

CITY OF ROHNERT PARK, CALIFORNIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

Prepared by
Finance Department

CITY OF ROHNERT PARK
2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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CITY OF ROHNERT PARK

FINANCE DEPARTMENT

March 5, 2013

Members of the City Council:

The Comprehensive Annual Financial Report (CAFR) of the City of Rohnert Park for the fiscal year 2011-12 is hereby submitted. This report was prepared by the Finance Department, which is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. We believe the data, as presented, is accurate in all material aspects and presented in a manner designed to fairly set forth the financial position and changes in financial position of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

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

THE REPORTING ENTITY

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

Major Changes in Reporting

In an effort to balance its budget, the State of California adopted ABX 1 26 on June 28, 2011, amended by AB 1484 on June, 27, 2012, which suspended all new redevelopment activities except for limited specified activates as of that date and dissolves Redevelopment Agencies on January 31, 2012.

Under the provision of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and on February 1, 2012, housing assets were transferred to the City's Successor Agency Housing Special Revenue Fund. The City also elected to become the Successor Agency to the former Redevelopment Agency and on February 1, 2012 the Redevelopment Agency's assets and liabilities were assumed by the Successor Agency.

The activities of the Housing Successor are reported in the Successor Agency Housing Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency. The activities and net assets information for Private-Purpose Trust Fund can be found in the Fiduciary Fund Financial Statement section.

Economic Condition and Outlook

The City is located in beautiful Sonoma County, approximately forty-five miles north of San Francisco on US Highway 101. It is home to approximately 41,000 people, Sonoma State University and the award winning Foxtail Golf Course. As one of the first planned communities, Rohnert Park enjoys the benefits of a coordinated system of bike trails and paths, schools and parks, in every neighborhood. More than 50 restaurants including all the best national chains offer diners the flavors they crave. Residents enjoy sweeping views of Sonoma and Taylor Mountains, preserved from development forever. Rohnert Park is just minutes from popular tourism venues including hundreds of local wineries, the Pacific Ocean, and giant redwoods.

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

Sonoma County's economy is beginning to recover. All of the primary sectors are expected to experience modest growth. Unemployment for the past three years has been coming down slowly; sales tax revenues are up hotel occupancy and room rates have increased property tax remains flat although property transfer tax has risen. A new Oxford Suite hotel is under construction as well as the neighboring Casino. Part of this growth will be attributable to Sonoma County being an attractive international destination, with close proximity to major Bay Area attractions that are a draw for many Asian tourists.

MAJOR INITIATIVES

For the Year

Pursuant to ABX 1 26, approved by Governor Jerry Brown on June 28, 2011 and upheld by the California State Supreme Court on December 29, 2011, the Redevelopment Agency of the City of Rohnert Park was dissolved on February 1, 2012. The former Redevelopment Agency is now administered under the name of Successor Agency for the City of Rohnert Park Successor Agency for the Redevelopment Agency (Agency). The purpose the of the new Agency is to wind down its affairs.

In response to the current economic conditions, the City has taken a more proactive approach and has developed a Strategic Plan for the City of Rohnert Park for 2012-2016. The strategic plan provides a comprehensive framework which includes an economic development plan, capital improvement plan, a budget process, policy issues, organizational efficiencies and the General Plan.

The City implemented Zero Based Budgeting for budget 2012-13 which was a prudent and useful exercise to re-evaluate each line item in the budget. Expenditures were trimmed, vacant positions are frozen and facility maintenance and capital equipment purchases have been postponed. The City moved to a cash basis system and to direct charging replacing the recharge system. Revenue projections were slightly higher than the previous year as the City was successful in the passage of a Measure E ½ cent sales tax measure that generated \$2.9 million in fiscal year 2012. The City discontinued its practice of selling surplus property to offset the structural deficit and is working on a long-term financial recovery plan which will include reviewing all revenue opportunities and looking at new ways to provide essential city services.

To address the decline in revenues in past years and to absorb increasing health care and pension costs, the City has moved toward a cash basis system; only spend what is necessary to stay within our means, while still maintaining essential services. Labor contracts were modified and required employees to pay their portion of pension contributions and negotiated furloughs as an additional cost saving measures. The City also has postponed facility maintenance and postponed the purchase of equipment and vehicles.

The City places a high importance on technology and information systems. The City network serves five primary facilities: City Hall, Public Safety, Public Works, Finance Annex and the Community Center Complex. These primary sites are linked using leased fiber-optic services. Data and voice information is run over these links and the appropriate firewalls, routers and switches are in place. All internet traffic is routed through a data center at the City of Rohnert Park Annex, increasing network security. The City leases servers, desktops, and notebooks so there is very little cost in keeping the equipment up to date and removing outdated hardware.

Several years ago, the City began to convert to server virtualization, with last year experiencing over 75% of its server fleet virtualization, saving on hardware and energy costs, as well as increasing reliability. Future plans are to continue to consolidate resources in an effort to control costs and maintain a high level of service.

The Rohnert Park Department of Public Safety serves the citizens of Rohnert Park by performing both Police and Fire functions. The Officers are trained as both police officers and firefighters as an effective way to provide a quick response to either structure fires or a crime event.

The Public Works and Community Services Department is a full-service department that is responsible for the construction, operation, maintenance, and repair of most of the City's infrastructure, facilities and community programs. In addition to performing regularly assigned duties, staff responds to over 5,000 citizen requests each year and responds to a variety of system problems and emergencies 24 hours per day, 7 days per week. The Department is organized by function into three distinct divisions: Utilities, General Services, and Community Services.

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

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

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

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

Development Services Department manages land and building development from concept to completion; maintains and implements the City's General Plan and Zoning Code; plans and build Rohnert Park's infrastructure; plans for Rohnert Park's physical and resource needs by working with local, regional and state agencies to ensure that there is enough water supply and sewer treatment for Rohnert Park citizens and businesses now and in the future; and ensures safe structures and physically attractive neighborhoods by enforcing the California Building Standards Code. The department has worked diligently to process land use entitlements and permits for significant land developments this year (Sonoma Mountain Village, Southeast Specific Plan and University District Specific Plan), and the results of this work will be seen in the fiscal year to follow.

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

For the Future

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

Tourism is a key industry in Rohnert Park, contributing significantly to the tax base. Through the Community Development Commission (the City's redevelopment agency), the City partners with the Chamber of Commerce and the Sonoma County Tourism Bureau to promote Rohnert Park as a destination. Rohnert Park has seven hotels/motels which make up a total of 911 rooms. The largest property is the Doubletree Hotel, which offers convention and meeting facilities. The Hampton Inn captures an previously unmet segment of the tourism market.

Rohnert Park offers a number of amenities for the traveler, including two 18-hole golf courses, a Performing Arts Center, and a strong base of dining experiences. In the next few years, the City anticipates the completion of Sonoma State University's Green Music Center. The music center is designed to showcase music and provide education programs year-round and will be a regional attraction for major indoor/outdoor concert events.

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

The GP provides for an average growth rate of 1% with an ultimate build-out of approximately 20,000 housing units, 405 acres of commercial, office and industrial uses, 60 acres of mixed use, and 190 acres of open space over the next twenty years. Legal challenges to the City's General Plan have been resolved in the City's favor and the City is in the midst of Development Agreement discussions with several development groups. Due to recent downward economic trends, construction is not anticipated until 2012.

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 and Enterprise Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. All unencumbered appropriations lapse at the end of the fiscal year.

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

Cash Management. The following table illustrates the cash invested by the City as of June 30, 2012, by investment type:

Cash and Investments - June 30, 2012

Sonoma County Investment Pool	\$ 167,795
Cash, CD's and money market funds	6,149,189
State Treasurer LAIF	23,719,792
Total Cash & Investments	<u>\$30,036,776</u>

Cash temporarily idle during the year was invested in certificates of deposit, State of California Local Agency Investment Fund (LAIF), Sonoma County Investment Pool, Certificates of Deposit and mutual funds. These investments are allowed under an investment policy adopted by the City Council. All CDs are FDIC secured and the City works with two brokerage firms to find attractive investment opportunities. Over the past year, interest rates have steadily declined and are forecasted to continue to decline with the downturn in the economy and credit crisis.

Risk Management. The City is a member of Redwood Empire Municipal Insurance Fund (REMIF), a joint powers authority composed of cities located in Northern California. The City maintains coverage for property, liability and workers' compensation through REMIF. As of June 30, 1995, REMIF discontinued its indemnity-type health insurance program and accordingly, the City presently contracts with Anthem Blue Cross for active employees and retirees under the age of 65; the City contracts with Hartford Insurance for 65+ retirees. Other health related employee fringe benefit programs used to be self-administered by the City and funded by the General Fund. The City presently contracts with Delta Dental for dental benefits and V.S.P. for vision benefits.

OTHER INFORMATION

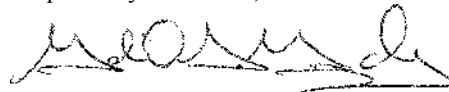
Independent Audit. Management considers an annual audit by independent certified public accountants a sound and prudent business practice. The accounting firm of Vavrinek, Trine, Day & Co., LLP performed the annual audit for the City during 2011-12. The independent auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the thirtieth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Gabriel Gonzalez', written over a horizontal line.

Gabriel Gonzalez
City Manager

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, 2011

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.

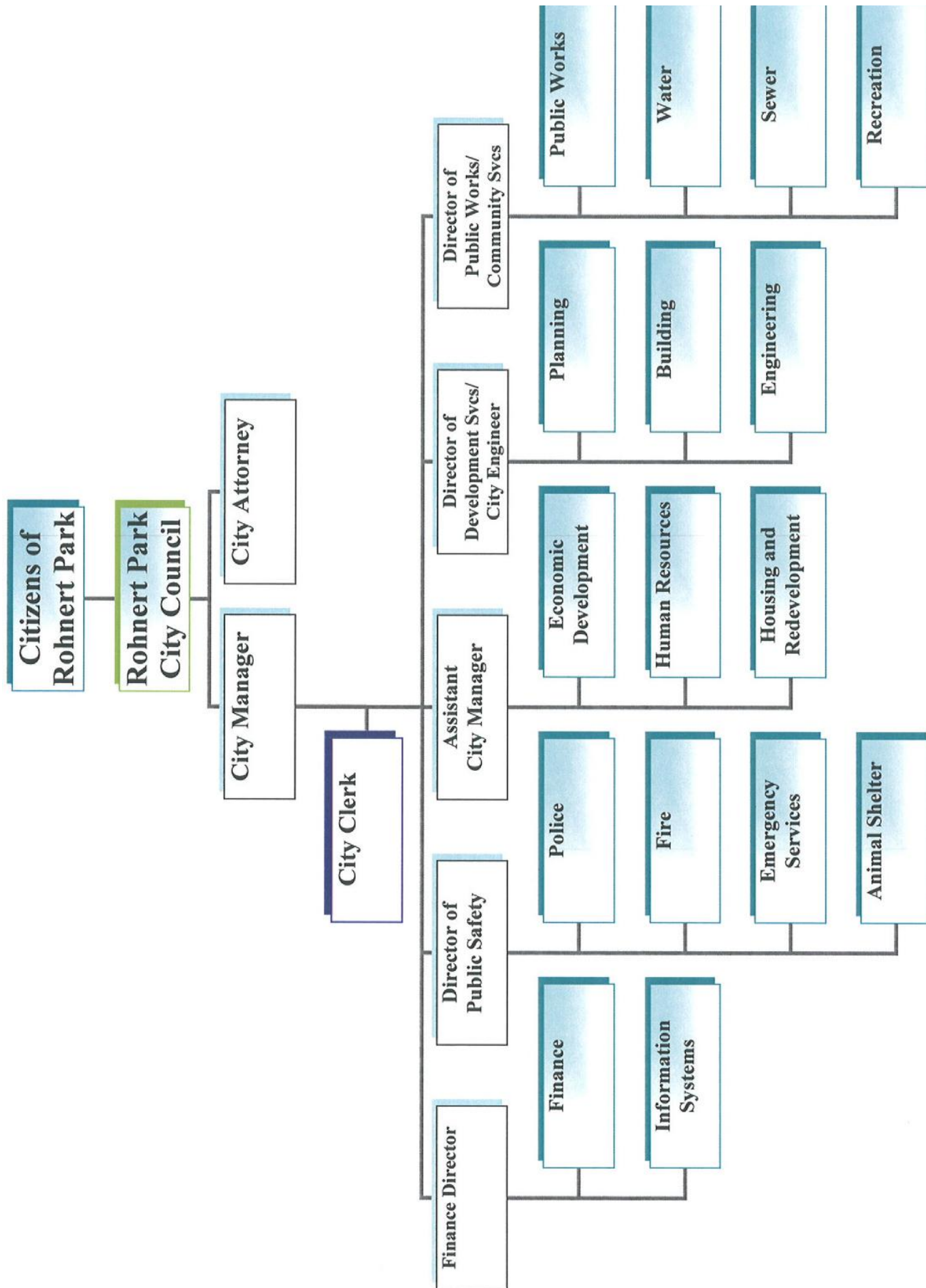


Christopher P. Morrell

President

Jeffrey R. Emer

Executive Director



CITY OF ROHNERT PARK

LIST OF PRINCIPAL OFFICIALS

City Council

Jake Mackenzie (Mayor)

Pam Stafford (Vice Mayor)

