	\$ 6,077,539

See accompanying notes to the basic financial statements.

<b>Financing Authority</b>	<b>Special Assessments Debt Service</b>	<b>City Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ 437,665	\$ 23,265,761
-	-	838,728	934,429	4,677,326
50,134	15,424	-	86,802	1,934,571
-	-	-	-	1,746,714
-	-	-	919,216	2,376,101
-	160,866	-	-	160,866
-	-	-	-	174,550
-	-	-	709,331	1,496,736
<u>50,134</u>	<u>176,290</u>	<u>838,728</u>	<u>3,087,443</u>	<u>35,832,625</u>
-	-	-	10,371	8,230,662
-	-	-	-	12,601,586
-	-	-	-	1,852,072
-	-	-	-	2,419,161
-	-	-	-	997,196
-	-	1,788,938	-	3,114,073
135,000	310,000	-	1,286,907	1,731,907
358,831	51,353	-	600,496	1,242,520
329,029	-	-	-	329,029
183,601	-	-	-	183,601
<u>1,006,461</u>	<u>361,353</u>	<u>1,788,938</u>	<u>1,897,774</u>	<u>32,701,807</u>
<u>(956,327)</u>	<u>(185,063)</u>	<u>(950,210)</u>	<u>1,189,669</u>	<u>3,130,818</u>
-	-	-	-	3,269,170
6,950,000	-	-	-	6,950,000
(6,566,045)	-	-	-	(6,566,045)
846,119	-	1,161,627	1,618,897	7,056,503
(181,737)	-	(29,953)	(1,564,558)	(6,941,870)
<u>1,048,337</u>	<u>-</u>	<u>1,131,674</u>	<u>54,339</u>	<u>3,767,758</u>
92,010	(185,063)	181,464	1,244,008	6,898,576
<u>5,638,337</u>	<u>644,246</u>	<u>(313,175)</u>	<u>6,249,051</u>	<u>33,171,182</u>
<u>\$ 5,730,347</u>	<u>\$ 459,183</u>	<u>\$ (131,711)</u>	<u>\$ 7,493,059</u>	<u>\$ 40,069,758</u>

**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, 2004**

Net change in fund balances - total governmental funds (page F-20) \$ 6,898,576

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

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

Capital asset additions, reported as capital outlay	\$ 3,114,073	
Basis in capital assets sold	(490,097)	
Depreciation	<u>(4,839,617)</u>	(2,215,641)

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

(462,768)

Long-term debt proceeds provide current financial resources to governmental  
funds, but issuing debt increases long-term liabilities in the statement of  
net assets. Repayment of bond principal is an expenditure in the  
governmental funds, but the repayment reduces long-term liabilities in  
the statement of net assets.

Proceeds from the issuance of bonds	(6,950,000)	
Payment to refunding escrow agent	6,749,646	
Principal repayments:		
Tax allocation bonds	845,000	
Certificates of participation	420,000	
Special assessment bonds	310,000	
Capital leases	<u>153,539</u>	1,528,185

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.

Capitalize costs of issuance	329,029	
Amortization of deferred costs of issuance	(45,972)	
Change in accrued interest payable	27,668	
Defer original issue discount on issuance of bonds	28,628	
Amortization of premium, discount and deferred amount on refunding	(52,174)	
Interest accretion on capital appreciation bonds	(749,371)	
Change in long-term compensated absences	<u>55,389</u>	(406,803)

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

(4,181)

Change in net assets of governmental activities (page F-15)

\$ 5,337,368

See accompanying notes to the basic financial statements.

**CITY OF ROHNERT PARK**  
**STATEMENT OF FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2004**

	Business-type Activities - Enterprise Funds				Governmental Activity
	Water	Sewer	Refuse Collection	Total	Internal Service
<b>ASSETS</b>					
Current assets:					
Cash and investments:					
Operating	\$ 2,774,738	\$ 3,510,986	\$ 735,169	\$ 7,020,893	\$ -
Held for capital improvements	1,742,776	4,825,181	-	6,567,957	-
Deposits	45,260	87,168	35,203	167,631	-
Total cash and investments	4,562,774	8,423,335	770,372	13,756,481	-
Accounts receivable	858,919	1,156,978	524,292	2,540,189	-
Total current assets	5,421,693	9,580,313	1,294,664	16,296,670	-
Noncurrent assets:					
Deferred costs of issuance	72,240	-	-	72,240	-
Capital assets:					
Land, structures and improvements	9,759,198	8,322,975	-	18,082,173	-
Furniture, fixtures and equipment	744,343	550,622	-	1,294,965	146,799
Construction in progress	3,531,793	261,358	-	3,793,151	-
Total capital assets	14,035,334	9,134,955	-	23,170,289	146,799
Less: accumulated depreciation	(6,251,525)	(5,454,851)	-	(11,706,376)	(131,652)
Net capital assets	7,783,809	3,680,104	-	11,463,913	15,147
Total noncurrent assets	7,856,049	3,680,104	-	11,536,153	15,147
Total assets	13,277,742	13,260,417	1,294,664	27,832,823	15,147
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	378,080	76,991	500,274	955,345	-
Interest payable	17,686	-	-	17,686	-
Deposits	73,813	89,377	32,132	195,322	-
Bonds payable	79,439	-	-	79,439	-
Total current liabilities	549,018	166,368	532,406	1,247,792	-
Noncurrent liabilities:					
Bonds payable	1,920,317	-	-	1,920,317	-
Total liabilities	2,469,335	166,368	532,406	3,168,109	-
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	5,784,053	3,680,104	-	9,464,157	15,147
Unrestricted	5,024,354	9,413,945	762,258	15,200,557	-
Total net assets	\$ 10,808,407	\$ 13,094,049	\$ 762,258	\$ 24,664,714	\$ 15,147

See accompanying notes to the basic financial statements.



## CITY OF ROHNERT PARK

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	Business-type Activities - Enterprise Funds				Governmental Activity
	Water	Sewer	Refuse Collection	Total	Internal Service
<b>OPERATING REVENUES:</b>					
Utility service charges	\$ 4,567,947	\$ 7,396,262	\$ 3,690,770	\$ 15,654,979	\$ -
Charges for services	-	-	-	-	377,749
Penalties and other	54,478	78,442	31,679	164,599	-
Total operating revenues	4,622,425	7,474,704	3,722,449	15,819,578	377,749
<b>OPERATING EXPENSES:</b>					
Contractual services	2,126,082	78,982	3,495,571	5,700,635	-
Rent and leases	23,359	5,754,800	-	5,778,159	-
Payroll and related costs	1,586,151	841,469	-	2,427,620	-
Heat, light and power	416,528	62,524	-	479,052	-
Other	365,997	246,569	10,368	622,934	-
Depreciation	457,066	375,707	-	832,773	5,324
Repairs, operations and maintenance	381,286	81,844	-	463,130	376,606
Professional services	65,784	10,973	-	76,757	-
Supplies	96,083	13,019	-	109,102	-
Total operating expenses	5,518,336	7,465,887	3,505,939	16,490,162	381,930
<b>OPERATING INCOME (LOSS)</b>	(895,911)	8,817	216,510	(670,584)	(4,181)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	50,785	95,761	-	146,546	-
Interest expense	(75,644)	-	-	(75,644)	-
Total nonoperating revenues (expenses)	(24,859)	95,761	-	70,902	-
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	(920,770)	104,578	216,510	(599,682)	(4,181)
Capital contributions	365,280	2,982,852	-	3,348,132	-
Transfers In	-	31,913	-	31,913	-
Transfers out	(50,785)	(95,761)	-	(146,546)	-
<b>CHANGE IN NET ASSETS</b>	(606,275)	3,023,582	216,510	2,633,817	(4,181)
<b>NET ASSETS, BEGINNING OF YEAR</b>	11,414,682	10,070,467	545,748	22,030,897	19,328
<b>NET ASSETS, END OF YEAR</b>	\$ 10,808,407	\$ 13,094,049	\$ 762,258	\$ 24,664,714	\$ 15,147

See accompanying notes to the basic financial statements.

**CITY OF ROHNERT PARK**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	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	\$ 4,670,010	\$ 7,255,072	\$ 3,661,593	\$ 15,586,675	\$ 377,749
Cash paid to suppliers for goods and services	(3,344,386)	(6,185,199)	(3,624,311)	(13,153,896)	(376,606)
Cash paid to employees for services	(1,586,151)	(841,469)	-	(2,427,620)	-
Net cash provided by (used in) operating activities	(260,527)	228,404	37,282	5,159	1,143
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	-	31,913	-	31,913	-
Transfers out	(50,785)	(95,761)	-	(146,546)	-
Advance from (to) other funds	-	75,003	(91,787)	(16,784)	-
Net cash provided by (used in) noncapital financing activities	(50,785)	11,155	(91,787)	(131,417)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Payment on capital debt	(75,499)	-	-	(75,499)	-
Interest paid on capital debt	(76,044)	-	-	(76,044)	-
Acquisition of capital assets	(656,407)	(574,709)	-	(1,231,116)	(1,143)
Contributions from developers and other agencies	365,280	2,982,852	-	3,348,132	-
Net cash provided by (used in) capital and related financing activities	(442,670)	2,408,143	-	1,965,473	(1,143)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	50,785	95,761	-	146,546	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(703,197)	2,743,463	(54,505)	1,985,761	-
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	5,265,971	5,679,872	824,877	11,770,720	-
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 4,562,774	\$ 8,423,335	\$ 770,372	\$ 13,756,481	\$ -
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.</b>					
Operating income (loss)	\$ (895,911)	\$ 8,817	\$ 216,510	\$ (670,584)	\$ (4,181)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	457,066	375,707	-	832,773	5,324
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	10,421	(234,525)	(64,483)	(288,587)	-
Increase (decrease) in accounts payable	130,733	63,512	(118,372)	75,873	-
Increase in deposits	37,164	14,893	3,627	55,684	-
Net cash provided by (used in) operating activities	\$ (260,527)	\$ 228,404	\$ 37,282	\$ 5,159	\$ 1,143

See accompanying notes to the basic financial statements.

**CITY OF ROHNERT PARK**

**STATEMENT OF FIDUCIARY NET ASSETS (DEFICIT)  
PRIVATE-PURPOSE TRUST FUND  
SPECIAL ENFORCEMENT UNIT - SOUTH  
JUNE 30, 2004**

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**ASSETS**

Cash and investments	\$	6,438
Accounts receivable		<u>2,047</u>
Total Assets		8,485

**LIABILITIES**

Accounts payable		<u>19,491</u>
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<b>NET ASSETS (DEFICIT)</b>	<b>\$</b>	<b><u>(11,006)</u></b>
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See accompanying notes to the basic financial statements.

**CITY OF ROHNERT PARK**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS (DEFICIT)  
PRIVATE-PURPOSE TRUST FUND  
SPECIAL ENFORCEMENT UNIT - SOUTH  
FOR THE YEAR ENDED JUNE 30, 2004**

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**ADDITIONS**

Seizures and forfeitures	\$	4,296
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**DEDUCTIONS**

Law enforcement costs		(5,688)
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**CHANGE IN NET ASSETS**

(1,392)

**NET ASSETS (DEFICIT):**

BEGINNING OF THE YEAR		(9,614)
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END OF YEAR	\$	<u>(11,006)</u>
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See accompanying notes to the basic financial statements.

## CITY OF ROHNERT PARK

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2004

#### 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.

*Discretely Presented Component Unit* - The Rohnert Park Housing Financing Authority (Housing Financing Authority) was established to assist in financing the acquisition, operation and maintenance of mobile home parks in the City in order to provide affordable housing and stimulate economic development. The City Council has the responsibility to appoint all directors of the Authority, which is governed by a board consisting of a minimum of three directors, and has the ability to remove appointed directors at will.

Component unit financial statements can be obtained from the Finance Department of the City at 6800 Hunter Drive, Suite B, 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

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.
- Transportation Equity Act Fund accounts for revenues received pursuant to the TEA-21 for the purpose of Federal Surface Transportation Programs for highways, highway safety and transit.
- 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.
- Financing Authority Fund accounts for capital items financed by certificates of participation.
- Special Assessments Debt Service Fund accumulates monies for payment of 1915 Act special assessment bonds. Financing is provided by special assessment taxes.
- 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 Sprekels Performing Arts Center. The interest generated from the donations will be used for the operations of the Performing Arts Center.
- Internal Service Fund (a proprietary fund type) accounts for the activities of centralized data processing services and the related billings to other City departments and funds.
- Special Enforcement Unit - South Private-purpose Trust Fund (a fiduciary fund type) accounts for assets held by the City in a trustee capacity for the benefit of law enforcement agencies in the region.

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

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

- 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. 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 not recognized due to insignificance.

For 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 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.

Long-term Governmental Capital Assets and Liabilities - GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the governmental activities column in the government-wide statement of net assets.

Cash Equivalents - For purposes of the statement of cash flows, the City consider 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 refundings, 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.

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. 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:

	Primary Government	Housing Financing Authority
Infrastructure	30 years	40 years
Structures and improvements	35 years	40 years
Furniture, fixtures and equipment	3 - 35 years	10 years

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

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



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

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

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

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

Interfund Transactions - Interfund transactions are reflected as either 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.

Effects of New Pronouncements - In November 2003, GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. This statement is effective for the City's fiscal year ending June 30, 2006.

In May 2004, GASB issued Statement No. 44, *Economic Condition Reporting: The Statistical Section—an amendment of NCGA Statement 1*. This statement amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of a government. This statement adds new information that financial statement users have identified as important and eliminates certain previous requirements. This statement is effective for the City's fiscal year ending June 30, 2006.

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB. The statement generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. This statement's provisions may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. This statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. This statement is effective for the City's fiscal year ending June 30, 2009.

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

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### *Fund Deficits*

At June 30, 2004, the City Capital Projects fund had a deficit fund balance of \$131,711 due to capital expenditures exceeding its revenues and beginning fund balance. The deficit will be reimbursed by the gas tax fund in the future.

At June 30, 2004, the Special Enforcement Unit – South Private-purpose Trust Fund had deficit net assets of \$11,006 due to public safety expenditures exceeding the revenues collected through seizures and forfeitures and beginning net assets. The deficit will be reimbursed by future revenues.

## 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 and the Housing Financing Authority. 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:	
Restricted	\$ 9,353,271
Unrestricted	39,911,008
Component unit (HFA)	78,051
Private-purpose Trust Fund	6,438
	<hr/>
Total cash and investments	<u>\$ 49,348,768</u>

**Deposits** – The City does not have a deposit policy for custodial risk. Total carrying value of deposits for the City was \$8,520,731. Out of the City's total bank balance of \$8,418,178, \$7,331,000 was covered by federal depository insurance.

At year-end, the carrying amount of the Housing Financing Authority's deposits was \$78,051 and the bank balance was \$78,051. The entire bank balance was covered by federal depository insurance.

## Investments

### *Credit risk*

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.

As of June 30, 2004, the City's investments, excluding the Housing Financing Authority consisted of the following:

Investment Type	Fair Value	Maturities	
		Less than 1 year	1-5 years
United States agency securities	\$ 10,000,000	\$ -	\$ 10,000,000
State Local Agency Investment Fund	23,068,057	23,068,057	-
Sonoma County Investment Pool	597,011	597,011	-
Money market funds	7,084,918	7,084,918	-
	<u>\$ 40,749,986</u>	<u>\$ 30,749,986</u>	<u>\$ 10,000,000</u>

### *Interest rate risk*

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. Since interest rates are not anticipated to drop any further, the City has about 75% of its investments in maturities of less than 1 year in order to take advantage of anticipated rising interest rates.

### *Credit risk*

As of June 30, 2004, the City's proportionate share of structured notes and asset-backed securities held by the LAIF was \$369,781 or 1.603% 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 investments in LAIF is unrated

The County's Pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by California Government Code Section 27134. 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.

#### *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. The City is however restricted by the California Government Code on the concentration of certain investments, which include the following: 1) no more than 30% of the City's portfolio may be invested in bankers' acceptances of any one commercial bank; 2) no more than 5% of the investments may be invested in the securities of any one issuer, except for obligations of the United States government agencies, and United States government sponsored enterprises; 3) no more than 10% of the investments may be invested in any one mutual fund; and 4) no more than 40% of the City's investments may be invested in eligible commercial paper, and no more than 10% of the City's total investments may be invested in commercial paper of a single corporate issuer. The City does not have investments in bankers' acceptances, commercial paper or mutual funds.

#### **4. DEFERRED REVENUE**

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

At June 30, 2004, the various components of deferred revenue and unearned revenue reported were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
<b>Governmental activities:</b>		
Major funds:		
Special assessments receivable	\$ 915,000	\$ -
Due from governmental agencies	1,362,675	-
Parks and recreation and other advances	-	203,329
Housing loans	18,714	-
Nonmajor funds:		
Advances from property owners	-	49,370
Total governmental activities	<u>\$ 2,296,389</u>	<u>\$ 252,699</u>

#### **5. INTERFUND TRANSACTIONS**

Interfund Receivables/Payables - The composition of interfund balances as of June 30, 2004 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	City Capital Projects Fund	\$ 106,853
CDC Housing Projects Fund	General Fund	18,261
	CDC Capital Projects Fund	119,922
Nonmajor governmental funds	General Fund	500,000
	Transportation Equity Act	516,049
<b>Advances to/from other funds</b>		
General Fund	CDC Capital Projects Fund	2,531,000

The General Fund loaned \$4,200,000 to the Community Development Commission Capital Projects Fund to construct the Rohnert Park Performing Arts Center. The loan bears interest at a rate of 9 percent per annum. At June 30, 2004, the outstanding balance remaining on this loan is \$2,531,000.

All remaining interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers in/out other funds:

Interfund Transfers - The composition of interfund transfers during the fiscal year ended June 30, 2004 was as follows:

<u>Fund Reporting Transfer In</u>	<u>Fund Reporting Transfer Out</u>	<u>Amount</u>
General Fund (1)	CDC Capital Projects Fund	\$ 2,321
	CDC Housing Projects Fund	600
	Financing Authority Fund	3,163
	Nonmajor governmental funds	1,037,024
	Water Enterprise Fund (1)	50,785
	Sewer Enterprise Fund (1)	95,761
Transportation Equity Act	Nonmajor governmental funds	200,951
CDC Capital Project Funds	Financing Authority Fund	23,202
	CDC Housing Projects Fund	54,029
CDC Housing Projects Fund	CDC Capital Projects Fund	1,962,024
Financing Authority Fund	General Fund	403,355
	CDC Capital Projects Fund	442,601
	Nonmajor governmental funds	163
City Capital Projects fund	General Fund	843,584
	Financing Authority Fund	155,372
	Nonmajor governmental funds	162,671
Sewer Enterprise Fund (1)	General Fund (1)	1,960
	City Capital Projects Fund (1)	29,953
Nonmajor governmental funds	General Fund	196,349
	CDC Capital Projects Fund	1,082,639
	CDC Housing Projects Fund	176,160
	Nonmajor governmental funds	163,749
Total		<u>\$ 7,088,416</u>

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

Transfers between funds are made for the purpose of 1) payment of debt service; 2) reimbursement of capital project costs; 3) interest earnings, unless restricted, are transferred to the General Fund; 4) 20% of tax increment is transferred to the CDC Housing Projects Fund; 5) transfer of interest earnings on endowment fund; and 6) other various transfers and subsidies.