Gina Belforte

Joseph T. Callinan

Amy O. Ahanotu

City Staff

City Manager

Gabriel Gonzalez

City Attorney

Michelle Kenyon

Finance Director

Cathy Orme

Director of Public Safety

Brian Masterson

Director of Development Services/City Engineer

Darrin Jenkins

Director of Public Works and Community Services

John McArthur

City Clerk

JoAnne Buergler

Advisory Commissions or Committees

Rohnert Park Association of the Arts

Mobile Home Rent Appeals Board

Parks and Recreation Commission

Planning Commission

Senior Citizens Advisory Commission

Cultural Arts Commission

Sister City Relations Committee

Bicycle Advisory Committee



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

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rohnert Park, California (the "City"), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 15, Assembly Bill 1X26 was upheld and declared constitutional by the California Supreme Court on December 29, 2011. As part of its decision, the Supreme Court established the date of dissolution as of February 1, 2012. The redevelopment agencies in California, including the City of Rohnert Park, were terminated and successor agencies were appointed to wind down the affairs of the former redevelopment agencies in accordance with the provisions of Assembly Bill 1X26. The City has elected to be appointed as Successor Agency for purposes of winding down the affairs of the Agency. As a result, the fund balances of the former Redevelopment Agency were transferred to a private purpose trust fund on February 1, 2012. In addition, as of February 1, 2012, certain assets were transferred to the City's Housing Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
March 4, 2013

CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

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, 2012. 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's governmental activities exceeded liabilities at the close of the 2011-12 fiscal year by \$85,063,791 (*net assets*). The increase is primarily due to transfer of capital assets and liabilities to Successor Agency as of February 1, 2012. Of this amount, \$5,287,237 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors, \$27,482,966 is restricted for specific purposes (*restricted net assets*), and \$52,293,588 is invested in capital assets, net of related debt.
- The City's total net assets increased by \$25,465,031 during the fiscal year. Business-type activities for the fiscal year are flat with a slight increase of \$1,306. Governmental activities increased by \$25,465,031 mainly due to the transfers of debt to the Successor Agency.
- The City's capital assets decreased by \$19,995,096 due to the reduction of non-depreciable assets to the closure of construction in progress projects and the transfer of capital assets to the Successor Agency.
- As of June 30, 2012, the City's governmental funds reported combined ending fund balances of \$39,125,007, a decrease of \$18,964,641. The decrease relates primarily to the extraordinary loss recognized by the dissolution of the Redevelopment Agency.
- At the end of the fiscal year, fund balance for the General Fund was \$9,551,854. Of that, \$2,360,946 is designated as "Nonspendable" for items that are not spendable such as interfund advances; \$2,429,224 is restricted and \$3,553,613 is assigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

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) which was dissolved during the fiscal year, and the Rohnert Park Financing Authority (the Financing Authority), for which the City is financially accountable. Included within the governmental activities of the government-wide financial statements are the operations of the Commission and the Financing Authority

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

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

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

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

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

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

CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City's private-purpose trust funds are reported as 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 similar to 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 Pension Schedule of Funding Progress and the City's General Fund and Housing Projects Special Revenue Fund budgetary comparison schedules. The City adopts an annual appropriated budget for its General Fund and Housing Projects Special Revenue Fund, and a budgetary comparison schedule has been provided to demonstrate compliance with this budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table represents a comparative analysis of the net assets of governmental and business-type activities for the years ended June 30, 2012 and June 30, 2011:

Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 45,366,475	\$ 64,429,709	\$ 21,425,176	\$ 21,345,766	\$ 66,791,651	\$ 75,719,750
Capital assets, net	58,154,503	78,109,599	34,566,420	34,538,046	92,720,923	112,647,645
Total assets	103,520,978	142,539,308	55,991,596	55,883,812	159,512,574	188,367,395
Current and other liabilities	4,348,882	4,176,405	12,412,040	11,785,804	16,760,922	5,906,484
Long-term liabilities	14,108,305	78,764,143	17,014,439	17,534,197	31,122,744	96,298,340
Total liabilities	18,457,187	82,940,548	29,426,479	29,320,001	47,883,666	102,204,824
Net assets:						
Invested in capital assets, net of related debt	52,293,588	25,958,726	25,277,232	25,501,383	77,570,820	51,460,109
Restricted	27,482,966	17,346,572	-	-	27,482,966	17,346,572
Unrestricted	5,287,237	16,293,462	1,287,885	1,062,428	6,575,122	17,355,890
Total net assets	\$ 85,063,791	\$ 59,598,760	\$ 26,565,117	\$ 26,563,811	\$ 111,628,908	\$ 86,162,571

CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Analysis of Net Assets – As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, combined net assets (government and business-type activities) totaled \$112 million at the close of the current fiscal year June 30, 2012. Total net assets increased by \$25.5 million during the year. This increase is comprised of a decrease in current and other assets of \$8.9 million, a decrease in net capital assets of \$19.9 million, an increase in total current and other liabilities of \$10.8 million and a decrease in long-term liabilities of \$65.1 million primarily due to the transfer of assets to the Redevelopment Agency.

Total liabilities decreased by \$54.3 million during the year. The decrease in long-term liabilities primarily relates to the transfer of long-term debt to Redevelopment Successor agency.

A portion of the City's net assets (6%) represents *unrestricted net assets* of \$6.6 million, which may be used to meet the City's ongoing obligations to citizens and creditors.

An additional portion of the City's net assets of \$27.5 million (25%) represents resources that are subject to external restrictions on how they may be used.

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

CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

The following table indicates the comparative changes in net assets for governmental and business-type activities for fiscal year June 30, 2012 and 2011:

	Statement of Activities			
	Governmental Activities		Business-type Activities	
	2012	2011	2012	2011
Revenues:				
Program revenues:				
Charges for services	\$ 4,186,835	\$ 3,763,921	\$ 23,008,538	\$ 20,400,854
Operating grants and contributions	2,125,258	2,441,258	-	-
Capital grants and contributions	651,077	408,794	268,029	192,260
General revenues:				
Property taxes	16,106,337	15,595,903	-	-
Franchise taxes	1,695,706	1,500,461	-	-
Other taxes	2,054,213	1,816,893	-	-
State contributions not restricted to specific programs:				
Sales taxes	9,062,981	8,237,144	-	-
Motor vehicle license fees	2,722,876	2,908,809	-	-
Investment income	962,474	1,347,397	80,257	109,075
Other	181,941	415,518	-	-
Total revenues	39,749,698	38,436,098	23,356,824	20,702,189
Expenses:				
General government	14,359,626	16,362,784	-	-
Public safety	14,403,785	15,455,098	-	-
Public works	3,530,589	3,416,001	-	-
Parks and recreation	3,266,821	3,659,993	-	-
Cultural Arts Center	587,931	417,011	-	-
Interest on long-term debt	1,920,730	3,695,712	-	-
Water	-	-	7,095,841	6,791,473
Sewer	-	-	10,659,707	12,071,585
Refuse collection	-	-	5,534,555	5,330,582
Total expenses	38,069,482	43,006,599	23,290,103	24,193,640
Excess (deficiency) before transfers	1,680,216	(4,570,501)	66,721	(3,491,451)
Transfers	65,415	(255,090)	(65,415)	255,090
Extraordinary Item - dissolution of RDA	23,719,400	-	-	-
Change in net assets	25,465,031	(4,825,591)	1,306	(3,236,361)
Net assets, beginning of year	59,598,760	64,424,351	26,563,811	29,800,172
Net assets, end of year	\$ 85,063,791	\$ 59,598,760	\$ 26,565,117	\$ 26,563,811

CITY OF ROHNERT PARK
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Governmental activities. Governmental activities increased the City's net assets by \$25,465,031.

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

- The City's governmental activities Charges for Services revenues increased by \$422,914 due to an increase in development activity a sign of a recovering economy. Operating and Capital Grants and Contributions decreased by \$73,717 due to diminished funding of grants.
- Governmental activities net assets increased by \$25,465,031 mostly due to the extraordinary item for the dissolution of the Redevelopment Agency.
- The City's General Revenues and transfers increased by \$1,284,908 mainly in the areas of property tax in the amount of \$510,434 as a result of the assessed housing valuations increased, sales and use tax in the amount of \$825,837 primarily due to the passage of Measure E a half cent sales tax, transient occupancy in the amount of \$192,877, franchise fees in the amount of \$195,245 all signs of a recovering economy.
- Total expenses decreased by \$4,937,117. Operating expenses were reduced primarily in the areas of General Government, Public Safety, and Interest on long-term debt. This is a direct result of the City's controlling expenditures to be in alignment with revenues.

Business-type activities. Business-type activities increased the City's net assets by \$1,306. Key factors of this increase are as follows:

- The Water Fund net assets decreased by \$330,391 as expenditures from operations exceeded revenues. Operating revenue and expenditures remained flat.
- The Sewer Fund net assets increased by \$433,275 as revenues from operations exceeded expenditures. Revenues increased by \$2.5 million from prior year due to rate increases. Expenditures decreased by \$1.4 million from prior year primarily due to a reduction in rent and leases.
- The refuse collection net assets decreased by \$101,578 primarily due to reduced revenues of \$83,962.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$39.1 million, a decrease of \$19.0 million in comparison with the prior year. Of this total amount, \$12.9 million constitutes *non-spendable*, which represents prepaid items and other assets, advances to other funds and loans and notes receivable. \$19.2 million is restricted, \$2.7 million is committed, \$3.6 million is assigned and \$0.7 million is available for spending at the City's discretion. The *restricted fund balance* is *not* available for new spending because: 1) it is restricted for housing projects (\$1M); 2) it is restricted for street projects (\$2.2M); 3) it is restricted for community development projects (\$13.9M); 4) it is restricted for capital projects (\$1M); 5) and general government parks, recreation health and safety (\$1.1M).

For the fiscal year ended June 30, 2012, revenues for governmental funds totaled \$39.7 million, while expenditures totaled \$35.8 million. Revenues from governmental funds exceeded expenditures by \$3.9 million.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the non-spendable fund balance was \$2.4 million for prepaid items and other assets, advances to successor agency, and loans and notes receivable. The restricted fund balance was \$2.4 million for housing programs and general government parks, recreation, health and safety. The assigned fund balance was \$3.6 million.

The fund balance in the City's General Fund increased by \$1.1 million during the fiscal year, primarily due to the increase of revenues and controlling expenditures. Property tax increased by \$0.5 million due to increased housing valuations. Expenditures decreased by \$0.4 million through layoffs, attrition and negotiated salary reductions, as well as tight controls on materials, supplies and equipment.

The Housing Projects Special Revenue Fund was formed as a result of provision of AB x126 and AB x1484. The City elected to become the Housing Successor and retain the housing assets as of February 1, 2012. The assets will be used in accordance with the low and moderate income housing provision of California Law. The Housing Projects Special Revenue Fund received net assets of \$24.4 million from the former Low and Moderate Income Housing Fund.

Pursuant to AB x126 and AB x1484, the City Redevelopment Agency was dissolved as of January 31, 2012. The Government Fund statement contains only seven months activities for the redevelopment funds. Fund activity for February through June 2012 can be found in the Fiduciary Fund section of the Financial Statement. Please refer to Note 15 for more details.

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

At the end of the fiscal year, the unrestricted net assets for the Water Fund were \$4.1 million, the Sewer Fund had a unrestricted net deficit of (\$3.9 million), and the Refuse Collection Fund had unrestricted net assets of \$1.1 million.

The total increase in net assets for proprietary funds was \$1,306 from prior year. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities.

Fiduciary funds. The City's fiduciary fund consists of the Special Enforcement Unit – South (Private-purpose Trust Fund) and the RDA Obligation Retirement Trust Fund. The RDA Obligation Retirement Trust Fund is a result of the dissolution of the former Community Development Commission Capital Projects and Debt Service Funds. The Special Enforcement Unit – South accounts for assets seized by the Department of Public Safety. Net assets in the Special Enforcement Unit – South Fund increased by \$54,370 due to receiving \$55,961 in state monies. Net assets in the RDA Obligation Retirement Trust Fund decreased by \$23.8 million. See Note 15 for a complete analysis of this change.

**CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2011-12 budget highlights are:

- Total operating revenues were budgeted at \$21.8 million, relatively flat when compared to the 2010-11 budget. Most revenue projections were close to budget, however, certain revenue streams performed better than budget. Sales tax was \$535,079 over budget, mainly due to the passage of Measure E, a half-cent sales tax. Transient occupancy was \$240,536 over budget. Both revenue streams are indicators that the economy is in a very slow recovery.
- Total expenditures (including enterprise fund and Community Development Commission allocations) were budgeted at \$23.4 million, a decrease of \$1.6 million over the previous year's budget. The City made a concerted effort to reduce departmental operating budgets to the minimum requirements to provide the current level of service, as well as negotiate salary reductions for all employees. Total expenditures were under budget by \$887,144 for the fiscal year, primarily due to layoffs, attrition, negotiated salary reductions, the postponement of facility maintenance and tighter controls on materials, supplies and equipment.
- Total change in fund balance was budgeted to decrease by \$147,742; however, primarily due to expenditures being below budget, total performance of the general fund had a positive variance of \$1.2 million as compared to the budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounted to \$92,720,923 (net of accumulated depreciation). This investment in capital assets includes land and easements, infrastructure, structures and improvements, equipment, and construction in progress. Major capital asset events during the current fiscal year included the following:

- For government activities, construction in progress increased by a net of \$560,268. Projects in progress include: American Recovery Act Street Maintenance (\$1,427,219); Specific Plans project (\$2,669,974); Rancho Verde Traffic signal (\$113,606); Wilfred Widening project (\$43,646); City street overlays (\$93,077); Copeland Creek Bike Path Improvement (\$195,231); LED Street Light Conversion (\$84,275) and other miscellaneous projects. In total, \$2,588,053 was spent on open projects, while \$2.0 million of completed projects were transferred to structures and improvements.
- For business-type activities, construction in progress increased by a net of \$1,233,501. Projects in progress include: water projects of \$2,958,327, sewer of \$441,186 and various other projects of \$1,242,381. In total \$1,478,073 was spent on projects, while \$244,572 was transferred to improvements for the 2009 Sewer Main Rehabilitation project

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

CITY OF ROHNERT PARK
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JUNE 30, 2012

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)
	2012	2011	2012	2011	2012	2011	Percent of Change
Land and easements	\$ 6,906,156	\$ 8,564,276	\$ -	\$ -	\$ 6,906,156	\$ 8,564,276	-19.4%
Infrastructure, structures and improvements	105,989,163	132,812,452	47,350,923	47,106,351	153,340,086	179,918,803	-14.8%
Equipment	13,223,487	14,157,457	3,055,707	2,787,678	16,279,194	16,945,135	-3.9%
Construction in progress	4,711,818	4,151,550	4,641,894	3,408,393	9,353,712	7,559,943	23.7%
Accumulated depreciation	(72,676,121)	(81,576,136)	(20,482,104)	(18,764,376)	(93,158,225)	(100,340,512)	-7.2%
Total	<u>\$ 58,154,503</u>	<u>\$ 78,109,599</u>	<u>\$ 34,566,420</u>	<u>\$ 34,538,046</u>	<u>\$ 92,720,923</u>	<u>\$ 112,647,645</u>	<u>-17.7%</u>

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

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

Debt Administration

At June 30, 2012, the City's governmental activities had total long-term debt outstanding of \$4,450,084, excluding compensated absences of \$1,410,831, which was comprised of \$3,280,000 of certificates of participation, \$465,131 of lease revenue refunding bonds, and \$704,953 of capital leases. Long-term debt decreased by \$64,973,838, due to principal payments made during the year on the outstanding bonds and due to the transfer of debts to the Redevelopment Successor Agency.