## 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions	Retirements	Transfers	Balance June 30, 2004
<b><u>Governmental activities</u></b>					
<i>Capital assets, not being depreciated</i>					
Land	\$ 2,480,203	\$ -	\$ -	\$ -	\$ 2,480,203
Construction in progress	13,228,796	2,015,172	-	(10,253,087)	4,990,881
Total capital assets, not being depreciated	15,708,999	2,015,172	-	(10,253,087)	7,471,084
<i>Capital assets, being depreciated</i>					
Infrastructure, structures and improvements	94,969,638	390,138	(633,790)	10,233,803	104,979,789
Equipment	10,439,270	715,491	(589,886)	19,284	10,584,159
Total capital assets, being depreciated	105,428,908	1,105,629	(1,223,676)	10,253,087	115,563,948
<i>Less accumulated depreciation for:</i>					
Infrastructure, structures and improvements	(49,853,746)	(4,158,188)	258,617	-	(53,753,317)
Equipment	(8,578,029)	(692,338)	474,962	-	(8,795,405)
Total accumulated depreciation	(58,431,775)	(4,850,526)	733,579	-	(62,548,722)
Total capital assets, being depreciated, net	46,997,133	(3,744,897)	(490,097)	10,253,087	53,015,226
<b>Governmental activities capital assets, net</b>	<b>\$ 62,706,132</b>	<b>\$ (1,729,725)</b>	<b>\$ (490,097)</b>	<b>\$ -</b>	<b>\$ 60,486,310</b>
<b><u>Business-type activities</u></b>					
<i>Capital assets, not being depreciated</i>					
Construction in progress	\$ 3,005,419	\$ 944,472	\$ -	\$ (156,740)	\$ 3,793,151
<i>Capital assets, being depreciated</i>					
Structures and improvements	17,968,837	-	-	113,336	18,082,173
Equipment	1,117,843	290,431	(156,713)	43,404	1,294,965
Total capital assets, being depreciated	19,086,680	290,431	(156,713)	156,740	19,377,138
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(10,116,177)	(772,768)	-	(9,596)	(10,898,541)
Equipment	(910,352)	(60,005)	152,926	9,596	(807,835)
Total accumulated depreciation	(11,026,529)	(832,773)	152,926	-	(11,706,376)
Total capital assets, being depreciated, net	8,060,151	(542,342)	3,787	156,740	7,678,262
<b>Business-type activities capital assets, net</b>	<b>\$ 11,065,570</b>	<b>\$ 402,130</b>	<b>\$ (3,787)</b>	<b>\$ -</b>	<b>\$ 11,463,913</b>

Construction in progress for governmental activities at June 30, 2004 is comprised of the following:

	<u>Project Authorization</u>	<u>Expended to June 30, 2004</u>	<u>Project Funds Unexpended</u>
City Projects:			
Public Safety CAD/RMS Project	\$ 1,500,000	\$ 1,480,592	\$ 19,408
City Hall Project	4,700,000	549,683	4,150,317
Various other projects	14,429,000	2,933,858	11,495,142
Community Development Commission Projects:			
SW Blvd. Fire Station Renovation	85,000	26,748	58,252
Total	<u>\$ 20,714,000</u>	<u>\$ 4,990,881</u>	<u>\$ 15,723,119</u>

During the year the City transferred the completed library project (\$8.1 million) from construction in progress to buildings. Also, during the year the City completed several projects totaling \$2.1 million that were transferred from construction in progress to land.

Construction in progress for business-type activities at June 30, 2004 is comprised of the following:

	<u>Project Authorization</u>	<u>Expended to June 30, 2004</u>	<u>Project Funds Unexpended</u>
Water meter installation	\$ 3,000,000	\$ 2,606,561	\$ 393,439
Various other projects	14,835,000	1,186,590	13,648,410
Total	<u>\$ 17,835,000</u>	<u>\$ 3,793,151</u>	<u>\$ 14,041,849</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 106,830
Public safety	857,725
Public works	2,464,723
Parks and recreation	1,415,794
Other	130
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.	5,324
Total depreciation expense – governmental functions	<u>\$ 4,850,526</u>

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

Water	\$ 457,066
Sewer	375,707
Total depreciation expense – business-type functions	<u>\$ 832,773</u>

A summary of the Housing Financing Authority's capital assets activity for the fiscal year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
<i>Capital assets, not being depreciated:</i>				
Land	\$ 8,967,000	\$ -	\$ (8,967,000)	\$ -
Construction in progress	4,061	-	(4,061)	-
Total capital assets, not being depreciated	8,971,061	-	(8,971,061)	-
<i>Capital assets, being depreciated:</i>				
Structures and improvements	4,234,664	-	(4,234,664)	-
Equipment	113,491	-	(113,491)	-
Total capital assets, being depreciated	4,348,155	-	(4,348,155)	-
<i>Less accumulated depreciation for:</i>				
Structures and improvements	(725,126)	-	725,126	-
Equipment	(46,058)	-	46,058	-
Total accumulated depreciation	(771,184)	-	771,184	-
Total capital assets, being depreciated, net	3,576,971	-	(3,576,971)	-
Total capital assets	\$ 12,548,032	\$ -	\$ (12,548,032)	\$ -

On September 11, 2003, the Housing Financing Authority sold the Rancho Feliz Mobile Home Park to Millenium Housing for \$15,000,000. The Mobile Home Park was the main operating asset of the Housing Financing Authority and this transaction will effectively terminate its operations.

## 7. LONG-TERM LIABILITIES

The City's long-term debt payable at June 30, 2004 follows:

	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2004
<b>Governmental Activities</b>					
(a) <b>Special Assessment Debt with Governmental Commitment:</b>					
2001 Consolidated Reassessment	2002 - 2009	2.90-4.45%	\$165,000-330,000	\$ 1,825,000	\$ 1,185,000
(b) <b>1991 Tax Allocation Refunding Bonds</b>					
Redevelopment Project (includes accreted interest)	2002 - 2020	5.90-6.80%	485,000-965,000	13,099,895	3,459,286
(b) <b>1999 Tax Allocation Bonds:</b>					
Redevelopment Project (includes accreted interest)	2002 - 2036	3.60-5.30%	285,000-260,389	11,936,651	12,848,314
(c) <b>1999 Certificates of Participation:</b>					
Capital Facilities Project	2002 - 2025	3.60-4.60%	125,000-330,000	5,055,000	4,545,000
(c) <b>2003 Lease Revenue Refunding Bonds:</b>					
Master Equipment Lease Project and Public Safety Facility	2003 - 2025	2.50-4.80%	240,000-470,000	6,950,000	6,950,000
(c) <b>2001 Tax Allocation Bonds:</b>					
Redevelopment Project	2002 - 2016	3.50-4.60%	55,000-775,000	8,200,000	7,040,000
(d) <b>Capital leases</b>	2002 - 2012	Various	Various	Various	448,834
Total Governmental Activities					36,476,434
<b>Business-Type Activities</b>					
(e) <b>2002 Revenue Bonds</b>	2004 - 2023	2.00-4.50%	80,000-145,000	2,090,000	2,010,000
Total governmental and business-type activities - bonds, certificates of participation, capital leases, and accreted interest on capital appreciation bonds					\$ 38,486,434



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

- (a) Special assessment collections recorded in the Special Assessments Debt Service Fund. The City is "obligated in some manner" (as defined by GASB No. 6) for special assessment debt because it must cover delinquencies of special assessments bonds in excess of debt service reserves with other resources until foreclosure proceeds are received or because it has indicated that it may do so.
- (b) Property tax increment allocated to the Community Development Commission Capital Projects Fund.
- (c) Lease revenues from the General Fund, as provided for by an agreement between the Financing Authority and the City.
- (d) General revenues of the City.
- (e) Utility billing from the Water department.

The following is a summary of changes to long-term liabilities for the year ended June 30, 2004:

	Balance July 1, 2003	Additions/ Accretions	Retirements	Balance June 30, 2004	Amount due Within One Year
Governmental activities:					
Special assessment bonds	\$ 1,495,000	\$ -	\$ 310,000	\$ 1,185,000	\$ 270,000
Certificates of participation	11,530,000	-	6,985,000	4,545,000	140,000
Lease revenue refunding bonds	-	6,950,000	-	6,950,000	240,000
Tax allocation bonds	19,881,548	-	845,000	19,036,548	560,601
Capital leases	602,373	-	153,539	448,834	139,814
Accreted interest on capital appreciation bonds	3,561,681	749,371	-	4,311,052	-
Total long-term debt	37,070,602	7,699,371	8,293,539	36,476,434	1,350,415
Original issue premium	101,532	-	7,760	93,772	7,760
Original issue discount	-	(28,628)	(1,312)	(27,316)	(1,431)
Deferred amount on refunding	(304,050)	(210,943)	(58,627)	(456,366)	(58,643)
Compensated absences	879,924	342,963	398,352	824,535	379,860
Total governmental activities	37,748,008	7,802,763	8,639,712	36,911,059	1,677,961
Business-type activities:					
Water revenue bonds	2,090,000	-	80,000	2,010,000	80,000
Original issue discount	(10,805)	-	(561)	(10,244)	(561)
Total business-type activities	\$ 2,079,195	\$ -	\$ 79,439	\$ 1,999,756	\$ 79,439
Housing Financing Authority:					
Revenue bonds	\$ 13,655,000	\$ -	\$ 13,655,000	\$ -	\$ -
Original issue discount	(423,795)	-	(423,795)	-	-
Total Housing Financing Authority	\$ 13,231,205	\$ -	\$ 13,231,205	\$ -	\$ -

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

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

Fiscal Year ending June 30:	Special Assessment		Lease Revenue Bonds		Certificates of Participation		Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	275,000	41,816	240,000	273,681	140,000	209,130	560,601	746,068
2006	290,000	31,861	225,000	267,869	140,000	203,880	611,415	747,202
2007	280,000	20,966	230,000	262,181	150,000	198,370	611,869	747,014
2008	190,000	11,390	235,000	256,369	155,000	192,420	603,415	749,996
2009	150,000	3,672	240,000	250,431	160,000	186,120	613,993	742,855
2010 – 2014	-	-	1,315,000	1,134,294	905,000	822,155	3,263,717	3,515,673
2015 – 2019	-	-	1,580,000	861,713	1,130,000	587,590	4,761,309	2,357,585
2020 – 2024	-	-	1,965,000	460,156	1,435,000	268,675	3,729,504	4,996,346
2025 – 2029	-	-	920,000	44,175	330,000	8,250	2,122,057	6,652,943
2030 – 2034	-	-	-	-	-	-	1,623,902	7,151,098
2035 – 2039	-	-	-	-	-	-	534,766	2,975,234
<b>Total</b>	<b>\$ 1,185,000</b>	<b>\$ 109,705</b>	<b>\$ 6,950,000</b>	<b>\$ 3,810,869</b>	<b>\$ 4,545,000</b>	<b>\$ 2,676,590</b>	<b>\$ 19,036,548</b>	<b>\$ 31,382,014</b>

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

Fiscal Year ending June 30:	Revenue Bonds	
	Principal	Interest
2005	80,000	69,945
2006	85,000	68,295
2007	85,000	66,596
2008	85,000	64,853
2009	90,000	62,925
2010 – 2014	475,000	275,607
2015 – 2019	565,000	183,015
2020 – 2024	545,000	50,513
<b>Total</b>	<b>\$ 2,010,000</b>	<b>\$ 841,749</b>

### ***2003 Lease Revenue Refunding Bonds***

On July 1, 2003, the Authority issued Lease Revenue Refunding Bonds, Series 2003 in the amount of \$6,950,000. Proceeds of the bonds were used to refund the 1999 COPs (Master Equipment Lease) and the Community Development Commission's 1994 Refunding COPs (Public Safety Facility Project). The refunding reduced the debt payments by about \$1 million in total over the next three years and provided the additional cash flow needed to sustain financial operations during these difficult economic years. However, the refunding extended the debt out to the year 2025 and resulted in an economic loss of approximately \$308,000.