At June 30, 2012, the City's business-type activities had long term debt outstanding of \$17,014,439, which was comprised of \$11,490,000 of certificates of participation, and \$5,524,439 of water revenue bonds.

The City's Ordinance imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. As of June 30, 2012, the City's debt limit (15% of assessed valuation) was \$548 million. At June 30, 2012, the City did not have any debt applicable to the limit outstanding.

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Certificates of participation	\$3,280,000	\$3,460,000	\$11,490,000	\$11,954,662	\$14,770,000	\$15,414,662
Lease revenue refunding bonds including discount and deferred loss on refunding	465,131	5,261,792	-	-	465,131	5,261,792
Tax allocation bonds, including accretion, premium and deferred loss on refunding	-	59,909,749	-	-	-	59,909,749
Water revenue bonds, net of discount	-	-	5,524,439	5,579,535	5,524,439	5,579,535
Capital leases	<u>704,953</u>	<u>846,573</u>	<u>-</u>	<u>-</u>	<u>704,953</u>	<u>846,573</u>
Total	<u>\$ 4,450,084</u>	<u>\$ 69,478,114</u>	<u>\$ 17,014,439</u>	<u>\$ 17,534,197</u>	<u>\$ 21,464,523</u>	<u>\$ 87,012,311</u>

**CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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

Economic Factors and Next Year's Budget and Rates

- General fund revenues are expected to increase modestly over the next year. Most economic forecasts indicate the overall GDP growth rate between 2%-2.5% for 2013. However, Sonoma County is showing somewhat better signs in select sectors. According to the Sonoma County Economic Development Board, business confidence and growth indicators in the region are the highest in five years. Major construction projects such as the Sonoma Marin Area Rail Transit (SMART) and the Sonoma County Airport expansion will help the ailing construction sector.
- Property taxes increased by 3% from the prior year, and are projected to remain relatively flat.
- Sales tax revenue in Rohnert Park increased by \$825,837, or 10% over the prior year, mainly due to the successful passage of a half-cent sales tax measure, which was effective October 1, 2010 for a period of five years. The recession has hit hardest on the construction industry as well as the business-to-business sector. The lack of new development, as well as commercial reconstruction and home remodels, has held the construction sector down for another year. As sales tax is the largest source of revenue for the Rohnert Park General Fund (38%), the City has developed an economic development plan and focused on implementing facets of the plan during fiscal year 2011-12, which include continuing work on the new development in the specific plan areas, coordinating efforts to fill existing infill and working with the local business community to assist and retain local businesses.
- To address the structural deficit created by the dramatic decline in revenues, the City reduced general fund operating expenses by \$434,010, primarily through layoffs and attrition, while still delivering the core essential services. The City also trimmed all other operating expenditures like supplies, janitorial expense, uniforms, etc., postponed some facility maintenance and postponed the purchase of all non emergency equipment.
- For the first time in many years, the City's general fund revenues exceeded expenditures due to increased revenues combined with continued efforts throughout the city to control costs.

All of these factors were considered in preparing the City's budget for fiscal year 2014.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, 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.

CITY OF ROHNERT PARK

STATEMENT OF NET ASSETS JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and investments	\$ 15,321,012	\$ 9,078,050	\$ 24,399,062
Receivables, net of allowance	3,870,465	3,970,657	7,841,122
Prepaid items and other assets	178,586	-	178,586
Restricted cash and investments	14,542,627	7,945,940	22,488,567
Loans and notes receivable, net	9,360,902	-	9,360,902
Advances to Successor Agency	2,075,000	-	2,075,000
Deferred costs of issuance	17,883	430,529	448,412
Capital assets:			
Nondepreciable assets	11,617,974	4,641,894	16,259,868
Depreciable assets, net of accumulated depreciation	46,536,529	29,924,526	76,461,055
Total assets	103,520,978	55,991,596	159,512,574
LIABILITIES			
Accounts payable	738,348	1,685,107	2,423,455
Accrued liabilities	1,976,315	-	1,976,315
Deposits	653,049	570,070	1,223,119
Advances from Successor Agency	288,500	10,055,725	10,344,225
Unearned revenue	456,155	-	456,155
Interest payable	236,515	101,138	337,653
Long-term liabilities:			
Net OPEB liability (Note 10)	8,247,390	-	8,247,390
Debt due within one year	760,777	529,758	1,290,535
Debt due in more than one year	5,100,138	16,484,681	21,584,819
Total liabilities	18,457,187	29,426,479	47,883,666
NET ASSETS			
Invested in capital assets, net of related debt	52,293,588	25,277,232	77,570,820
Restricted for:			
Housing projects	23,100,980	-	23,100,980
Street projects	2,704,196	-	2,704,196
Community development projects	411,939	-	411,939
Performing Arts Center Endowment	1,265,851	-	1,265,851
Unrestricted	5,287,237	1,287,885	6,575,122
Total net assets	\$ 85,063,791	\$ 26,565,117	\$ 111,628,908

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

FUNCTION/PROGRAM ACTIVITIES:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 14,359,626	\$ 1,339,978	\$ 296,821	\$ -
Public safety	14,403,785	407,871	600,179	-
Public works	3,530,589	703,948	1,228,258	651,077
Parks and recreation	3,266,821	1,337,034	-	-
Cultural Arts Center	587,931	398,004	-	-
Interest on long-term debt	1,920,730	-	-	-
Total governmental activities	38,069,482	4,186,835	2,125,258	651,077
Business-type activities:				
Water	7,095,841	6,631,136	-	143,909
Sewer	10,659,707	10,934,425	-	124,120
Refuse Collection	5,534,555	5,442,977	-	-
Total business-type activities	23,290,103	23,008,538	-	268,029
Total primary government	\$ 61,359,585	\$ 27,195,373	\$ 2,125,258	\$ 919,106

General revenues:

Property taxes
 Franchise taxes
 Transient occupancy taxes
 Real property transfer taxes
 State contributions not restricted to specific programs:
 Sales taxes
 Motor vehicle license fees
 Investment income
 Other
 Transfers

Total general revenues and transfers

Extraordinary item:

Extraordinary item - dissolution of RDA
 Total extraordinary item
 Change in net assets

NET ASSETS, BEGINNING OF YEAR,

NET ASSETS, END OF YEAR

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business- type Activities	Total
\$ (12,722,827)	\$ -	\$ (12,722,827)
(13,395,735)	-	(13,395,735)
(947,306)	-	(947,306)
(1,929,787)	-	(1,929,787)
(189,927)	-	(189,927)
(1,920,730)	-	(1,920,730)
(31,106,312)	-	(31,106,312)
-	(320,796)	(320,796)
-	398,838	398,838
-	(91,578)	(91,578)
-	(13,536)	(13,536)
(31,106,312)	(13,536)	(31,119,848)
16,106,337	-	16,106,337
1,695,706	-	1,695,706
1,940,536	-	1,940,536
113,677	-	113,677
9,062,981	-	9,062,981
2,722,876	-	2,722,876
962,474	80,257	1,042,731
181,941	-	181,941
65,415	(65,415)	-
32,851,943	14,842	32,866,785
23,719,400	-	23,719,400
23,719,400	-	23,719,400
25,465,031	1,306	25,466,337
59,598,760	26,563,811	86,162,571
\$ 85,063,791	\$ 26,565,117	\$ 111,628,908

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2012

		Housing Projects Special Revenue Fund	Community Development Commission			Financing Authority	City Capital Projects	Other Governmental Funds	Total
	General		Housing Projects	Capital Projects	Debt Service				
ASSETS									
Cash and investments	\$ 7,891,290	\$ 1,370,923	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,958,799	\$ 15,221,012
Receivables, net:									
Taxes	1,573,015	-	-	-	-	-	-	11,565	1,584,580
Accounts	1,555,519	-	-	-	-	-	523,482	186,754	2,265,755
Accrued interest	20,130	-	-	-	-	-	-	-	20,130
Due from other funds	428,045	-	-	-	-	-	-	-	428,045
Prepaid items and other assets	178,586	-	-	-	-	-	-	-	178,586
Restricted cash and investment	-	13,754,550	-	-	-	788,077	-	-	14,542,627
Loans and notes receivable, net	107,360	9,253,542	-	-	-	-	-	-	9,360,902
Advances to successor agency	2,075,000	-	-	-	-	-	-	-	2,075,000
Total Assets	<u>\$ 13,828,945</u>	<u>\$ 24,379,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 788,077</u>	<u>\$ 523,482</u>	<u>\$ 6,157,118</u>	<u>\$ 45,676,637</u>
LIABILITIES									
Accounts payable	\$ 543,371	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 44,977	\$ -	\$ 738,348
Accrued liabilities	1,976,315	-	-	-	-	-	-	-	1,976,315
Due to other funds	-	-	-	-	-	-	428,045	-	428,045
Deposits	653,049	-	-	-	-	-	-	-	653,049
Deferred revenue	815,856	1,128,035	-	-	-	-	523,482	-	2,467,373
Advances from successor agency	288,500	-	-	-	-	-	-	-	288,500
Total Liabilities	<u>4,277,091</u>	<u>1,278,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>996,504</u>	<u>-</u>	<u>6,551,630</u>
FUND BALANCES (DEFICIENCY)									
Nonspendable	2,360,946	9,253,542	-	-	-	-	-	1,265,851	12,880,339
Restricted	2,429,224	13,847,438	-	-	-	788,077	-	2,180,714	19,245,453
Committed	-	-	-	-	-	-	-	2,710,553	2,710,553
Assigned	3,553,613	-	-	-	-	-	-	-	3,553,613
Unassigned	1,208,071	-	-	-	-	-	(473,022)	-	735,049
Total fund balances (deficiency)	<u>9,551,854</u>	<u>23,100,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>788,077</u>	<u>(473,022)</u>	<u>6,157,118</u>	<u>39,125,007</u>
Total liabilities and fund balances	<u>\$ 13,828,945</u>	<u>\$ 24,379,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 788,077</u>	<u>\$ 523,482</u>	<u>\$ 6,157,118</u>	<u>\$ 45,676,637</u>

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS- GOVERNMENTAL ACTIVITIES JUNE 30, 2012

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

Fund balances - total governmental funds	\$	39,125,007
Capital assets net of depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		58,154,503
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.		100,000
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.		2,011,218
Costs of issuance are capitalized on the government-wide statement of net assets, whereas, they are reported as expenditures in the governmental funds.		17,883
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.		(236,515)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Unfunded OPEB Liability	\$	(8,247,390)
Certificates of participation		(3,745,130)
Capital leases		(704,954)
Compensated absences		(1,410,831)
		<u>(14,108,305)</u>
Net assets of governmental activities	\$	<u><u>85,063,791</u></u>

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	General	Housing Projects Special Revenue	Housing Projects	Capital Projects	Debt Service	Financing Authority	City Capital Projects	Other Governmental Funds	Total
REVENUES									
Taxes	\$ 16,064,956	\$ -	\$ 2,459,482	\$ 9,863,729	\$ -	\$ -	\$ -	\$ 531,070	\$ 28,919,237
Intergovernmental	3,210,609	-	-	34,299	-	343,455	262,673	1,655,688	5,506,724
Interest and rentals	672,189	270,179	311,601	155,129	12,754	8	-	40,709	1,462,569
Charges for current services	1,585,384	-	-	-	-	-	64,185	-	1,649,569
Licenses, permits and fees	1,094,304	-	-	-	-	-	-	35,191	1,129,495
Fines, forfeitures and penalties	184,386	-	-	-	-	-	-	-	184,386
Donations and miscellaneous	876,716	-	-	-	-	-	-	-	876,716
Total revenues	23,688,544	270,179	2,771,083	10,053,157	12,754	343,463	326,858	2,262,658	39,728,696
EXPENDITURES									
Current:									
General government	4,984,041	524,917	918,739	6,521,888	-	-	-	20,395	12,969,980
Public safety	13,788,261	-	-	-	-	-	-	-	13,788,261
Public works	726,480	-	-	-	-	-	-	-	726,480
Parks and recreation	2,312,924	-	-	-	-	-	-	-	2,312,924
Cultural arts center	587,931	-	-	-	-	-	-	-	587,931
Capital outlay	77,596	12,514	14,778	48,980	-	-	1,594,449	-	1,748,317
Debt service:									
Principal	-	-	-	-	601,810	445,000	-	141,620	1,188,430
Interest and fiscal charges	-	-	-	93,375	1,943,564	392,640	-	34,167	2,463,746
Total expenditures	22,477,233	537,431	933,517	6,664,243	2,545,374	837,640	1,594,449	196,182	35,786,069
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,211,311	(267,252)	1,837,566	3,388,914	(2,532,620)	(494,177)	(1,267,591)	2,066,476	3,942,627
OTHER FINANCING SOURCES (USES)	-								
Transfers in	981,808	23,368,232	359,654	11,161	3,193,167	500,841	1,395,196	464,514	30,274,573
Transfers out	(1,111,482)	-	(24,425,617)	(2,250,190)	-	-	(288,727)	(2,233,142)	(30,309,158)
Total other financing sources (uses)	(129,674)	23,368,232	(24,065,963)	(2,239,029)	3,193,167	500,841	1,106,469	(1,768,628)	(34,585)
EXTRAORDINARY ITEM									
Extraordinary loss on RDA dissolution	-	-	-	(19,244,708)	(3,627,975)	-	-	-	(22,872,683)
Total extraordinary item	-	-	-	(19,244,708)	(3,627,975)	-	-	-	(22,872,683)
NET CHANGE IN FUND BALANCE:	1,081,637	23,100,980	(22,228,397)	(18,094,823)	(2,967,428)	6,664	(161,122)	297,848	(18,964,641)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	8,470,217	-	22,228,397	18,094,823	2,967,428	781,413	(311,900)	5,859,270	58,089,648
END OF YEAR	\$ 9,551,854	\$ 23,100,980	\$ -	\$ -	\$ -	\$ 788,077	\$ (473,022)	\$ 6,157,118	\$ 39,125,007

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES- GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2012

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

Net change in fund balances - total governmental funds	\$ (18,964,641)
--	-----------------

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	\$ 2,595,981	
Capital assets retirement	(1,658,120)	
Depreciation	<u>(4,503,204)</u>	(3,565,343)

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.

136,438

The Community Development Commission was dissolved as fo February 1, 2012, thus the movements of all activities to a Trust fund is freported as an extraordinary item

Transfer of Former CDC accrued interest to Trust	\$ 588,265	
Transfer of Former CDC deferred charges to Trust	(1,446,159)	
Transfer of Former CDC long term debt to Trust	63,839,730	
Transfer of Former CDC capital assets to Trust	<u>(16,389,753)</u>	46,592,083

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

Principal repayments:

Tax allocation bonds	\$ 601,810	
Certificates of participation	180,000	
Lease revenue refunding bonds	265,000	
Capital leases	<u>141,620</u>	1,188,430

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

Change in unfunded OPEB liability	\$ (318,000)	
Change in accrued interest payable	1,018,766	
Change in long-term compensated absences	<u>(54,192)</u>	(21,635)

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

99,699

Change in net assets of governmental activities

\$ 25,465,031

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

STATEMENT OF FUND NET ASSETS PROPRIETARY FUNDS JUNE 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activity
	Water	Sewer	Refuse Collection	Total	Internal Service
ASSETS					
Current assets:					
Cash and investments:					
Operating	\$ 3,505,241	\$ 4,576,140	\$ 996,669	\$ 9,078,050	\$ 100,000
Held for capital improvements	3,146,268	4,578,983	-	7,725,251	-
Deposits	66,207	99,310	55,172	220,689	-
Total cash and investments	6,717,716	9,254,433	1,051,841	17,023,990	100,000
Accounts receivable, net	1,076,134	2,081,703	812,820	3,970,657	-
Total current assets	7,793,850	11,336,136	1,864,661	20,994,647	100,000
Noncurrent assets:					
Deferred costs of issuance	159,551	270,978	-	430,529	-
Capital assets:					
Structures and improvements	13,674,362	33,676,559	-	47,350,921	-
Furniture, fixtures and equipment	1,939,875	1,110,324	5,510	3,055,709	93,110
Construction in progress	3,553,773	1,088,121	-	4,641,894	-
Total capital assets	19,168,010	35,875,004	5,510	55,048,524	93,110
Less: accumulated depreciation	(11,008,513)	(9,470,277)	(3,314)	(20,482,104)	(93,110)
Net capital assets	8,159,497	26,404,727	2,196	34,566,420	-
Total noncurrent assets	8,319,048	26,675,705	2,196	34,996,949	-
Total assets	16,112,898	38,011,841	1,866,857	55,991,596	100,000
LIABILITIES					
Current liabilities:					
Accounts payable	569,864	360,712	754,534	1,685,110	-
Interest payable	56,772	44,366	-	101,138	-
Deposits	87,346	427,803	54,918	570,067	-
Bonds payable	242,146	287,612	-	529,758	-
Total current liabilities	956,128	1,120,493	809,452	2,886,073	-
Noncurrent liabilities:					
Advances from successor agency	-	10,055,725	-	10,055,725	-
Bonds payable	5,100,245	11,384,436	-	16,484,681	-
Total liabilities	6,056,373	22,560,654	809,452	29,426,479	-
NET ASSETS					
Invested in capital assets, net of related debt	5,963,374	19,311,662	2,196	25,277,232	-
Unrestricted	4,093,151	(3,860,475)	1,055,209	1,287,885	100,000
Total net assets	\$ 10,056,525	\$ 15,451,187	\$ 1,057,405	\$ 26,565,117	\$ 100,000

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activity
	Water	Sewer	Refuse Collection	Total	Internal Service
OPERATING REVENUES:					
Utility service charges	\$ 6,569,601	\$ 10,842,123	\$ 5,391,698	\$ 22,803,422	\$ -
Charges for services	-	-	-	-	574,789
Penalties and other	61,535	92,302	51,279	205,116	-
Total operating revenues	6,631,136	10,934,425	5,442,977	23,008,538	574,789
OPERATING EXPENSES:					
Contractual services	2,309,098	29,408	5,358,674	7,697,180	-
Rent and leases	18,230	7,053,271	-	7,071,501	-
Payroll and related costs	2,618,763	1,418,230	-	4,036,993	-
Heat, light and power	178,461	64,551	-	243,012	-
Other	343,025	252,659	13,790	609,474	-
Depreciation	593,235	1,123,388	1,105	1,717,728	301
Repairs, operations and maintenance	415,200	77,549	-	492,749	574,789
Professional services	204,156	26,871	160,986	392,013	-
Supplies	185,764	61,183	-	246,947	-
Total operating expenses	6,865,932	10,107,110	5,534,555	22,507,597	575,090
OPERATING INCOME (LOSS)	(234,796)	827,315	(91,578)	500,941	(301)
NONOPERATING REVENUES (EXPENSES)					
Investment income	40,405	39,852	-	80,257	-
Interest expense	(229,909)	(552,597)	-	(782,506)	-
Total nonoperating revenues (expenses)	(189,504)	(512,745)	-	(702,249)	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(424,300)	314,570	(91,578)	(201,308)	(301)
Capital contributions	143,909	124,120	-	268,029	-
Transfers In	-	44,585	-	44,585	100,000
Transfers out	(50,000)	(50,000)	(10,000)	(110,000)	-
Total contributions and transfers					
CHANGE IN NET ASSETS	(330,391)	433,275	(101,578)	1,306	99,699
NET ASSETS, BEGINNING OF YEAR	10,386,916	15,017,912	1,158,983	26,563,811	301
NET ASSETS, END OF YEAR	\$ 10,056,525	\$ 15,451,187	\$ 1,057,405	\$ 26,565,117	\$ 100,000

See accompanying notes to the basic financial statements

CITY OF ROHNERT PARK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds				Governmental Activity
	Water	Sewer	Refuse Collection	Total	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ 6,601,445	\$ 10,184,610	\$ 5,432,734	\$ 22,218,789	\$ 574,789
Cash paid to suppliers for goods and services	(3,377,918)	(7,255,856)	(5,515,680)	(16,149,454)	(574,789)
Cash paid to employees for services	(2,618,763)	(1,418,230)	-	(4,036,993)	-
Net cash provided by (used in) operating activities	604,764	1,510,524	(82,946)	2,032,342	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	-	44,585	-	44,585	100,000
Transfers out	(50,000)	(50,000)	(10,000)	(110,000)	-
Net cash provided by (used in) noncapital financing activities	(50,000)	(5,415)	(10,000)	(65,415)	100,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Payment on capital debt	(240,000)	(275,000)	-	(515,000)	-
Interest paid on capital debt	(230,918)	(549,686)	-	(780,604)	-
Acquisition of capital assets	(748,678)	(997,423)	-	(1,746,101)	-
Contributions from developers and other agencies	143,909	124,120	-	268,029	-
Net cash provided by (used in) capital and related financing activities	(1,075,687)	(1,697,989)	-	(2,773,676)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	40,405	39,852	-	80,257	-
Net cash provided by investing activities	40,405	39,852	-	80,257	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(480,518)	(153,028)	(92,946)	(726,492)	100,000
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,198,234	9,407,461	1,144,787	17,750,482	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,717,716	\$ 9,254,433	\$ 1,051,841	\$ 17,023,990	\$ 100,000
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (234,796)	\$ 827,315	\$ (91,578)	\$ 500,941	\$ (301)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	593,235	1,123,388	1,105	1,717,728	301
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	(42,933)	(757,717)	(14,633)	(815,283)	-
Increase (decrease) in accounts payable	276,016	309,636	17,770	603,422	-
Increase (decrease) in deposits	13,242	7,902	4,390	25,534	-
Net cash provided by (used in) operating activities	\$ 604,764	\$ 1,510,524	\$ (82,946)	\$ 2,032,342	\$ -
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Amortization of premiums (discounts)	\$ (2,854)	\$ 7,612	\$ -	\$ 4,758	\$ -

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK**STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
JUNE 30, 2012**

	Special Enforcement Unit - South	RDA Obligation Retirement Trust Fund	Total Private Purpose Trust Fund
ASSETS			
Cash and investments	\$ 146,411	\$ 4,917,048	\$ 5,063,459
Receivables:			
Deferred Charges	-	1,333,602	1,333,602
Restricted cash & investments	-	8,080,147	8,080,147
Advance to successor agency	-	10,344,225	10,344,225
Nondepreciable capital assets	-	4,934,147	4,934,147
Depreciable capital assets	-	15,765,255	15,765,255
Total assets	<u>146,411</u>	<u>45,374,424</u>	<u>45,520,835</u>
LIABILITIES			
Accounts payable	(2,309)	2,112,255	2,109,946
Accrued liabilities		980,442	980,442
Advance from successor agency	-	2,075,000	2,075,000
Long-term debt			
Due in one year	-	1,463,192	1,463,192
Due in more than one year	-	62,582,671	62,582,671
Total liabilities	<u>(2,309)</u>	<u>69,213,560</u>	<u>69,211,251</u>
NET ASSETS			
Total net assets (deficit) held in trust	<u>\$ 148,720</u>	<u>\$ (23,839,136)</u>	<u>\$ (23,690,416)</u>

CITY OF ROHNERT PARK**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Special Enforcement Unit - South	RDA Obligation Retirement Trust Fund	Total Agency
ADDITIONS			
Interest and rentals	\$ 55,961	\$ 100,652	\$ 156,613
Total additions	55,961	100,652	156,613
DEDUCTIONS			
Program expenses	-	10,267	10,267
Law enforcement costs	1,591	-	1,591
Interest and fiscal charges	-	210,121	210,121
Total deductions	1,591	220,388	221,979
EXTRAORDINARY ITEM			
Extraordinary loss on dissolution of RDA	-	(23,719,400)	(23,719,400)
Total extraordinary item	-	(23,719,400)	(23,719,400)
CHANGE IN NET ASSETS	54,370	(23,839,136)	(23,784,766)
NET ASSETS, BEGINNING OF THE YEAR	94,350	-	94,350
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ 148,720</u>	<u>\$ (23,839,136)</u>	<u>\$ (23,690,416)</u>

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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 City's blended 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 first seven month period activities from July 1, 2011 through January 31, 2012 are reported in the City financial statements. Effective February 1, 2012 the former RDA was dissolved and their assets, liabilities and fund balances were transferred to the Redevelopment Agency Obligation Retirement Trust Fund.

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 (now the Successor Agency). The Agreement was entered into pursuant to the Government Code of the State of California, commencing with Section 6500. The Financing Authority is a separate entity constituting a public instrumentality of the State of California and was formed for the public purpose of assisting in financing activities for the benefit of the City and the Commission. The Financing Authority is governed by a board consisting of all the members of the City Council.

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

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

Basis of Presentation

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.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements - The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- General Fund is the general operating fund of the City. It accounts for all financial resources traditionally associated with governments, which are not required to be accounted for in another fund.
- Community Development Commission Capital Projects Fund accounts for redevelopment of designated areas within the approved project area of the City. This fund is closed out effective January 31, 2012 as a result of resolution.
- Community Development Commission Housing Projects Special Revenue 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. This fund is closed out effective January 31, 2012 as a result of resolution.
- Housing Projects Special Revenue Fund accounts the activities from the previous Community Development Commission Housing Projects Special Revenue Fund effective February 1, 2012. It is used to account for the restricted or committed revenue and expenditures of a portion of the City's Low Income Housing activities.
- Community Development Commission Debt Service Fund accumulates monies for payment of Tax Allocation Refunding Bonds, Tax Allocation Bonds, Refunding Certificates of Participation, and other indebtedness. Financing is provided by a specific annual property tax increment, as well as lease revenues received from the City. This fund is closed out effective January 31, 2012 as a result of resolution.
- Financing Authority Debt Service Fund accounts for capital items financed by certificates of participation.
- City Capital Projects Fund accounts for resources used for the acquisition of capital facilities, except for those capital facilities financed by enterprise funds, special assessment resources or Community Development Commission resources.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The City reports the following major enterprise funds:

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

The City reports the following additional fund types:

- Permanent Fund (a governmental fund type) accounts for accumulation of capital donated for the City of Rohnert Park's Dorothy Rohnert Spreckels Performing Arts Center. The interest generated from the donations will be used for the operations of the Performing Arts Center while the corpus is non-spendable.
- 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.
- Redevelopment Agency Obligation Retirement Trust Fund is used to account for the assets held for the dissolution of the former RDA.