### **Legal Debt Limit**

As of June 30, 2004, the City's legal debt limit (15% of valuation subject to taxation) was \$478,155,712. 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, 2004, the City has no liability.

### Conduit Debt

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

The aggregate principal amount payable for the two series of bonds as of June 30, 2004 are as follows:

Multifamily Housing Revenue Bonds 1995 Series A (Crossbrooks Apartments)	\$8,715,000
Mobile Home Park Revenue Bonds 2001 Series A (Las Casitas De Sonoma)	4,735,000

### 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 capital lease payments as of June 30, 2004:

<u>Fiscal Year ending</u> <u>June 30:</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 139,814	\$ 20,729
2006	113,163	13,356
2007	84,005	8,488
2008	65,849	4,353
2009	46,003	1,909
Total	<u>\$ 448,834</u>	<u>\$ 48,835</u>

Payment for capital lease obligations are made from various revenue sources recorded in the General Fund and transferred to the General Debt Service Fund. At June 30, 2004, equipment under the capital leases of \$2,142,427 were included in the statement of net assets.

## **8. 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. 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 – Public safety employees and all other employees have an obligation to contribute 9% and 7% of their annual covered salary to the Fund, respectively. 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, 2004 were 12.943% for public safety employees and 1.4% for miscellaneous employees of annual covered payroll. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CALPERS.

**Annual Pension Cost** – The City's annual pension cost for the Fund was equal to the City's required and actual contributions, which was determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses) and (b) projected salary increases that vary by duration of service. Both (a) and (b) include an inflation component of 3.5%. 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 % of pay over a closed 20-year period. The actuarial value of City's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses.

**Schedule of Employer Contributions (dollar amounts in thousands)**

Fiscal Year Ended	Annual Pension (APC)	Percentage of APC Contributed
6/30/02	\$ 248	100%
6/30/03	404	100
6/30/04	863	100

**Schedule of Funding Progress (dollar amounts in thousands)**

Actuarial Valuation Date	(A) Actuarial Asset Value	(B) Entry Age Actuarial Accrued Liability	(C) Unfunded (Overfunded) Actuarial Accrued Liability [(B) – (A)]	(D) Funded Ratio [(A) / (B)]	(E) Covered Payroll	(F) Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(C)/(E)]
6/30/01	\$ 64,229	\$ 55,052	\$ (9,177)	116.70%	\$ 12,616	(72.7%)
6/30/02	61,876	61,232	(644)	101.10%	13,247	(4.9%)
6/30/03	63,789	68,052	4,263	93.70%	13,225	32.2%

**9. POST EMPLOYMENT HEALTH CARE BENEFITS**

In addition to providing pension benefits, the City provides certain health care benefits for retired employees. The City's memorandum of understanding with its employees establishes the provisions for these post-employment health care benefits. Substantially all of the City's employees may become eligible for these benefits if they work for the City at least ten years and they reach normal retirement age while working for the City. These benefits are not available unless the retired employee is also receiving benefits from CalPERS. The cost of retiree health care and life insurance benefits are recognized as expenditures as claims are paid. For 2004, these costs totaled \$707,005. At June 30, 2004, seventy-four participants were eligible to receive these benefits.

The City has designated a portion of General Fund's fund balance for future retiree health care benefits in the event that claims cannot be paid from future operations. This designated balance is increased each year in an amount equal to 14.5% of the annual costs of the City's health care premiums. In the current year, an additional amount of \$800,000 was designated by the General Fund to fund future retiree healthcare benefits. At June 30, 2004, the General Fund designated fund balance was \$2,867,500.

An actuarial valuation of the post-retirement benefit program was performed in 1999. The study determined that the actuarial accrued liability as of June 30, 1999 was \$8,968,000. Based on the tremendous rise in health plan premiums, an increasing retiree base and lower interest rates, the City Council commissioned an update of the study. The results were dramatic, with the unfunded actuarial accrued liability rising to \$38.5 million as of July 1, 2003. The study indicates that the new annual contribution required to fund the reserve over a thirty-year period is \$3.4 million per year. The actuarial assumptions used were: 1) an interest rate of 5.0%, 2) an inflation rate of 3.5%, 3) a medical increase trend rate starting at 19% and decreasing gradually to an ultimate rate of 6.5%, and 4) demographic assumptions utilized by CalPERS, modified to reflect anticipated increased life expectancy and Rohnert Park's lower turnover rates. Management and the City Council will be developing a plan over future years to pay for this unfunded liability.

## 10. FUND BALANCE / NET ASSETS

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

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans or intent are subject to change, have not been legally authorized and may not result in expenditures. As of June 30, 2004, unreserved, designated fund balances were as follows:

Fund balance designations for:	
General Fund:	
Contingencies	\$ 7,074,658
Self-insurance	1,316,464
Infrastructure	509,587
Recreational facilities	153,771
Retired employee medical insurance	2,867,500
Housing programs	177,399
Retirement costs/Safety	267,525
Retirement costs/miscellaneous	697,922
Equipment replacement	1,408,925
Donations	<u>300,563</u>
Total General Fund	<u>\$ 14,774,314</u>
Nonmajor Governmental Funds:	
Capital projects	<u>\$ 100,451</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.”

## 11. 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	\$ 24,500,000
Workers' compensation	5,000	1,000,000	Statutory
Property damage	5,000	25,000	200,000,000
Automobile liability	5,000	10,000	1,485,000
Earthquake and flood	25,000	-	25,000,000
Fidelity	-	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 of \$1,006,662 and received REMIF refunds of \$133,318 during the year ended June 30, 2004. 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, 2004 the amount of these IBNR liabilities was \$21,628. 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, 2002	\$ 113,258
Current year claim deductibles and changes in estimates	266,214
Net payments	(280,940)
Liability at June 30, 2003	98,532
Current year claim deductibles and changes in estimates	221,006
Net payments	(238,142)
Liability at June 30, 2004 (reported in accrued liabilities)	<u>\$ 81,396</u>

At June 30, 2004, management designated \$1,316,464 of fund balance in the General Fund for future claims liabilities.

## 12. CONTINGENCIES

The City is also 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.

### 13. LEASES

The City has entered into operating lease contracts with various private and non-profit businesses. The terms of these leases range from 5 years to 40 years.

The future minimum rentals to be received from the aforementioned operating leases as of June 30, 2004 are as follows (in thousands)

Fiscal Year Ending June 30,	
2005	\$ 538
2006	568
2007	583
2008	585
2009	638
2010 - 2014	3,281
2015 - 2019	3,544
2020 - 2024	3,344
2025 - 2026	1,453
2027 - 2034	1,900
2035 - 2039	1,725
2040 - 2043	1,101
Future minimum lease rentals	<u>\$ 19,260</u>

These future minimum rentals are based upon annual rates agreed to by tenants. In addition to the future minimum rentals disclosed above, the City expects to receive approximately \$28,367 from month-to-month rentals in fiscal year 2005.

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**



**CITY OF ROHNERT PARK**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 2,332,250	\$ 2,332,250	\$ 2,517,926	\$ 185,676
Real property transfer	150,000	150,000	265,430	115,430
Transient occupancy	1,500,000	1,500,000	1,367,259	(132,741)
Sales and use	6,630,000	6,630,000	6,834,708	204,708
Franchises	977,600	977,600	1,725,402	747,802
Subtotal	<u>11,589,850</u>	<u>11,589,850</u>	<u>12,710,725</u>	<u>1,120,875</u>
Licenses, permits and fees:				
Business licenses	495,000	495,000	504,290	9,290
Animal licenses	50,000	50,000	43,185	(6,815)
Building permits	248,000	248,000	590,642	342,642
Plan check	125,000	125,000	318,768	193,768
Subtotal	<u>918,000</u>	<u>918,000</u>	<u>1,456,885</u>	<u>538,885</u>
Fines, forfeitures and penalties:				
Vehicle code	90,000	90,000	77,043	(12,957)
Parking fines	70,000	70,000	67,860	(2,140)
Impound fees	18,000	18,000	13,460	(4,540)
Other court	10,000	10,000	16,187	6,187
Subtotal	<u>188,000</u>	<u>188,000</u>	<u>174,550</u>	<u>(13,450)</u>
Interest and rentals:				
Investment earnings	1,000,000	1,000,000	745,967	(254,033)
Rent - golf courses	517,000	517,000	395,400	(121,600)
Rent - other	422,718	422,718	408,373	(14,345)
Subtotal	<u>1,939,718</u>	<u>1,939,718</u>	<u>1,549,740</u>	<u>(389,978)</u>
Intergovernmental:				
State motor vehicle in-lieu tax	2,400,000	2,400,000	1,968,325	(431,675)
Off-highway motor vehicle license fee	1,000	1,000	1,393	393
Public Safety Augmentation Fund	200,000	200,000	207,937	7,937
Grants	112,000	112,000	98,020	(13,980)
Reimbursements	40,000	40,000	19,253	(20,747)
Other	-	-	93,192	93,192
Subtotal	<u>2,753,000</u>	<u>2,753,000</u>	<u>2,388,120</u>	<u>(364,880)</u>

(continued)

**CITY OF ROHNERT PARK**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>(Continued)</b>				
<b>REVENUES (Continued)</b>				
Charges for current services:				
Zoning and subdivision fees	\$ 50,000	\$ 50,000	\$ 29,335	\$ (20,665)
Sales of maps and lists	1,200	1,200	1,746	546
Special public safety services	35,000	35,000	41,830	6,830
Fire inspection fees	35,000	35,000	30,960	(4,040)
Vehicle abatement revenue	55,000	55,000	18,932	(36,068)
Animal shelter fees	60,000	60,000	55,304	(4,696)
Engineering fees	20,000	20,000	65,927	45,927
Weed abatement	2,000	2,000	(262)	(2,262)
General plan maintenance fee	36,000	36,000	311,763	275,763
Library ground maintenance	1,600	1,600	9,865	8,265
Recreation:				
Recreation centers	925,677	925,677	810,783	(114,894)
Swimming pools	218,500	218,500	225,822	7,322
Contract classes and other	165,000	165,000	144,709	(20,291)
Subtotal	<u>1,604,977</u>	<u>1,604,977</u>	<u>1,746,714</u>	<u>141,737</u>
Donations and miscellaneous:				
Performing Arts Center	805,300	805,300	498,994	(306,306)
RPHFA administration	1,300	1,300	1,320	20
Refuse administration	174,420	174,420	177,535	3,115
Donations	117,600	117,600	5,274	(112,326)
Miscellaneous	129,500	129,500	104,157	(25,343)
Subtotal	<u>1,228,120</u>	<u>1,228,120</u>	<u>787,280</u>	<u>(440,840)</u>
Total revenues	<u>20,221,665</u>	<u>20,221,665</u>	<u>20,814,014</u>	<u>592,349</u>

(continued)

**CITY OF ROHNERT PARK**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>(Continued)</b>				
<b>EXPENDITURES</b>				
Current:				
General government:				
City Council	\$ 94,039	\$ 94,039	\$ 88,273	\$ 5,766
City Manager	485,674	485,674	530,801	(45,127)
Finance and accounting	933,340	933,340	930,085	3,255
Information Services	375,946	375,946	376,406	(460)
Legal services	169,486	169,486	313,908	(144,422)
Planning Department/Commission	283,431	283,431	203,685	79,746
Personnel	196,206	196,206	281,206	(85,000)
Rent appeals board	50,884	50,884	23,866	27,018
City Office building	88,100	88,100	92,121	(4,021)
City Office annex	72,700	72,700	51,908	20,792
General government-nondepartmental	2,175,565	2,175,565	1,623,836	551,729
Nondepartmental-employee benefits	625,968	625,968	626,665	(697)
Enterprise fund cost allocation	(1,721,560)	(1,721,560)	(1,721,560)	-
Community Development Commission cost allocation	(912,300)	(912,300)	(912,300)	-
Subtotal	<u>2,917,479</u>	<u>2,917,479</u>	<u>2,508,900</u>	<u>408,579</u>
Public safety:				
Personnel	10,837,777	10,837,777	11,030,208	(192,431)
Police protection	701,576	701,576	637,046	64,530
Fire protection	225,600	225,600	195,445	30,155
Animal control	314,640	314,640	256,174	58,466
Animal shelter	129,550	129,550	48,774	80,776
Civil defense/hazardous materials	16,800	16,800	3,060	13,740
Southwest station	13,400	13,400	729	12,671
Main station	312,459	312,459	277,636	34,823
North station	20,300	20,300	31,835	(11,535)
South station	11,600	11,600	8,025	3,575
Youth and Family Program	110,432	110,432	112,654	(2,222)
Subtotal	<u>12,694,134</u>	<u>12,694,134</u>	<u>12,601,586</u>	<u>92,548</u>

(continued)

**CITY OF ROHNERT PARK**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>(Continued)</b>				
<b>EXPENDITURES (Continued)</b>				
Current:				
Public works:				
Engineering	\$ 348,995	\$ 348,995	\$ 384,217	\$ (35,222)
Inspection	273,442	273,442	364,942	(91,500)
General	1,428,408	1,428,408	1,427,717	691
Maintenance of parkways	150,700	150,700	103,826	46,874
Maintenance of streets/bikepaths	88,000	88,000	55,107	32,893
Maintenance of school grounds	2,500	2,500	4,336	(1,836)
Street lighting	156,000	156,000	157,597	(1,597)
Traffic signals	100,000	100,000	83,305	16,695
Storm drains and drainage	100,200	100,200	9,752	90,448
Weed abatement	2,000	2,000	2,413	(413)
Enterprise fund cost allocation	(674,440)	(674,440)	(674,440)	-
Community Development Commission cost allocation	(66,700)	(66,700)	(66,700)	-
Subtotal	<u>1,909,105</u>	<u>1,909,105</u>	<u>1,852,072</u>	<u>57,033</u>
Parks and recreation:				
Parks	585,298	585,298	281,069	304,229
Parks maintenance-general	324,100	324,100	416,425	(92,325)
Recreation centers	868,258	868,258	756,609	111,649
Swimming pools	294,080	294,080	296,309	(2,229)
Recreation administration and programs	807,978	807,978	650,716	157,262
Community stadium	6,000	6,000	8,556	(2,556)
Library	3,500	3,500	9,477	(5,977)
Subtotal	<u>2,889,214</u>	<u>2,889,214</u>	<u>2,419,161</u>	<u>470,053</u>
Other:				
Performing Arts Center	852,855	852,855	788,318	64,537
Booking fees	160,000	160,000	154,846	5,154
Sexual assault examination fees	20,000	20,000	12,838	7,162
Property tax administration fee	50,000	50,000	41,194	8,806
Subtotal	<u>1,082,855</u>	<u>1,082,855</u>	<u>997,196</u>	<u>85,659</u>
Capital outlay	<u>534,150</u>	<u>534,150</u>	<u>732,219</u>	<u>(198,069)</u>
Subtotal expenditures	<u>22,026,937</u>	<u>22,026,937</u>	<u>21,111,134</u>	<u>915,803</u>

(continued)

**CITY OF ROHNERT PARK**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
(Continued)				
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>\$ (1,805,272)</u>	<u>\$ (1,805,272)</u>	<u>\$ (297,120)</u>	<u>\$ 1,508,152</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	7,100,000	7,100,000	3,269,170	(3,830,830)
Transfers in	1,020,000	1,020,000	1,189,054	169,054
Transfers out	<u>(707,137)</u>	<u>(707,137)</u>	<u>(1,444,648)</u>	<u>(737,511)</u>
Total other financing sources (uses)	<u>7,412,863</u>	<u>7,412,863</u>	<u>3,013,576</u>	<u>(4,399,287)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,607,591</u>	<u>\$ 5,607,591</u>	2,716,456	<u>(2,891,135)</u>
FUND BALANCE, BEGINNING OF YEAR:			<u>15,692,777</u>	
FUND BALANCE, END OF YEAR			<u>\$ 18,409,233</u>	

See note to required supplementary information.

**CITY OF ROHNERT PARK**  
**BUDGETARY COMPARISON SCHEDULE**  
**TRANSPORTATION EQUITY ACT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 230,000	\$ 230,000	\$ 516,049	\$ 286,049
<b>OTHER FINANCING USES</b>				
Transfers in	-	-	200,951	200,951
Transfers out	(230,000)	(230,000)	-	230,000
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>717,000</u>	<u>\$ 717,000</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>(717,000)</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ -</u>	

**CITY OF ROHNERT PARK**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

*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 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, 2004.

## **SUPPLEMENTARY INFORMATION**



## **CITY OF ROHNERT PARK**

### **DESCRIPTION OF OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2004**

#### **NONMAJOR SPECIAL REVENUE FUNDS**

To account for revenues derived from specific revenue sources. These funds are required by statute or ordinance to financial 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.

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

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

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

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

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

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

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

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

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

#### **NONMAJOR DEBT SERVICE FUNDS**

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

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

Community Development Commission Debt Service Fund – To accumulate monies for payment of Tax Allocation Refunding Bonds, Tax Allocation Bonds, Refunding Certificate of Participation, and other indebtedness. Financing is provided by a specific annual property tax increment, as well as lease revenues received from the City.

#### **NONMAJOR CAPITAL PROJECTS FUNDS**

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

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

#### **NONMAJOR PERMANENT FUND**

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

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

**CITY OF ROHNERT PARK**

**COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2004**

	Nonmajor Special Revenue Funds	Community Development Debt Service Fund	Special Assessments Capital Projects Fund	Performing Arts Center Endowment Permanent Fund	Total
<b>ASSETS</b>					
Cash and investments	\$ 3,310,384	\$ -	\$ 100,451	\$ 1,263,551	\$ 4,674,386
Receivables:					
Accounts	91,578	-	-	-	91,578
Due from other funds	516,049	-	-	500,000	1,016,049
Restricted cash and investments	-	1,760,416	-	-	1,760,416
Total assets	<u>\$ 3,918,011</u>	<u>\$ 1,760,416</u>	<u>\$ 100,451</u>	<u>\$ 1,763,551</u>	<u>\$ 7,542,429</u>
<b>LIABILITIES</b>					
Deferred revenue	\$ 49,370	\$ -	\$ -	\$ -	\$ 49,370
<b>FUND BALANCES</b>					
Reserved for:					
Street projects	1,301,363	-	-	-	1,301,363
Debt service	-	1,760,416	-	-	1,760,416
Performing Arts Center endowment	-	-	-	1,763,551	1,763,551
Unreserved, reported in:					
Special revenue funds	2,567,278	-	-	-	2,567,278
Capital project fund	-	-	100,451	-	100,451
Total fund balances	<u>3,868,641</u>	<u>1,760,416</u>	<u>100,451</u>	<u>1,763,551</u>	<u>7,493,059</u>
Total liabilities and fund balances	<u>\$ 3,918,011</u>	<u>\$ 1,760,416</u>	<u>\$ 100,451</u>	<u>\$ 1,763,551</u>	<u>\$ 7,542,429</u>