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

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

- Government-wide financial statements are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.
- Governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The City considers property taxes as available if they are levied and collected within 60 days after year-end. The availability period for all other revenues susceptible to accrual is also 60 days. Revenues considered susceptible to accrual include

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

property taxes, sales tax, licenses, interest and rentals, charges for services and intergovernmental revenues. All other revenues are recognized only when the cash receipts are collected. Expenditures are recorded when the related fund liability is incurred, except that principal and interest on long-term debt, compensated absences and claims are recognized when due.

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

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

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

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

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

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

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

	<u>Primary Government</u>
Infrastructure	30 years
Structure and improvements	35 years
Furniture, fixtures and equipment	3 – 35 years

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

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

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

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

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Deficits

At June 30, 2012, the City Capital Projects fund had a deficit fund balance of (\$437,022) due to capital expenditures exceeding its revenues. The deficit will be reimbursed in the future by the developer fees, Assessment District proceeds and State and Federal Grants.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

3. CASH AND INVESTMENTS

The City maintains a cash and investments pool that is available for use by all funds, except the Successor Agency. 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 Statement of Net Assets:

Primary government:	
Unrestricted	\$ 24,399,062
Restricted	<u>22,488,567</u>
Total cash and investments	<u><u>\$ 46,887,629</u></u>

Cash and investments as of June 30, 2012 consist of the followings:

Deposits with financial institutions	\$ 16,850,853
Investments	<u>30,036,776</u>
	<u><u>\$ 46,887,629</u></u>

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2012 the carrying value of the City's deposits and cash on hand was \$3,817,800. The City is not exposed to such risks as all deposits are insured or collateralized.

Investments

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

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

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

Credit risk

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City has an investment policy of lengthening its maturities when rates are falling and shortening its maturities when rates are rising as a means of managing its exposure to fair value losses and to take advantage of advantageous interest rates. The City has about 88% of its investments in maturities of less than 1 year in order to take advantage of anticipated rising interest rates.

As of June 30, 2012, the City's investments consisted of the following:

Investment Type	Fair Value	Maturities			Credit Rating
		Less than 1 year	1-3 years	More than 3 years	
Federal Home Loan Bank	\$ 1,003,240	\$ -	\$ 1,003,240	\$ -	AAA
Certificates of Deposit	2,211,604	-	2,211,604	-	Not rated
Certificates of Deposit	199,000		199,000	-	Not rated
State Local Agency Investment Fund	23,719,792	23,719,792	-	-	Not rated
Sonoma County Investment Pool	167,795	-	167,795	-	Not rated
Money market funds	2,735,345	2,735,345	-	-	AAAm
	<u>\$ 30,036,776</u>	<u>\$ 26,455,137</u>	<u>\$ 3,581,639</u>	<u>\$ -</u>	

As of June 30, 2012, the City's investment in LAIF was \$23,719,792, which has a weighted average maturity of 268 days. The total amount invested by all public agencies in LAIF at that date is approximately \$21.9 billion. The City's proportionate share of structured notes and asset-backed securities held by the LAIF was \$823,077 or 3.47% of the City's investment in LAIF. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool. The City's investment in LAIF is unrated for credit risk.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

As of June 30, 2012, the City's investment in the County's Pool was \$167,795, which has a weighted average maturity of 1,176 days. The total amount invested by the County's Pool at that date is approximately \$1.6 billion. The County's Pool is subject to regulatory oversight by the Treasury Oversight Committee. The value of the pool shares in the County Pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool. The City's investment in the County Pool is unrated for credit risk.

4. LOANS AND NOTES RECEIVABLE, NET

In August 2003, the City entered into an amendment to a ground lease dated May 29, 2001 with Rohnert Park Golf, L.P. (Tenant), whereby the tenant leases certain property and improvements from the City. The City made a one-time advance totaling \$355,000 to the Tenant for the purpose of making improvements to the golf course, and ongoing capital contributions to the Tenant as defined in the agreement. At June 30, 2012, the outstanding balance owed to the City was \$101,703, and principal payments of the advance are paid in equal monthly installments over 10 years. Interest is earned by the City on the unpaid principal portion at a rate of 5% per annum.

The Commission (the former RDA Housing Projects Special Revenue Fund which is now the Housing Project Special Revenue Fund effective February 1, 2012) extends various developer loans, first-time homebuyer loans, and rehabilitation loans to property owners for the rehabilitation and improvements of commercial buildings and residential homes, and other loans for families and individuals of low/moderate income. The Commission has a secured interest in the properties for which the loans were made. Management has established an allowance for bad debts in the amount of \$2,658,851 based on historical payment history on forgivable loans. This allowance represents 90% of the 1998 First-Time Homebuyers loans (\$162,000), 100% of the Sonoma County Rehabilitation loans (\$702,911) and 100% of the Sonoma Mountain Business Cluster Loan of \$500,000, all of which are forgivable, as well as 100% of the accrued interest on two of the Burbank notes (120 Santa Alicia Drive and 781 East Cotati Avenue) totaling \$769,900. Additionally, the Commission has established an allowance of \$513,240 related to accrued interest on the Muirfield loan. Interest amounting to \$1,128,035 on the Commission's other loans and notes receivable is reported as deferred revenue in the fund financial statements.

On April 1, 2001, the Commission entered into an agreement with Millennium Housing of California ("Millennium") to aid in Millennium's purchase of a mobile home park from the Rohnert Park Finance Authority. The Commission loaned Millennium \$250,000 for costs associated with the sale. The loan accrues simple interest at 3% per annum, with no payments due until April 14, 2016. Beginning April 2016, total unpaid principal and interest are to be paid in thirty equal annual installments. Principal and interest totaled \$340,000 at June 30, 2012.

On September 13, 2005, the Commission entered into an Affordable Housing and Loan Agreement with Burbank Housing to develop a 56-unit affordable housing project on a City-owned City Hall Drive site. The Commission purchased the site from the City and assisted Burbank with the financing and pre-development costs. Burbank purchased the land from the Commission for \$1,335,000 (the amount paid by the Commission to the City for the property). The term of the loan agreement is a non-recourse loan in the amount of \$4,015,000, which will accrue interest at the rate of 2% per annum and is deferred for 55 years. Principal and accrued interest totaling \$4,547,954 related to this loan is included in loans and notes receivable on the accompanying financial statements.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

On May 23, 2006, the Commission entered into an Affordable Housing and Loan Agreement with Vida Nueva Partners for the development of the Vida Nueva Affordable Housing Project, which includes twenty-four (24) very-low income permanent supportive housing units (carrying 55-year affordability restrictions), a community building, laundry facilities, a management office and activity and counseling rooms. The Commission purchased the site from the City at the appraised value of \$1,630,000 to be financed over a three-year period beginning in fiscal 2006-07. The final installment payment from the Commission was paid during the fiscal year. The City's basis in the land was \$390,000. The loan agreement provided for the Commission to loan \$1,675,000 to Vida Nueva Partners at an accrued interest rate of 2% per annum, with the principal and accrued interest deferred for 55 years. Principal and accrued interest totaling \$1,762,626 related to this loan is included in loans and notes receivable on the accompanying financial statements. Vida Nueva Partners purchased the site from the Commission for \$810,000 during the fiscal year ended June 30, 2008.

In December 2007, the Commission loaned \$500,000, with interest accruing at 3% simple interest per annum, to the Sonoma Mountain Business Cluster (Incubator) to pay a portion of the cost for tenant improvements at the former Agilent site. The loan terms call for continued operation of the incubator, increased occupancy and eventually job creation. The loan provides that as long as the improvements are made as specified in the agreement and continues to operate the Incubator, and is not in default of any terms of the loan, the loan and accrued interest will be forgiven ten years from the date business incubator is open for business. As of June 30, 2012, the Incubator was not in default of any terms of the loan. The Commission has recorded an allowance against the full amount of the loan.

On December 12, 2007, the Commission executed a loan agreement to Rainbow-Copeland Creek LLC for improvements to Copeland Creek Apartments (an all senior affordable housing complex) for \$1.2 million. The funds were primarily used for energy efficient improvements at the complex. The loan accrues interest at a rate of 1% per annum, with the principal and accrued interest deferred for 55 years, as defined in the agreement. Principal and accrued interest totaling \$1,254,477 related to this loan is included in loans and notes receivable on the accompanying financial statements.

On January 27, 1998, the Commission entered into a note agreement with Muirfield Apartments for supportive housing for persons with disabilities and low income persons. The note represents an advance of funds by the Commission to Muirfield Apartments for the pre-development and development expenses in the amount of \$611,000 accruing 6% per annum, simple interest. Interest shall accrue and be paid concurrently with principal on or before June 30, 2039, but in no event before the maturity date of the Housing Urban Development (HUD) mortgage note. During the term of the Note, Muirfield Apartments may request and the Commission, at its option, may cancel this note or extend the terms of the note. The Commission has recorded an allowance against the accrued interest portion of this loan totaling \$513,240 at June 30, 2012.

On July 1, 1995, the Commission and Burbank Housing Development Corp. executed a loan agreement in the amount of \$260,000. The loan was for pre-development costs for the property at 120 Santa Alicia Drive for residential low income housing. The note accrues 3% per annum simple interest and is to be paid concurrently with principal on or before September 1, 2023. During the term of the Note, Burbank Housing Development may request and the Commission, at its option, may cancel this note or extend the terms of the note. The Commission has recorded an allowance against the accrued interest portion of this loan totaling \$146,900 at June 30, 2012.

On August 23, 1991, the Commission entered into a non-recourse promissory note in the amount of \$390,000 with Burbank Housing Development Corp. for the construction of 50 low income rental housing units at 781 East Cotati Avenue. The note bears interest at 8% simple interest per annum and is due on or before August 23, 2021. During the term of the Note, Burbank Housing Development may request and the Commission, at its option, may cancel this note or extend the terms of the note. The Commission has recorded an allowance against the accrued interest portion of this loan totaling \$650,000 at June 30, 2012.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

On April 2007, the Commission was awarded \$600,000 of funding for an owner occupied rehabilitation loan program through the CalHome program which is administered by California Department of Housing and Community Development (“HCD”). The Sonoma County Community Development Commission (“SCCDC”) was also awarded \$600,000 of CalHome funding and will be administering our CalHome program. The loans are deferred payment loans that have a 30 year term with 3% simple interest. As SCCDC request funds, the City draws against the awarded money. As of June 2012, the City recorded \$510,816 CalHome loans.

5. DEFERRED REVENUE

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

At June 30, 2012, the unavailable and unearned revenues reported were as follows:

	Unavailable	Unearned	Total
Governmental activities:			
Major funds:			
General Fund:			
Due from governmental agencies	\$ 257,998	\$ -	\$ 257,998
Courseco loan receivable	101,703	-	101,703
Parks and recreation and other advances	-	246,155	246,155
RP Refuse contract extension fee	-	210,000	210,000
City Capital Projects Fund -	523,482		523,482
Housing Projects Fund:			
Housing loans	1,128,035	-	1,128,035
Total governmental activities	<u>\$ 2,011,218</u>	<u>\$ 456,155</u>	<u>\$ 2,467,373</u>

6. ADVANCE (DUE) TO/FROM OTHER FUNDS

Advance (Due) To/From - The composition of these balances as of June 30, 2012 was as follows:

Fund reporting receivable	Fund reporting payable	Amount
Due to/from other funds:		
General Fund	City Capital Fund	\$ 428,045
		<u>\$ 428,045</u>
Advances to/from other funds:		
General Fund	RDA Obligation Retirement Trust	\$ 2,075,000
RDA Obligation Retirement Trust	General Fund	288,500
RDA Obligation Retirement Trust	Sewer Enterprise Fund	10,055,725
		<u>\$ 12,419,225</u>

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The General Fund paid for expenditure on behalf of City Capital Projects fund in the amount of \$428,045, which was reimbursed during the next fiscal year.

The Community Development Commission Capital Projects Fund (RDA Obligation Retirement Trust Fund effective February 1, 2012) purchased the Hazel Wetland Preserve for \$288,500, which is to be reimbursed by the General Fund upon the sale of stadium lands.

The City's General Fund advanced \$4,200,000 to the Commission (RDA Obligation Retirement Trust Fund effective February 1, 2012) in order to construct a performing arts center. The loan is being repaid annually through installments payments of principal plus interest from property tax increment. As of June 30, 2012, the General Fund advance is \$2,075,000.

On May 22, 2007 (amended August 26, 2008), the Commission (RDA Obligation Retirement Trust Fund effective February 1, 2012) entered into a reimbursement agreement with the City whereby the Commission would fund 88% of the project cost of the Eastside Sewer Main Phase 1 Improvement, which is the portion of the project that lies within the project area, in advance of the City receiving the money through public facilities finance fees. The Commission is funding this project from the 2007R Tax Allocation Bond proceeds, and pursuant to the terms of the reimbursement agreement, the maximum amount to be funded by the Commission is \$12,144,000. As of June 30, 2012, it had advanced \$10,055,725 to the Sewer Fund for this project.

Interfund Transfers - The composition of interfund transfers during the year ended June 30, 2012 was as follows:

Fund Reporting Transfer In	Fund Reporting Transfer Out	Amount
General Fund	Performing Arts Center Endowment	
	Permanent Fund	\$ 9,513 c
	CDC Housing Projects Fund	8,710 a
	Enterprise Funds	10,000 e
	Nonmajor Governmental Funds	944,875 c
	City Capital Projects Fund	8,710 f
		<u>981,808</u>
Housing Projects Special Revenue Fund	CDC Housing Projects Fund	<u>23,368,232</u> h
		<u>23,368,232</u>
CDC Housing Projects Fund	General Fund	<u>359,654</u> g
CDC Capital Projects Fund	General Fund	<u>11,161</u> d
CDC Debt Service Funds	CDC Capital Projects Fund	<u>2,144,492</u> d
	CDC Housing Projects Fund	<u>1,048,675</u> d
		<u>3,193,167</u>
Financing Authority Fund	General Fund	<u>500,841</u> d
		<u>500,841</u>
City Capital Projects Fund	Nonmajor Governmental Funds	<u>1,234,169</u> b
	General Fund	<u>161,027</u> b
		<u>1,395,196</u>
Nonmajor governmental Funds	General Fund	<u>175,787</u> d
	City Capital Projects Fund	<u>288,727</u> b
		<u>464,514</u>
Sewer Enterprise Fund	Nonmajor governmental Funds	<u>44,585</u> e
		<u>44,585</u>
Internal Service Fund	Water Enterprise Fund	<u>50,000</u> i
	Sewer Enterprise Fund	<u>50,000</u> i
		<u>100,000</u>
Refuse Fund	General Fund	<u>100,000</u> e
Total		<u>\$ 30,519,158</u>

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The purpose for the interfund transfers during the fiscal year ended June 30, 2012 is as follows:

- a) These transfers were to reimburse the General Fund for 85% of the salary and benefits of the Housing Manager.
- b) These transfers represent reimbursement of capital project costs.
- c) This transfer is to repay the General Fund for programs funded through other sources.
- d) These transfers are made for the payment of debt service.
- e) These transfers are to fund retiree medical for the Utility Funds.
- f) This transfer was made to reimburse the funds for overfunding certain capital projects.
- g) This transfer was made for its share of the staff's costs as stated in footnote.
- h) Dissolution of RDA and City election to become Housing Successor per AB 1484 and AB1426
- i) This transfer is for interest allocation.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Retirements	Transfers	Balance June 30, 2012
<u>Governmental activities</u>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 8,564,276	\$ -	\$ (1,658,120)	\$ -	\$ 6,906,156
Construction in progress	4,151,550	2,588,053		(2,027,785)	4,711,818
Total capital assets, not being depreciated	12,715,826	2,588,053	(1,658,120)	(2,027,785)	11,617,974
<i>Capital assets, being depreciated</i>					
Infrastructure, structures and improvements	132,812,452	1,756,430	-	(28,579,719)	105,989,163
Equipment	14,157,457	77,595	(206,301)	(805,264)	13,223,487
Total capital assets, being depreciated	146,969,909	1,834,025	(206,301)	(29,384,983)	119,212,650
<i>Less accumulated depreciation:</i>					
Infrastructure, structures and improvements	(69,104,092)	(3,746,994)	-	12,391,654	(60,459,432)
Equipment	(12,472,044)	(756,210)	206,301	805,264	(12,216,689)
Total accumulated depreciation	(81,576,136)	(4,503,204)	206,301	13,196,918	(72,676,121)
Total capital assets, being depreciated, net	65,393,773	(2,669,179)	-	(16,188,065)	46,536,529
Governmental activities capital assets, net	\$ 78,109,599	\$ (81,126)	\$ (1,658,120)	\$ (18,215,850)	\$ 58,154,503
<u>Business-type activities</u>					
<i>Capital assets, not being depreciated:</i>					
Construction in progress	\$ 3,408,393	\$ 1,478,073	\$ -	\$ (244,572)	\$ 4,641,894
<i>Capital assets, being depreciated</i>					
Structures and improvements	47,106,351	244,572	-	-	47,350,923
Equipment	2,787,678	268,029	-	-	3,055,707
Total capital assets, being depreciated	49,894,029	512,601	-	-	50,406,630
<i>Less accumulated depreciation:</i>					
Structures and improvements	(16,985,291)	(1,525,080)	-	-	(18,510,371)
Equipment	(1,779,085)	(192,648)	-	-	(1,971,733)
Total accumulated depreciation	(18,764,376)	(1,717,728)	-	-	(20,482,104)
Total capital assets, being depreciated, net	31,129,653	(1,205,127)	-	-	29,924,526
Business-type activities capital assets, net	\$ 34,538,046	\$ 272,946	\$ -	\$ (244,572)	\$ 34,566,420

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

With the dissolution of the Redevelopment Agency as discussed in Note 15, a Successor Agency assumed the capital assets of the Redevelopment Agency as of February 1, 2012, please refer to Note 15 for detail on the assets transfer.

Construction in progress for governmental activities at June 30, 2012 is comprised of the following:

	Project Authorization	Expended through June 30, 2012	Project Funds Unexpended (Overexpended)
City Projects:			
Rancho Verde Traffic Signal	\$ 253,000	\$ 113,606	\$ 139,394
Wilfred Widening	30,000	43,646	(13,646)
Arlen Dr & E. Cotati Ave Overlays	150,000	93,077	56,923
American Recovery Act	1,900,000	1,427,219	472,781
Copeland Crk Bike Path Reconst	120,000	195,231	(75,231)
Specific Plans	N/A	2,669,974	2,669,974
LED Street Light Conversion	75,000	84,275	(9,275)
Various other projects	N/A	84,790	84,790
	<u>\$ 2,528,000</u>	<u>\$ 4,711,818</u>	<u>\$ 3,325,711</u>

During current year, the City completed governmental activities projects totaling \$2,027,785 that were transferred from construction in progress to improvements.

Construction in progress for business-type activities at June 30, 2012 is comprised of the following:

	Project Authorization	Expended through June 30, 2012	Project Funds Unexpended (Overexpended)
Commercial Meter Install Phase II	\$ 2,709,300	\$ 2,757,766	\$ (48,466)
Water System Distribution Improvement	145,000	161,672	(16,672)
Water Tank #8 Project	4,000,000	38,890	3,961,110
Sewer Interceptor Phase II	-	174,213	(174,213)
Eastside Trunk Sewer Phase II	9,000,000	266,973	8,733,027
Various other projects	1,695,000	1,242,381	452,619
	<u>\$ 17,549,300</u>	<u>\$ 4,641,894</u>	<u>\$ 12,907,406</u>

The City completed \$244,572 business-type activities projects during the fiscal year that were transferred from construction in progress to structures and improvements.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Depreciation expense was charged to governmental functions as follows:

General government	\$ 129,674
Public safety	615,824
Public works	2,803,808
Parks and recreation	953,898
	<hr/>
Total depreciation expense – governmental functions	<u>\$ 4,503,204</u>

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

Water	\$ 593,235
Sewer	1,123,389
Refuse	1,105
	<hr/>
Total depreciation expense – business-type functions	<u>\$ 1,717,728</u>

8. LONG-TERM LIABILITIES

The City's long-term debt payable at June 30, 2012 is as follows:

	Final Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2012
Governmental Activities					
(a) 1999 Certificates of Participation:					
Capital Facilities Project	2025	3.60-5.00%	\$120,000-330,000	\$ 5,055,000	\$ 3,280,000
(b) 2003 Lease Revenue Refunding Bonds:					
Master Equipment Lease Project and Public Safety Facility	2025	2.50-4.80%	\$24,000-47,000	\$ 695,000	501,500
(c) Capital leases	2020	Various	Various	Various	704,953
Total Governmental Activities					<hr/> 4,486,453
Business-Type Activities					
(e) 2002 Water Revenue Bonds	2023	2.00-4.50%	\$80,000-145,000	\$ 2,090,000	1,310,000
(d) 2005 Sewer System Revenue Certificates of Participation					
Capital Facilities Project	2036	3.00-5.00%	\$230,000-775,000	\$ 13,000,000	11,490,000
(e) 2005 Water Revenue Bonds	2030	2.50-4.50%	\$120,000-305,000	\$ 5,000,000	4,080,000
Total Business-Type Activities					<hr/> 16,880,000
Total governmental and business-type activities – bonds, certificates of participation, and capital leases.					<hr/> <u>\$ 21,366,453</u>

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

- (a) General Fund provides for the 1999 Certificates of Participation, as provided for by an agreement between the Financing Authority and the City.
- (b) General Fund provides 10% of the Lease Revenue Bond, as provided for by an agreement between the Financing Authority and the City. The remaining 90% comes from the RDA Successor Agency.
- (c) General revenues of the City.
- (d) 75% Utility billing from the Sewer Department and 25% from new development.
- (e) Utility billing from the Water department.

Governmental Activities:

1999 Certificates of Participation

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

2003 Lease Revenue Refunding Bonds

On July 1, 2003 the Financing Authority issued the Rohnert Park Financing Authority Lease, Series 2003 ("2003 LRBs") to refinance the Refunding Certificates of Participation (Rohnert Park Public Safety Facility Project-the Series 1994 Certificates) outstanding principal amount of \$5,780,000 and the Certificates of Participation (Master Equipment Lease Program- Series 1999 Certificates) outstanding principal balance of \$785,000, and to provide for deposit of a surety bond in a reserve fund and to pay certain costs of issuance. The 2003 LRBs are payable from and secured by base rental payments to be made by the City under the lease between the City and the Financing Authority for the lease of the Department of Public Safety Main Station, which houses the City's Department of Safety which provides police and fire services in the City. The pledge of future revenues ends upon final payment scheduled to occur in 2025. In fiscal year 2012, revenues pledged totaled \$497,176 and the required debt service was \$492,704.

Business-Type Activities:

2005 Sewer System Revenue Certificates of Participation

On May 27, 2005, the City issued Sewer System Revenue Certificates of Participation, Series 2005 (Certificates) in the amount of \$13,000,000. Proceeds of the Certificates are being used for a) financing certain improvements, betterments, renovations and expansions of facilities within the Sewer System of the City b) paying capitalized interest with respect to the Certificates to June 1, 2006, c) providing for the deposit of a reserve fund surety bond and d) paying costs of delivery of the Certificates. The Certificates will mature in the year 2036 and carry interest rates ranging from 3.00% - 5.00%. There is a sufficient cash reserve in the sewer fund of \$4.6 million to cover both the operating expenses and debt service of \$812,386 for fiscal year 2012. The City reviewed sewer rates and determine what rate increases are necessary to maintain the systems and provide sufficient reserves. The City also formed a stakeholder group consisting of sixteen community members to assist the City with the task of increasing the sewer rates to a sufficient base to cover sewer operations. The new sewer rates were implemented July 1, 2011.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

2002 and 2005 California Statewide Communities Development Authority Water Revenue Bonds

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

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

In fiscal year 2012, system net revenues available to fund the 2002 and 2005 Water Revenue Bonds totaled \$403,731 and debt service was \$470,918.

The following is a summary of changes to long-term liabilities for the year ended June 30, 2012:

	Balance July 1, 2011	Additions/ Accretions	Retirements	Balance June 30, 2012	Amount due Within One Year
Governmental activities:					
Certificates of participation	\$ 3,460,000	\$ -	\$ 180,000	\$ 3,280,000	\$ 190,000
Lease revenue refunding bonds	5,280,000	-	4,778,500	501,500	27,000
Tax allocation bonds	51,552,809	-	51,552,809	-	-
Capital leases	846,573	-	141,620	704,953	111,192
Accreted interest on capital appreciation bonds	7,587,714	-	7,587,714	-	-
Total long-term debt	68,727,096	-	64,240,643	4,486,453	328,192
Original issue premium	1,215,941	-	1,215,941	-	-
Original issue discount	(364,989)	-	(328,620)	(36,369)	(130)
Deferred amount on refunding	(99,934)	-	(99,934)	-	-
Compensated absences	1,356,639	1,171,675	1,117,483	1,410,831	432,715
Total governmental activities LT debt	\$ 70,834,753	\$ 1,171,675	\$ 66,145,513	\$ 5,860,915	\$ 760,777
Business-type activities:					
Water revenue bonds	\$ 5,630,000	\$ -	\$ 240,000	\$ 5,390,000	\$ 245,000
Sewer revenue certificates of participation	11,765,000	-	275,000	11,490,000	280,000
Original issue premium	189,662	-	7,612	182,050	7,612
Original issue discount	(50,465)	-	(2,854)	(47,611)	(2,854)
Total business-type activities LT debt	\$ 17,534,197	\$ -	\$ 519,758	\$ 17,014,439	\$ 529,758

For governmental activities, compensated absences are generally liquidated by the General Fund. The Lease Revenue Refunding Bonds presented reflect the City's portion of 10%.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Fiscal Year Ending June 30:	Certificates of Participation		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 190,000	\$ 156,885	\$ 27,000	\$ 21,837
2014	195,000	148,318	28,000	20,833
2015	205,000	139,215	29,000	19,753
2016	215,000	129,125	30,500	18,582
2017	225,000	118,125	31,500	17,326
2018 – 2022	1,305,000	405,650	179,500	63,749
2023 – 2027	945,000	72,400	176,000	17,195
Total	<u>\$ 3,280,000</u>	<u>\$ 1,169,718</u>	<u>\$ 501,500</u>	<u>\$ 179,275</u>

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

Fiscal Year ending June 30:	Water Revenue Bonds		Sewer Revenue Certificates of Participation	
	Principal	Interest	Principal	Interest
2013	\$ 245,000	\$ 222,951	\$ 280,000	\$ 532,386
2014	255,000	214,401	295,000	522,205
2015	265,000	205,179	305,000	511,518
2016	275,000	195,034	315,000	500,143
2017	285,000	183,999	325,000	487,888
2018 – 2022	1,595,000	730,066	1,850,000	2,231,825
2023 – 2027	1,590,000	396,338	2,305,000	1,768,125
2028 – 2032	880,000	106,200	2,920,000	1,148,625
2033 – 2036	-	-	2,895,000	361,825
Total	<u>\$ 5,390,000</u>	<u>\$ 2,254,168</u>	<u>\$ 11,490,000</u>	<u>\$ 8,064,540</u>

Legal Debt Limit

As of June 30, 2012, the City's legal debt limit (15% of valuation subject to taxation) was \$548,570,000. As of June 30, 2012, 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, 2012, the City has no liability.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Conduit Debt

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

The aggregate principal amount payable for the five series of bonds as of June 30, 2012 is as follows:

Mobile Home Park Revenue Bonds 2001 Series A (Las Casitas De Sonoma)	\$4,240,000
Mobile Home Park Revenue Bonds 2001 Series B (Las Casitas De Sonoma)	\$438,036
Mobile Home Park Revenue Bonds Series 2003A (Rancho Feliz MHP)	\$11,870,000
Mobile Home Park Revenue Bonds Series 2003B (Rancho Feliz MHP)	\$3,230,000

Capital Leases

The City has entered into long-term capital lease agreements with various financing agencies to lease public safety patrol and fire protection vehicles and other equipment. The following is a summary of future minimum lease payments as of June 30, 2012:

<u>Fiscal Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 111,192	\$ 28,717
2014	79,354	24,715
2015	83,989	21,106
2016	88,876	17,287
2017	98,502	13,205
2018-2020	243,040	12,344
Total	<u>\$ 704,953</u>	<u>\$ 117,374</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, 2012, equipment under the capital leases of \$3,527,991 is included in the statement of net assets.