## CITY OF ROHNERT PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Special Assessment Capital Projects Fund	Performing Arts Center Endowment Permanent Fund	Total Other Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 437,665	\$ -	\$ -	\$ -	\$ 437,665
Intergovernmental	934,429	-	-	-	934,429
Interest and rentals	38,588	11,167	-	37,047	86,802
Licenses, permits and fees	919,216	-	-	-	919,216
Donations	700,000	-	-	9,331	709,331
Total revenues	<u>3,029,898</u>	<u>11,167</u>	<u>-</u>	<u>46,378</u>	<u>3,087,443</u>
<b>EXPENDITURES</b>					
Current:					
General government	10,371	-	-	-	10,371
Debt service:					
Principal	-	1,286,907	-	-	1,286,907
Interest and fiscal charges	-	600,496	-	-	600,496
Total expenditures	<u>10,371</u>	<u>1,887,403</u>	<u>-</u>	<u>-</u>	<u>1,897,774</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,019,527</u>	<u>(1,876,236)</u>	<u>-</u>	<u>46,378</u>	<u>1,189,669</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	174,787	1,444,110	-	-	1,618,897
Transfers out	(1,527,348)	(163)	-	(37,047)	(1,564,558)
Total other financing sources (uses)	<u>(1,352,561)</u>	<u>1,443,947</u>	<u>-</u>	<u>(37,047)</u>	<u>54,339</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>1,666,966</u>	<u>(432,289)</u>	<u>-</u>	<u>9,331</u>	<u>1,244,008</u>
<b>FUND BALANCES:</b>					
BEGINNING OF THE YEAR	<u>2,201,675</u>	<u>2,192,705</u>	<u>100,451</u>	<u>1,754,220</u>	<u>6,249,051</u>
END OF YEAR	<u>\$ 3,868,641</u>	<u>\$ 1,760,416</u>	<u>\$ 100,451</u>	<u>\$ 1,763,551</u>	<u>\$ 7,493,059</u>

## CITY OF ROHNERT PARK

## COMBINING BALANCE SHEET

## NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2004

	State Gasoline Tax	Traffic Signals Fee	Capital Outlay Fee	Local Law Enforcement Block Grant
<b>ASSETS</b>				
Cash and investments	\$ 706,847	\$ 1,397,601	\$ 443,368	\$ -
Accounts receivable	78,467	-	-	-
Due from other funds	516,049	-	-	-
Total assets	<u>\$ 1,301,363</u>	<u>\$ 1,397,601</u>	<u>\$ 443,368</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Deferred revenue	\$ -	\$ -	\$ -	\$ -
<b>FUND BALANCES</b>				
Reserved for street projects	1,301,363	-	-	-
Unreserved	-	1,397,601	443,368	-
Total fund balances	<u>1,301,363</u>	<u>1,397,601</u>	<u>443,368</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,301,363</u>	<u>\$ 1,397,601</u>	<u>\$ 443,368</u>	<u>\$ -</u>

<b>Supplemental Law Enforcement Services</b>	<b>Traffic Congestion Relief (AB2928)</b>	<b>Measure M Fire Benefit Assessment</b>	<b>Mobile Home Rent Appeals Board</b>	<b>F.I.G.R.</b>	<b>Copeland Creek Drainage Facility</b>	<b>Total</b>
\$ 19,996	\$ -	\$ -	\$ 55,372	\$ 623,690	\$ 63,510	\$ 3,310,384
-	-	13,111	-	-	-	91,578
-	-	-	-	-	-	516,049
<u>\$ 19,996</u>	<u>\$ -</u>	<u>\$ 13,111</u>	<u>\$ 55,372</u>	<u>\$ 623,690</u>	<u>\$ 63,510</u>	<u>\$ 3,918,011</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,370	\$ 49,370
-	-	-	-	-	-	1,301,363
<u>19,996</u>	<u>-</u>	<u>13,111</u>	<u>55,372</u>	<u>623,690</u>	<u>14,140</u>	<u>2,567,278</u>
<u>19,996</u>	<u>-</u>	<u>13,111</u>	<u>55,372</u>	<u>623,690</u>	<u>14,140</u>	<u>3,868,641</u>
<u>\$ 19,996</u>	<u>\$ -</u>	<u>\$ 13,111</u>	<u>\$ 55,372</u>	<u>\$ 623,690</u>	<u>\$ 63,510</u>	<u>\$ 3,918,011</u>

**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, 2004**

	State Gasoline Tax	Traffic Signals Fee	Capital Outlay Fee	Local Law Enforcement Block Grant	Supplemental Law Enforcement Services
<b>REVENUES</b>					
Measure M assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	818,779	-	-	15,650	100,000
Interest and rentals	16,265	16,829	-	12	5,482
Licenses, permits and fees	-	500,508	418,708	-	-
Donations	-	-	-	-	-
Total revenues	835,044	517,337	418,708	15,662	105,482
<b>EXPENDITURES</b>					
Current:					
General government	10,371	-	-	-	-
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	824,673	517,337	418,708	15,662	105,482
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	163,749	-	-	1,739	-
Transfers out	(643,664)	(23,262)	(35,790)	(17,401)	(130,053)
Total other financing sources (uses)	(479,915)	(23,262)	(35,790)	(15,662)	(130,053)
<b>NET CHANGE IN FUND BALANCES</b>	344,758	494,075	382,918	-	(24,571)
<b>FUND BALANCES:</b>					
<b>BEGINNING OF THE YEAR</b>	956,605	903,526	60,450	-	44,567
<b>END OF YEAR</b>	\$ 1,301,363	\$ 1,397,601	\$ 443,368	\$ -	\$ 19,996

<b>Traffic Congestion Relief (AB2928)</b>	<b>Measure M Fire Benefit Assessment</b>	<b>Mobile Home Rent Appeals Board</b>	<b>F.I.G.R.</b>	<b>Copeland Creek Drainage Facility</b>	<b>Total</b>
\$ -	\$ 437,665	\$ -	\$ -	\$ -	\$ 437,665
-	-	-	-	-	934,429
-	-	-	-	-	38,588
-	-	-	-	-	919,216
-	-	-	700,000	-	700,000
-	437,665	-	700,000	-	3,029,898
-	-	-	-	-	10,371
-	437,665	-	700,000	-	3,019,527
-	-	9,299	-	-	174,787
(163,750)	(437,118)	-	(76,310)	-	(1,527,348)
(163,750)	(437,118)	9,299	(76,310)	-	(1,352,561)
(163,750)	547	9,299	623,690	-	1,666,966
163,750	12,564	46,073	-	14,140	2,201,675
\$ -	\$ 13,111	\$ 55,372	\$ 623,690	\$ 14,140	\$ 3,868,641



**CITY OF ROHNERT PARK**  
**BUDGETARY COMPARISON SCHEDULE**  
**STATE GASOLINE TAX SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amount</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Interest and rentals	\$ 30,000	\$ 30,000	\$ 16,265	\$ (13,735)
Intergovernmental:				
Section 2105, maintenance	265,000	265,000	264,395	(605)
Section 2106, construction	200,000	200,000	195,954	(4,046)
Section 2107, maintenance	350,000	350,000	352,430	2,430
Section 2107.5, engineering	6,000	6,000	6,000	-
Total revenues	<u>851,000</u>	<u>851,000</u>	<u>835,044</u>	<u>(15,956)</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>7,000</u>	<u>7,000</u>	<u>10,371</u>	<u>(3,371)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>844,000</u>	<u>844,000</u>	<u>824,673</u>	<u>(19,327)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		-	163,749	163,749
Transfers out	<u>(836,000)</u>	<u>(836,000)</u>	<u>(643,664)</u>	<u>(192,336)</u>
Total other financing sources (uses)	<u>(836,000)</u>	<u>(836,000)</u>	<u>(479,915)</u>	<u>(28,587)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>344,758</u>	<u>\$ 336,758</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>956,605</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 1,301,363</u>	

**CITY OF ROHNERT PARK**  
**BUDGETARY COMPARISON SCHEDULE**  
**TRAFFIC SIGNALS FEE SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<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	\$ 805,020	\$ 805,020	\$ 500,508	\$ (304,512)
Interest and rentals	-	-	16,829	16,829
Total revenues	805,020	805,020	517,337	(287,683)
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(23,262)	(23,262)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 805,020</u>	<u>\$ 805,020</u>	494,075	<u>\$ (310,945)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			903,526	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 1,397,601</u>	

**CITY OF ROHNERT PARK**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL OUTLAY FEE SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<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:	\$ 904,560	\$ 904,560	\$ 418,708	\$ (485,852)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(120,900)	(120,900)	(35,790)	85,110
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 783,660</u>	<u>\$ 783,660</u>	382,918	<u>\$ (400,742)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			60,450	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 443,368</u>	

**CITY OF ROHNERT PARK**  
**BUDGETARY COMPARISON SCHEDULE**  
**LOCAL LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<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			\$ 12	\$ 12
Intergovernmental	20,000	20,000	15,650	(4,350)
Total revenues	20,000	20,000	15,662	(4,338)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	1,739	1,739
Transfers out	(20,000)	(20,000)	(17,401)	2,599
Total other financing sources (uses)	(20,000)	(20,000)	(15,662)	4,338
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ -</u>	

**CITY OF ROHNERT PARK**  
**BUDGETARY COMPARISON SCHEDULE**  
**SUPPLEMENTAL LAW ENFORCEMENT SERVICES SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<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	\$ -	\$ -	\$ 5,482	\$ 5,482
Intergovernmental	100,000	100,000	100,000	-
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>105,482</u>	<u>5,482</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(100,000)	(100,000)	(130,053)	(30,053)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(24,571)</u>	<u>\$ (24,571)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>44,567</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 19,996</u>	

**CITY OF ROHNERT PARK**  
**BUDGETARY COMPARISON SCHEDULE**  
**TRAFFIC CONGESTION RELIEF (AB2928) SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(163,750)	(163,750)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(163,750)</u>	<u>\$ (163,750)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			163,750	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ -</u>	

**CITY OF ROHNERT PARK**  
**BUDGETARY COMPARISON SCHEDULE**  
**MEASURE M FIRE BENEFIT ASSESSMENT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<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	\$ 420,000	\$ 420,000	\$ 437,665	\$ 17,665
<b>OTHER FINANCING USES</b>				
Transfers out	(420,000)	(420,000)	(437,118)	(17,118)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	547	<u>\$ 547</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			12,564	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 13,111</u>	

**CITY OF ROHNERT PARK**  
**BUDGETARY COMPARISON SCHEDULE**  
**MOBILE HOME RENT APPEALS BOARD SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<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:	\$ 48,300	\$ 48,300	\$ 9,299	\$ (39,001)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 48,300</u>	<u>\$ 48,300</u>	9,299	<u>\$ (39,001)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			46,073	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 55,372</u>	