9. EMPLOYEES' RETIREMENT PLAN

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Funding Policy – Effective August 1, 2011 the employees contribute 100% of the required members contribution, safety (9%) and miscellaneous first/second tier (8%) and miscellaneous third tier (7%) of their annual covered salary to the Fund. The City is required to contribute at an actuarially determined rate. The actuarial methods and assumptions used are those adopted by the Fund's Board of Administration. The required employer contribution rates for fiscal year ended June 30, 2012 were 39.388% for safety employees and 21.492% for miscellaneous employees of annual covered payroll. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost – The City's annual pension cost for the Fund was equal to the City's required and actual contributions, which was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases from 3.55% to 14.45% depending on age, service and type of employment. Both (a) and (b) include an inflation component of 3%. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. The actuarial value of City's assets was determined using a 15 year smoothed market technique.

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

Fiscal Year Ended	Required Contributions	Percentage Contributed
6/30/10	\$ 2,555	100
6/30/11	2,202	100
6/30/12	2,192	100

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

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$ 1,132	100	-
6/30/11	1,163	100	-
6/30/12	1,356	100	-

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

Actuarial Valuation Date	(A) Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Actuarial Accrued Liability [(B) - (A)]	(D) Funded Ratio [(A) / (B)]	(E) Covered Payroll	Actuarial Liability as Percentage of Covered Payroll [(C)/(E)]
6/30/09	\$ 50,720	\$ 60,934	\$ 10,214	83.2%	\$ 8,071	126.6%
6/30/10	53,153	65,556	12,403	81.1%	6,844	181.2%
6/30/11			*****Not Available*****			

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

10. POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Description

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

The City's single employer defined benefit postemployment healthcare plan (OPEB Plan) provides health insurance benefits under the Anthem Blue Cross or Kaiser health plans to eligible retirees and dependents in accordance with various labor agreements. Employees are eligible for retiree health benefits and life insurance benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. Employees hired after June 30, 2008 are under a defined contribution plan which is funded monthly and thus are not included in the OPEB calculation. A separate audited GAAP-basis report is not available for the plan as of June 30, 2012.

Funding Policy

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

The City's policy is to fund these benefits on a pay-as-you-go basis, and paid \$12,840 per retiree for the fiscal year ended June 30, 2012 (a total of \$2,174,000) to the plan. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount which was determined as part of a July 1, 2011 actuarial valuation and updated in July 2012 in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City has elected to amortize the unfunded actuarial accrued liability over 30 years using a level dollar, closed amortization period. The ARC is subject to change with each actuarial valuation date performed no less than every three years.

The City's OPEB unfunded actuarial accrued liability as of June 30, 2012 was a total of \$8,247,390. This OPEB obligation has been adjusted by an annual inflation percentage of 3.0 percent based on the assumptions of the actuarial valuation and a general salary increase of 3.25 percent.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Annual required contributions (ARC)	\$ 3,983,000
Interest on beginning net OPEB Obligation	280,000
Adjustment to ARC ¹	(1,771,000)
Total OPEB Cost	2,492,000
Contributions made by the City	(2,174,000)
Increase in net OPEB Obligation	318,000
Net OPEB obligations, beginning of the year	7,929,390
Net OPEB obligations, end of the year	<u>\$ 8,247,390</u>

¹ Adjustment reflects a reduction of \$1,771,000 for 2010/11 contribution and revision of adjustment to ARC

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 and the two preceding years were as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Benefit Payments Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/10	\$ 4,365	\$ 1,522	34.90%	\$ 5,767
06/30/11	3,775	1,612	42.60%	7,930
06/30/12	4,263	2,174	51.00%	8,247

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

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)/(c)]
7/1/2010	\$ -	\$ 43,032,000	\$ 43,032,000	0.00%	\$ 12,080,000	356.23%
7/1/2011	1,200,000	40,741,000	39,541,000	2.95%	13,739,974	287.78%

Actuarial Methods and Assumptions

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

The actuarial cost method used for determining the Actuarial Accrued Liability (AAL) is the Entry Age Normal Cost Method. The actuarial assumptions include a 6.5 percent prefunding discount rate and 4.0 percent pay-as-you-go discount rate, covered payroll increases of 3.25 percent per year, an inflation rate of 3.0 percent per year, and a medical increase trend rate starting at 8.5 percent per year, and decreasing gradually over a 7 year period to an ultimate rate of 5.75 percent per year. In calculating the 2011/12 Annual Required Contribution (ARC), unfunded actuarial accrued liabilities (UAAL) are being amortized as a level dollar amount over a closed 27 year period

Funded Status and Funding Progress

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

11. FUND BALANCE / NET ASSETS

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

- Nonspendable resources are not in spendable form or required to be maintained intact such as an endowment.
- Restricted resources are subject to externally enforceable legal restrictions or imposed by law through constitutional provisions or enabling legislation.
- Committed resources reflect amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the entity's "highest level of decision making authority," which would be by an ordinance passed by the City Council. The constraint remains binding unless modified or rescinded in the same formal manner by the City Council.
- Assigned resources are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.
- Per GASB 54, the lowest level of constraint for capital project funds is the assigned classification. The unassigned classification is to be used when there are negative residual resources in excess of what can be properly classified as nonspendable, restricted, committed or assigned.

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Portions of unassigned fund balance may be assigned to indicate tentative plans for financial resource utilization in a future period, such as for special purpose 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, 2012, nonspendable, restricted, committed and assigned fund balances were as follows:

	General	Housing Projects Special Revenue	Financing Authority	City Capital Projects	Other Governmental	Total Governmental Funds
Nonspendable:						
Advances	\$ 2,075,000	\$ 9,253,542	\$ -	\$ -	\$ -	\$ 11,328,542
Prepaid and other assets	178,586	-	-	-	-	178,586
Notes Receivable	107,360	-	-	-	-	107,360
Performing Arts Center Endowment	-	-	-	-	1,265,851	1,265,851
Total nonspendable	<u>2,360,946</u>	<u>9,253,542</u>	<u>-</u>	<u>-</u>	<u>1,265,851</u>	<u>12,880,339</u>
Restricted for:						
Housing programs	1,033,266	-	-	-	-	1,033,266
Street projects	-	-	-	-	2,180,714	2,180,714
Community Development Projects	-	13,754,550	-	-	-	13,754,550
Capital projects	209,344	92,888	788,077	-	-	1,090,309
Technology	49,458	-	-	-	-	49,458
Donations	158,323	-	-	-	-	158,323
Traffic Safety	629,275	-	-	-	-	629,275
Animal Shelter	104,025	-	-	-	-	104,025
Public Safety	86,905	-	-	-	-	86,905
Other purpose	158,628	-	-	-	-	158,628
	<u>2,429,224</u>	<u>13,847,438</u>	<u>788,077</u>	<u>-</u>	<u>2,180,714</u>	<u>19,245,453</u>
Committed for:						
Capital projects	-	-	-	-	2,644,226	2,644,226
Public Safety	-	-	-	-	21,354	21,354
Other purpose	-	-	-	-	44,973	44,973
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,710,553</u>	<u>2,710,553</u>
Assigned for:						
Capital projects	616,000	-	-	-	-	616,000
Claims liability	1,069,546	-	-	-	-	1,069,546
OPEB Obligation	1,868,067	-	-	-	-	1,868,067
	<u>3,553,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,553,613</u>
Unassigned for:						
Others	1,208,071	-	-	(473,022)	-	735,049
Total fund balance	<u>\$ 9,551,854</u>	<u>\$ 23,100,980</u>	<u>\$ 788,077</u>	<u>\$ (473,022)</u>	<u>\$ 6,157,118</u>	<u>\$ 39,125,007</u>

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

12. RISK MANAGEMENT

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

The City’s deductibles and maximum coverage follows:

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

The City contributes its pro-rata share of anticipated losses to a pool administered by REMIF. Should actual losses among participants be greater than the anticipated losses, the City will be assessed its pro-rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the City will be refunded its pro-rata share of the excess. The City paid insurance premiums and deductibles of \$1,100,384 and received REMIF refunds of \$43,875 during the year ended June 30, 2012. 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, 2012 the amount of these IBNR liabilities was \$45,964. This liability is the City's best estimate based on available information.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Changes in the reported liability resulted from the following:

Liability at June 30, 2010 (reported in accrued liabilities)	\$ 108,314
Current year claim deductibles and changes in estimates	186,271
Net payments	<u>(200,572)</u>
Liability at June 30, 2011 (reported in accrued liabilities)	94,013
Current year claim deductibles and changes in estimates	158,351
Net payments	<u>(190,395)</u>
Liability at June 30, 2012 (reported in accrued liabilities)	<u><u>\$ 61,969</u></u>

At June 30, 2012, management assigned \$1,069,546 of fund balance in the General Fund for future claims liabilities.

13. COMMITMENTS AND CONTINGENCIES

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

The City participates in several State grant programs. These programs have been audited by the City's independent auditors when required, in accordance with the applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

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

On July 23, 2009, the State adopted legislation requiring a shift of monies during fiscal years 2009-10 and 2010-11 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Proposition 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010 the Sacramento Superior Court upheld the legislation. This decision is in the process of being appealed by CRA and its member agencies. The payment of the SERAF was due on May 10, 2010, for fiscal year 2009-10 and it was made in the amount of \$4,108,698. It is estimated the Commission's share of the Voluntary Alternative Redevelopment Program for fiscal year 2011-12 is \$4,011,622, and the first payment of \$2,005,811 will be due by January 2012.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

14. LEASES

The City has entered into an operating lease contract whereby the City leases golf courses to a third party. The lease commenced May 2001 and was amended April 2005. The term of the lease is for twenty years, with an optional extension of ten years. The costs of the golf course improvements are \$3.0 million with associated accumulated depreciation of \$2.18 million at June 30, 2012.

The future minimum rentals to be received from the aforementioned operating lease as of June 30, 2012 are as follows (in thousands):

<u>Fiscal Year Ending June 30,</u>	
2013	\$ 175
2014	175
2015	175
2016	200
2017	200
2018 - 2022	1,050
2023 - 2027	1,175
2028 - 2032	1,250
2033	250
	<hr/>
Future minimum lease rentals	<u><u>\$ 4,650</u></u>

These future minimum rentals are based upon annual rates agreed to by the lessee. In addition to the future minimum rentals disclosed above, the City leases various other properties, and the City expects to receive approximately \$491,000 annually from month-to-month rentals in fiscal year 2012-13.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

15. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

A. General Discussion

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (the Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Rohnert Park that previously had reported a redevelopment agency with the reporting entity of the City as a discretely-presented component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-10.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the government-wide financial statements of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) in the government-wide financial statements of the City was reported as an extraordinary loss. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

B. Reconciliation of Extraordinary Gain/(Loss)

Because of the different measurement focus of the government funds (current financial resources measurement focus) and the measurement focus of the trust funds (economic resources measurement focus), the extraordinary loss (gain) recognized in the government funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in the governmental funds - increase to net assets of the Successor Agency Trust fund	\$ 22,872,683
Capital assets recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust fund	16,389,753
Accrued bond interest reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust fund	(588,265)
Deferred charges recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust fund	1,446,159
Long-term debt recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust fund	<u>(63,839,730)</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City	<u><u>\$ (23,719,400)</u></u>

C. Successor Agency Cash and Investments

Cash and investments as of June 30, 2012 are classified in the accompany financial statements as follows

Statement of fiduciary net assets:	
Cash and investments	\$ 4,917,048
Cash and investments - restricted	8,080,147
Total cash and investment	<u>\$ 12,997,195</u>
Cash and investments as of June 30, 2012 consist of the following:	
Deposit with financial institutions	\$ 4,917,048
Investments	8,080,147
Total cash and investment	<u>\$ 12,997,195</u>

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

D. Successor Agency Capital Assets

The Successor Agency assumed the capital assets of the former Redevelopment Agency as of February 1, 2012. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets, not being depreciated;