**CITY OF ROHNERT PARK**  
**BUDGETARY COMPARISON SCHEDULE**  
**F.I.G.R. FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Donations	\$ -	\$ -	\$ 700,000	\$ 700,000
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(76,310)	(76,310)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>623,690</u>	<u>\$ 623,690</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			-	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 623,690</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, 2004**

	<b>Community Development Debt Service Fund</b>	<b>General Debt Service</b>	<b>Totals</b>
<b>REVENUES</b>			
Interest and rentals	\$ 11,167	\$ -	\$ 11,167
<b>EXPENDITURES</b>			
Debt service:			
Principal	1,130,000	156,907	1,286,907
Interest and fiscal charges	572,092	28,404	600,496
Total expenditures	1,702,092	185,311	1,887,403
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	(1,690,925)	(185,311)	(1,876,236)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,258,799	185,311	1,444,110
Transfers out	(163)	-	(163)
Total other financing sources (uses)	1,258,636	185,311	1,443,947
<b>NET CHANGE IN FUND BALANCES</b>	(432,289)	-	(432,289)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	2,192,705	-	2,192,705
<b>FUND BALANCE, END OF YEAR</b>	\$ 1,760,416	\$ -	\$ 1,760,416



## CITY OF ROHNERT PARK

### GENERAL FUND EXPENDITURES BY FUNCTION LAST TEN FISCAL YEARS

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<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Parks &amp; Recreation</u>	<u>Capital Outlay</u>	<u>Other</u>	<u>Total</u>
1994/95	2,190,613	6,832,164	1,860,901	2,274,317	484,426	679,477	14,321,898
1995/96	1,255,870	7,401,918	2,099,947	2,548,219	372,668	655,938	14,334,560
1996/97	2,128,618	7,605,166	2,032,420	2,394,832	265,269	686,366	15,112,671
1997/98	2,364,598	8,549,301	2,013,775	2,463,617	1,237,460	734,375	17,363,126
1998/99	2,897,824	9,255,627	2,221,362	2,858,730	1,090,403	870,526	19,194,472
1999/00	2,712,719	10,144,499	2,375,015	2,908,449	983,719	898,683	20,023,084
2000/01	2,696,055	10,252,230	2,449,578	2,993,507	448,221	1,516,093	20,355,684
2001/02	2,452,632	10,833,756	2,478,932	3,018,190	426,978	1,028,505	20,238,993
2002/03	2,962,821	11,181,015	2,442,193	2,840,386	245,021	1,076,101	20,747,537
2003/04	2,508,900	12,601,586	1,852,072	2,419,161	732,219	997,196	21,111,134

Source: City of Rohnert Park, Finance Department

**CITY OF ROHNERT PARK****GENERAL FUND REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses, Permits, &amp; Fees</b>	<b>Fines, Forfeitures &amp; Penalties</b>	<b>Interest &amp; Rentals</b>	<b>Intergovern- mental</b>	<b>Charges for Current Services</b>	<b>Donations and Miscellaneous</b>	<b>Total</b>
1994/95	7,726,487	565,833	74,292	1,900,907	1,634,673	1,179,923	466,307	13,548,422
1995/96	8,026,937	676,152	81,302	1,961,206	1,842,662	1,256,575	351,912	14,196,746
1996/97	7,627,622	888,564	79,125	2,275,225	1,919,800	1,389,366	1,160,439	15,340,141
1997/98	8,572,819	1,153,138	80,100	2,380,738	2,140,595	1,392,132	741,504	16,461,026
1998/99	9,594,108	928,010	170,365	2,343,430	2,024,724	1,427,009	496,169	16,983,815
1999/00	9,788,301	674,776	177,724	2,470,714	2,597,466	1,465,655	503,714	17,678,350
2000/01	11,266,786	997,894	180,389	2,249,867	3,016,086	1,574,574	564,161	19,849,757
2001/02	10,919,979	935,481	186,611	1,889,595	3,392,873	1,699,307	7,901,574	26,925,420
2002/03	11,305,385	1,004,267	185,717	1,496,411	2,991,252	1,787,822	2,231,096	21,001,950
2003/04	12,710,725	1,456,885	174,550	1,549,740	2,388,120	1,746,714	787,280	20,814,014

Source: City of Rohnert Park, Finance Department

## CITY OF ROHNERT PARK

### SECURED PROPERTY TAX RATES, ALLOCATION AND APPORTIONMENT LAST TEN FISCAL YEARS (1)

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<u>Fiscal Year</u>	<u>Tax Rate (2)</u>	<u>Tax Allocation</u>	<u>Tax Apportionment</u>	<u>Delinquent Tax</u>	<u>Percent Delinquent</u>
1994/95	1.00	1,884,552	1,746,355	138,197	7.3%
1995/96	1.00	1,871,500	1,778,608	92,892	5.0%
1996/97	1.00	1,837,899	1,824,296	13,603	0.7%
1997/98	1.00	1,881,393	1,865,496	15,897	0.8%
1998/99	1.00	1,922,145	1,881,670	40,475	2.1%
1999/00	1.00	1,985,000	1,975,045	9,955	0.5%
2000/01	1.00	2,049,232	2,046,938	2,294	0.1%
2001/02	1.00	2,099,148	2,093,456	5,692	0.3%
2002/03	1.00	2,298,857	2,291,796	7,061	0.3%
2003/04	1.00	2,303,177	2,295,714	7,463	0.3%

Notes:

(1) Excludes State Reimbursed Exemptions and Municipal Improvement Districts

(2) Per \$100 assessed valuation

Source: City of Rohnert Park, Finance Department

## CITY OF ROHNERT PARK

### ASSESSED AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property	
	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value
1994/95	1,951,785,589	1,951,785,589	78,682,885	78,682,885
1995/96	1,984,749,069	1,984,749,069	101,322,698	101,322,698
1996/97	1,978,435,313	1,978,435,313	77,122,589	77,122,589
1997/98	2,041,965,294	2,041,965,294	91,772,419	91,772,419
1998/99	2,082,881,566	2,082,881,566	87,173,077	87,173,077
1999/00	2,196,710,103	2,196,710,103	91,545,622	91,545,622
2000/01	2,346,079,416	2,346,079,416	117,648,959	117,648,959
2001/02	2,828,337,396	2,828,337,396	143,079,690	143,079,690
2002/03	3,029,993,866	3,029,993,866	157,710,883	157,710,883
2003/04	3,251,295,184	3,251,295,184	147,006,336	147,006,336

**Note:**

(1) Assessed values are established by the County Assessor's Office. Increase to assessed values are limited by law to 2% per year unless improvements are made or the property is resold or transferred.

Source: Sonoma County Assessor's Office

Total		Ratio of Total Assessed To Total Estimated Actual Value
Assessed Value (1)	Estimated Actual Value	
2,030,468,474	2,030,468,474	100.0%
2,086,071,767	2,086,071,767	100.0%
2,055,557,902	2,055,557,902	100.0%
2,133,737,713	2,133,737,713	100.0%
2,170,054,643	2,170,054,643	100.0%
2,288,255,725	2,288,255,725	100.0%
2,463,728,375	2,463,728,375	100.0%
2,971,417,086	2,971,417,086	100.0%
3,187,704,749	3,187,704,749	100.0%
3,398,301,520	3,398,301,520	100.0%



## CITY OF ROHNERT PARK

### PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

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<b>Fiscal Year</b>	<b>City</b>	<b>Countywide Tax (2)</b>	<b>School District</b>	<b>Miscellaneous Special Districts</b>	<b>Total</b>
1994/95	(1)	1.0000	0.1272	0.0061	1.13
1995/96	(1)	1.0000	0.1380	0.0060	1.14
1996/97	(1)	1.0000	0.1360	0.0060	1.14
1997/98	(1)	1.0000	0.1321	0.0060	1.14
1998/99	(1)	1.0000	0.1321	0.0060	1.14
1999/00	(1)	1.0000	0.1321	0.0060	1.14
2000/01	(1)	1.0000	0.1321	0.0070	1.14
2001/02	(1)	1.0000	0.1321	0.0070	1.14
2002/03	(1)	1.0000	0.1571	0.0070	1.16
2003/04	(1)	1.0000	0.1450	0.0070	1.15

Notes:

(1) Information not applicable

(2) Per \$100 assessed valuation

Source: County of Sonoma / Auditor-Controller

## CITY OF ROHNERT PARK

### SPECIAL ASSESSMENTS COLLECTIONS LAST TEN FISCAL YEARS

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<u>Fiscal Year</u>	<u>Current Assessments Billed</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collections to Amount Due</u>	<u>Total Outstanding Delinquent Assessments</u>
1994/95	851,096	801,287	94.1	49,809
1995/96	884,014	884,014	100.0	-
1996/97	688,549	688,549	100.0	-
1997/98	706,983	698,086	98.7	8,897
1998/99	698,325	696,999	99.8	1,326
1999/00	666,362	666,228	100.0	134
2000/01	645,721	643,509	99.7	2,212
2001/02	590,718	589,817	99.8	901
2002/03	432,315	425,254	98.4	7,061
2003/04	321,026	321,026	100.0	-

Source: City of Rohnert Park, Finance Department

## CITY OF ROHNERT PARK

### PERCENTAGE OF GENERAL BONDED DEBT TO ASSESSED VALUE AND GENERAL BONDED DEBT PER CAPITA LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Population (2)</b>	<b>Total Assessed Value(3)</b>	<b>Legal Debt Limit (1)</b>	<b>General Bonded Debt</b>	<b>Percentage of General Bonded Debt to Assessed Value</b>	<b>General Bonded Debt Per Capita</b>
1994/95	39,214	2,030,468,474	304,570,271	-	-	-
1995/96	38,372	2,086,071,767	312,910,765	-	-	-
1996/97	38,707	2,055,557,902	308,333,685	-	-	-
1997/98	39,567	2,133,737,713	320,060,657	-	-	-
1998/99	40,032	2,170,054,643	325,508,196	-	-	-
1999/00	39,952	2,288,255,735	343,238,359	-	-	-
2000/01	42,236	2,463,728,375	369,559,256	-	-	-
2001/02	42,650	2,971,417,086	445,712,563	-	-	-
2002/03	42,198	3,187,704,749	478,155,712	-	-	-
2003/04	42,150	3,251,294,911	487,694,237	-	-	-

**Note:**

(1) Legal debt limit is 15% of assessed value

**Sources:**

(2) State Department of Population Research

(3) County of Sonoma

**CITY OF ROHNERT PARK**

**COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2004**

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ASSESED VALUE	3,251,294,911
LEGAL DEBT LIMIT (15% of full cash value of property subject to taxation)	487,694,237
LESS OUTSTANDING BONDED DEBT	<hr/>
LEGAL DEBT MARGIN	<hr/> <hr/> <b>\$ 487,694,237</b>

Source: City of Rohnert Park, Finance Department

**CITY OF ROHNERT PARK**

**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
GENERAL OBLIGATION DEBT  
JUNE 30, 2004**

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<u>JURISDICTION</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to Rohnert Park</u>	<u>City of Rohnert Park Share of Debt</u>
COTATI - ROHNERT PARK UNIFIED SCHOOL DISTRICT	\$ 82,349,468	83.8862%	\$ 69,079,835

Source: Dept-Sonoma Controller's Office

## CITY OF ROHNERT PARK

### RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES LAST TEN FISCAL YEARS

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<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>General Fund Expenditures</b>	<b>Ratio of Debt Service to General Fund Expenditures</b>
1994/95	-	-	-	13,554,235	0.0%
1995/96	-	-	-	14,321,898	0.0%
1996/97	-	-	-	14,334,560	0.0%
1997/98	-	-	-	15,112,671	0.0%
1998/99	-	-	-	17,363,126	0.0%
1999/00	-	-	-	20,085,078	0.0%
2000/01	-	-	-	20,355,684	0.0%
2001/02	-	-	-	21,271,971	0.0%
2002/03	-	-	-	20,747,537	0.0%
2003/04	-	-	-	21,111,134	0.0%

Source: City of Rohnert Park, Finance Department

**CITY OF ROHNERT PARK****SCHEDULE OF REVENUE BOND COVERAGE  
LAST TEN FISCAL YEARS**

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Fiscal Year	Gross Revenues (1)	Expenses and Operating Transfers Out (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1994/95	5,464,419	5,565,054	(100,635)	-	-	-	N/A
1995/96	5,377,368	5,152,813	224,555	-	-	-	N/A
1996/97	5,602,339	5,751,300	(148,961)	-	-	-	N/A
1997/98	5,837,965	6,546,886	(708,921)	-	-	-	N/A
1998/99	6,334,931	6,935,904	(600,973)	-	-	-	N/A
1999/00	6,440,442	6,311,085	129,357	-	-	-	N/A
2000/01	6,797,865	7,131,034	(333,169)	-	-	-	N/A
2001/02	7,888,862	10,222,929	(2,334,067)	-	-	-	N/A
2002/03	8,876,847	8,692,297	184,550	-	-	-	N/A
2003/04	9,273,316	7,465,888	1,807,428	-	-	-	N/A

**Notes:**

(1) City's Sewer Enterprise Fund

Source: City of Rohnert Park, Finance Department

## CITY OF ROHNERT PARK

### DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

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<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate (2)</u>
1994/95	39,017	(1)	(1)	7,711	6.7
1995/96	39,214	(1)	(1)	7,740	5.3
1996/97	38,372	(1)	(1)	7,711	4.6
1997/98	39,567	(1)	(1)	7,983	3.8
1998/99	40,032	(1)	(1)	7,756	3.2
1999/00	39,952	(1)	(1)	8,033	3.1
2000/01	42,236	(1)	(1)	7,829	3.3
2001/02	42,650	(1)	(1)	7,836	4.7
2002/03	42,198	(1)	(1)	7,678	4.8
2003/04	42,127	(1)	(1)	7,482	5.3

#### Notes:

(1) Information not available

(2) Information represents Rohnert Park rate

#### Sources:

Population - State Department of Finance

School Enrollment - California Department of Education

Per Capita Income - 1990 U.S. Census Updated to May of 1992



## CITY OF ROHNERT PARK

### PROPERTY TAX VALUES, CONSTRUCTION AND BANK DEPOSITS LAST TEN FISCAL YEARS

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Fiscal Year	Commercial Construction (3)		Residential Construction (3)		Bank Deposits (2)
	Number of Permits	Value	Number of Permits	Value	
1993/94	15	9,183,438	166	11,889,448	325,760,000
1994/95	9	2,686,788	34	3,046,573	332,180,000
1995/96	8	10,150,109	20	15,320,072	336,702,000
1996/97	4	17,540,334	197	28,801,465	348,046,000
1997/98	163	21,101,196	460	32,717,013	334,639,000
1998/99	132	14,929,985	686	24,378,195	(1)
1999/00	145	7,713,633	567	5,275,210	355,406,000
2000/01	187	30,778,346	613	5,052,207	1,049,982,000
2001/02	278	17,793,503	468	7,885,744	408,695,000
2002/03	165	13,196,409	636	8,065,052	457,556,000
2003/04	125	11,281,694	525	59,730,436	451,430,000

#### Notes:

(1) Information not available

#### Sources:

(2) FDIC

(3) City of Rohnert Park, Building Inspection Department

(4) Rohnert Park, Finance Dept.

**Property Value (4)**

<b>Commercial</b>	<b>Residential</b>	<b>Nontaxable</b>
297,348,157	1,529,639,561	60,292,717
300,034,945	1,651,750,244	63,259,528
310,185,054	1,674,564,015	69,596,618
327,725,388	1,650,709,925	66,616,749
348,826,584	1,696,612,925	67,142,136
363,756,569	1,704,489,377	77,850,820
371,470,202	1,825,239,901	78,035,962
402,248,548	1,947,692,928	81,075,642
420,042,051	1,961,462,044	82,224,280
433,238,460	2,452,866,186	85,312,440
444,520,154	2,657,036,590	86,148,005

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**CITY OF ROHNERT PARK****PRINCIPAL TAXPAYERS****FOR THE YEAR ENDED JUNE 30, 2004**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2003/04 Full Cash Value</b>	<b>Percentage of Total Assessed Value</b>
Agilent Technologies	Electronics	\$ 112,844,336	3.32%
Park Ridge Apartments	Apartment	39,267,216	1.16%
Press Democrat	Newspaper Publishing	22,472,370	0.66%
DoubleTree Hotel	Hotel/Convention Center	21,076,385	0.62%
State Farm Insurance	Insurance	20,567,961	0.61%
Costco Wholesale Corporation	Wholesale Distribution	19,992,250	0.59%
Crossbrook Apartments	Apartment	19,920,007	0.59%
Next Level Communications	Telecommunications	15,912,847	0.47%
Rancho Feliz	Mobile Home Park	13,966,154	0.41%
Altamont Apartments	Apartment	13,479,150	0.40%
		<u>\$ 299,498,676</u>	<u>8.81%</u>
Total Assessed Valuation		<u>\$ 3,398,301,520</u>	

Source: County of Sonoma Assessor's Office

**CITY OF ROHNERT PARK****SCHEDULE OF INSURANCE AND SURETY BONDS IN FORCE  
FOR THE YEAR ENDED JUNE 30, 2004**

<b>Name of Company</b>	<b>Policy Number</b>	<b>Expiration Date</b>
<b>Liability</b>		
Redwood Empire Municipal Insurance fund	-	July 1, 2005
California Joint Powers Risk Management	-	July 1, 2005
USF&G	GC12225418000	July 1, 2005
American RE	-	July 1, 2005
USAIG	360 AC-28694	March 31, 2005
<b>Property</b>		
USF&G	DRE1540399	July 1, 2005
Federal Insurance Company	6607494	July 1, 2005
<b>Workers' Compensation</b>		
United States Fidelity & Guaranty Co.	DRE3601100	July 1, 2005
<b>Boiler and Machinery</b>		
Heartford Steam Boiler Insurance CO	FBP4909988	July 1, 2005
<b>Automobile Physical Damage</b>		
Fireman's Fund	S95DXX80784676	July 1, 2005
<b>Bonds</b>		
Fidelity Deposit Companies	CCP0044439	October 1, 2005
Fidelity Deposit Companies	CCP0044440	October 1, 2005

Source: City of Rohnert Park, Finance Department

<u>Details of Coverage</u>	<u>Liability Limits</u>
Bodily injury, property damage, errors and omissions, personal injury	\$500,000 XS \$5,000
Second layer of liability coverage	\$4,500,000 XS \$500,000
Third layer of liability coverage	\$10,000,000 XS \$15,000,000
Fourth layer of liability coverage	\$10,000,000 XS \$5,000,001
Non-owned aircraft	\$5,000,000/No S.I.R.
All risk (excluding earthquake and flood)	\$5,000,000 XS \$25,000 S.I.R.
All risk (excluding earthquake and flood)	295,000,000 XS 5,000,000%
Employers' liability - All other state mandatory requirements	Statutory XS \$300,000 S.I.R.
Mechanical breakdown to boiler and other pressure vessels - fixed rate	\$20,000,000 XS \$1,000 S.I.R.
Damage to vehicles off premises	1,485,000 XS 10,000 S.I.R.
Honesty blanket bond and forgery coverage Treasurer/C.E.O. Bond	\$2,000,000 XS \$25,000 S.I.R. \$1,000,000 - \$10,000 REMIF

## CITY OF ROHNERT PARK

### MISCELLANEOUS STATISTICAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2004

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Date of incorporation	August 28, 1962
Form of government	Council (5)/Manager
Area	6.8 sq. miles
Miles of streets	85.12
Number of street lights	2,794
Fire protection:	
Number of stations	3
Number of firefighters and officers	61.00
Police protection:	
Number of stations	3
Number of police officers	61.00
Education (elementary only):	
Attendance centers	8
Number of classrooms	148
Number of teachers	161
Number of students	3,269
Municipal water department:	
Number of connections	8,720
Average daily consumption (millions of gallons)	5.98
Miles of water mains	115.70
Sewers:	
Sanitary sewers (miles)	77.00
Storm sewers	32.00
Building permits issued	634
Recreation and culture:	
Number of parks	13
Number of libraries	1
Number of volumes	65,078
Employees:	
Classified service	177.5
Exempt	1

Source: City of Rohnert Park, Finance Department