Land	\$ -	\$ -		\$ 4,934,147	\$ 4,934,147
Construction in progress	201,688	69,667	(271,355)	-	-
	<u>201,688</u>	<u>69,667</u>	<u>(271,355)</u>	<u>4,934,147</u>	<u>4,934,147</u>
Total capital assets, not being depreciated	201,688	69,667	(271,355)	4,934,147	4,934,147

Capital assets, being depreciated

Infrastructure, structures and improvements	28,579,719	271,355	-	851,620	29,702,694
Equipment	805,264	-	-	-	805,264
	<u>28,579,719</u>	<u>271,355</u>	<u>-</u>	<u>851,620</u>	<u>29,702,694</u>
Total capital assets, being depreciated	29,384,983	271,355	-	851,620	30,507,958

Less accumulated

depreciation for:

Infrastructure, structures and improvements	(12,391,654)	(1,111,045)	-	(434,740)	(13,937,439)
Equipment	(805,264)	-	-	-	(805,264)
	<u>(12,391,654)</u>	<u>(1,111,045)</u>	<u>-</u>	<u>(434,740)</u>	<u>(13,937,439)</u>
Total accumulated depreciation	(13,196,918)	(1,111,045)	-	(434,740)	(14,742,703)

Total capital assets, being depreciated, net

16,188,065	(839,690)	-	416,880	15,765,255
<u>16,188,065</u>	<u>(839,690)</u>	<u>-</u>	<u>416,880</u>	<u>15,765,255</u>

Governmental activities

capital assets, net	<u>\$ 16,389,753</u>	<u>\$ (770,023)</u>	<u>\$ (271,355)</u>	<u>\$ 5,351,027</u>	<u>\$ 20,699,402</u>
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CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

E. Successor Agency Long-Term Debt

The Successor Agency's long-term debt payable at June 30, 2012 follows:

	Final Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2012
Redevelopment Project (includes accreted interest)	2021	5.90-6.80%	\$150,551-\$965,000	\$ 13,099,895	\$ -
Redevelopment Project (includes accreted interest)	2036	3.60-5.30%	154,386-553,597	11,936,651	15,715,038
Master Equipment Lease Project and Public Safety Facility	2025	2.50-4.80%	216,000-423,000	6,255,000	4,513,500
Redevelopment Project	2021	3.50-5.25%	55,000-810,000	8,200,000	6,595,000
Redevelopment Project	2038	3.60 - 5.00%	290,000 - 3,465,000	34,680,000	20,395,000
Housing	2038	3.50 - 5.00%	25,000 - 1,790,000	26,760,000	16,045,000
Total					<u>\$ 63,263,538</u>

1991 Tax Allocation Refunding Bonds

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

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bond, with no distinction between housing and non-housing revenues.

1999 Tax Allocation Bonds

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

2001 Tax Allocation Bonds

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

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bond, with no distinction between housing and non-housing revenues

2003 Lease Revenue Refunding Bonds

On July 1, 2003 the Financing Authority issued the Rohnert Park Financing Authority Lease, Series 2003 ("2003 LRBs") to refinance the Refunding Certificates of Participation (Rohnert Park Public Safety Facility Project-the Series 1994 Certificates) outstanding principal amount of \$5,780,000 and the Certificates of Participation (Master Equipment Lease Program- Series 1999 Certificates) outstanding principal balance of \$785,000, and to provide for deposit of a surety bond in a reserve fund and to pay certain costs of issuance. The 2003 LRBs are payable from and secured by base rental payments to be made by the City under the lease between the City and the Financing Authority for the lease of the Department of Public Safety Main Station, which houses the City's Department of Safety which provides police and fire services in the City. The pledge of future revenues ends upon final payment scheduled to occur in 2025. In fiscal 2012, revenues pledged totaled \$ 497,176 and the required debt service was \$492,704.

2007 Tax Allocation Bonds

On March 28, 2007 the former CDC issued the Rohnert Park Redevelopment Project Tax Allocation Bonds, Series 2007R ("2007 Redevelopment Project Bonds") in the amount of \$34,680,000, and the Rohnert Park Redevelopment Project Housing Tax Allocation Bonds ("2007 Housing Bonds") in the amount of \$26,760,000, for the purpose of financing certain public improvements, including certain housing projects, purchasing municipal bond debt service reserve fund policies in order to satisfy the reserve requirements for the respective reserve accounts, and paying the costs of issuing the bonds. The 2007 Redevelopment Project Bonds are special obligations of the CDC payable from and secured by tax revenues. The pledge of future revenues ends upon final payment scheduled to occur in 2038 for both of the 2007 Tax Allocation Bonds. Based on a recent analysis of the future housing project needs, the Commission determined that there were surplus bond proceeds. On June 18, 2009, the Commission tendered \$9,630,000 of a 2037 Housing Term Bond, with \$450,000 remaining outstanding. In June 2010, the Commission defeased \$12,375,000 of the 2007 Redevelopment Project Tax Allocation Bonds.

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bond, with no distinction between housing and non-housing revenues

In fiscal year 2012, pledged revenues for the Series 1991 Bonds, 1999 TABs, 2001 TABs, and 2007 Redevelopment Project Bonds totaled \$2,339,468, and required debt service was \$2,334,787, as follows: 1991 Bonds - \$580,000; 1999 TABs - \$395,000; 2001 TABs - \$385,868; and 2007 Redevelopment Project Bonds - \$973,919. The 2007 Housing Bonds are special obligations of the CDC and payable from and secured by the housing set-aside amount. Revenues pledged in fiscal year 2012 for the 2007 Housing Bonds were \$854,781, and the required debt service was \$854,781.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bond, with no distinction between housing and non-housing revenues

	Balance February 1, 2012	Additions/ Accretions	Retirements	Balance June 30, 2012	Amount due Within One Year
Lease revenue refunding bonds	\$ 4,513,500	\$ -	\$ -	\$ 4,513,500	\$ 243,000
Tax allocation bonds	50,950,999	-	-	50,950,999	1,028,453
Accreted interest on capital appreciation bonds	7,587,714	814,515	603,190	7,799,039	186,547
Total long-term debt	63,052,213	814,515	603,190	63,263,538	1,458,000
Original issue premium	-	1,215,941	34,330	1,181,611	34,330
Original issue discount	-	(328,490)	(9,479)	(319,011)	(9,479)
Deferred amount on refunding	-	(99,934)	(19,659)	(80,275)	(19,659)
Total	\$ 63,052,213	\$ 1,602,032	\$ 608,382	\$ 64,045,863	\$ 1,463,192

Fiscal Year Ending June 30:	Lease Revenue Bonds		Tax Allocation Bonds		Accreted Interest
	Principal	Interest	Principal	Interest	
2013	\$ 243,000	\$ 196,536	\$ 1,028,453	\$ 1,963,567	\$ 186,547
2014	252,000	187,500	1,051,007	1,929,728	198,993
2015	261,000	177,781	1,073,944	1,892,713	211,056
2016	274,500	167,234	1,988,682	1,831,150	221,318
2017	283,500	155,932	2,163,830	1,747,225	231,170
2018 – 2022	1,615,500	573,739	11,683,650	7,297,931	3,251,350
2023 – 2027	1,584,000	154,755	10,795,563	5,381,802	6,414,438
2028 – 2032	-	-	10,979,351	3,238,593	6,965,648
2033 – 2037	-	-	7,711,519	1,585,203	5,888,481
2038	-	-	2,475,000	61,813	-
Total	\$ 4,513,500	\$ 1,613,476	\$ 50,950,999	\$ 26,929,725	\$ 23,569,001

16. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following governmental funds had an excess of expenditures over appropriations:

Major Funds:

Community Development Commission Capital Projects Fund in the amount of \$2,165,127, which was covered by current year revenues.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

EXCESS EXPENDITURES OVER APPROPRIATIONS (Continued)

Non-major Funds:

State Gasoline Tax Special Revenue Fund in the amount of \$20,395, which was unbudgeted and covered by current year revenues.

Measure M Traffic Special Revenue Fund in the amount of \$123,644, which was unbudgeted and covered by current year revenues.

Prop IB Special Revenue Fund in the amount of \$691,840, which was unbudgeted and covered by existing fund balance.

Traffic Signals Fee Special Revenue Fund in the amount of \$113,606, which was unbudgeted and covered by existing fund balance.

Public Facilities Finance Fee Special Revenue Fund in the amount of \$129,631, which was unbudgeted and covered by current year revenues and existing fund balance.

Supplemental Law Enforcement Services in the amount of \$102,707, which was unbudgeted and covered by current year revenues.

Traffic Congestion Relief in the amount of \$1,593, which was unbudgeted and covered by existing fund balance.

Measure M Fire Benefit Assessment Special Refund Fund in the amount of \$59,657, which was unbudgeted and covered by current year revenues and existing fund balance

17. NEW GASB PRONOUNCEMENTS

Upcoming

GASB Statement No. 60

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

GASB Statement No. 61

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NEW GASB PRONOUNCEMENTS (Continued)

GASB Statement No 62

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective in fiscal year 2012-2013. This statement incorporates certain accounting and financing reporting guidance into GASB's authoritative literature, included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board (FASB) Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure

This Statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, eliminating the election for enterprise funds and business-type activities to apply post-November 30, 1989, FASB statements and interpretations that do not conflict with or contradict GASB pronouncements. However, governments can apply post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The City has not determined its effect on the financial statements.

GASB Statement No. 63

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The provisions of Statement 63 are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. The City has not determined its effect on the financial statements.

Statement No. 65

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognized as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of Statement 65 are effective for financial statements for periods beginning after December 15, 2012, with earlier application encouraged. The City has not determined its effect on the financial statements.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NEW GASB PRONOUNCEMENTS (Continued)

Statement No. 66

In March 2012, GASB issued Statement No. 66, *Technical Correction – 2012 – an amendment of GASB Statement No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of Statement 66 are effective for financial statements for periods beginning after December 15, 2012, with earlier application encouraged. The City has not determined its effect on the financial statements.

Statement No. 68

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. The provisions of Statement 68 are effective for financial statements for periods beginning after June 15, 2014, with earlier application encouraged. The City has not determined its effect on the financial statements.

Statement No. 69

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The primary objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The provisions of Statement 69 are effective for financial statements for periods beginning after December 15, 2013, with earlier application encouraged. The City has not determined its effect on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF ROHNERT PARK

SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2012

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

Actuarial Valuation Date	(A) Actuarial Asset Value	Age Actuarial Accrued Liability	Actuarial Accrued Liability [(B) - (A)]	(D) Funded Ratio [(A) / (B)]	(E) Covered Payroll	Actuarial Liability as Percentage of Covered Payroll [(C)/(E)]
6/30/09	50,720	60,934	10,214	83.2%	6,844	149.2%
6/30/10	53,153	65,556	12,403	81.1%	6,844	181.2%
6/30/11			** information not available**			

Funding Progress for the OPEB Plan

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)/(c)]
7/1/2010	\$ -	\$ 43,032,000	\$ 43,032,000	0.00%	\$ 12,080,000	356.23%
7/1/2011	1,200,000	40,741,000	39,541,000	2.95%	13,739,974	287.78%

CITY OF ROHNERT PARK

BUDGETARY COMPARISON SCHEDULE GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 2,402,000	\$ 2,402,000	\$ 3,252,056	\$ 850,056
Real property transfer	65,000	65,000	113,677	48,677
Transient occupancy	1,700,000	1,700,000	1,940,536	240,536
Sales and use	8,527,902	8,527,902	9,062,981	535,079
Franchises	1,410,000	1,410,000	1,695,706	285,706
Total taxes	14,104,902	14,104,902	16,064,956	1,960,054
Licenses, permits and fees:				
Business licenses	484,000	484,000	488,242	4,242
Animal licenses	65,000	65,000	56,512	(8,488)
Building permits	150,000	150,000	232,852	82,852
Plan check	296,000	296,000	316,698	20,698
Total licenses, permits and fees	995,000	995,000	1,094,304	99,304
Fines, forfeitures and penalties:				
Vehicle code	80,000	80,000	115,589	35,589
Parking fines	60,000	60,000	52,071	(7,929)
Impound fees	17,000	17,000	12,350	(4,650)
Other court	3,500	3,500	4,376	876
Total fines, forfeitures and penalties:	160,500	160,500	184,386	23,886
Interest and rentals:				
Investment earnings	400,000	400,000	151,092	(248,908)
Rent - golf courses	175,000	175,000	145,833	(29,167)
Rent - other	539,250	539,250	375,264	(163,986)
Total interest and rentals	1,114,250	1,114,250	672,189	(442,061)
Intergovernmental:				
State motor vehicle in-lieu tax	2,814,000	2,814,000	2,722,876	(91,124)
Public Safety Augmentation Fund	185,000	185,000	205,248	20,248
Grants	24,000	24,000	254,789	230,789
Reimbursements	40,000	40,000	27,646	(12,354)
Other	-	-	50	50
Subtotal	3,063,000	3,063,000	3,210,609	147,609

CITY OF ROHNERT PARK

BUDGETARY COMPARISON SCHEDULE GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2012

(Continued)	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES (Continued)				
Charges for current services:				
Zoning and subdivision fees	93,000	93,000	95,093	2,093
General plan maintenance fee	1,500	1,500	3,625	2,125
Sales of maps and lists	950	950	915	(35)
Special public safety services	55,000	55,000	25,103	(29,897)
Fire Inspection Fees	-	-	-	-
Vehicle abatement revenue	20,000	20,000	60,978	40,978
Animal shelter fees	65,000	65,000	55,267	(9,733)
Alcohol Education Fee	25,000	25,000	25,625	625
Engineering fees	110,000	110,000	119,207	9,207
Library ground maintenance	9,000	9,000	8,370	(630)
Recreation:				
Recreation centers	1,042,400	1,042,400	984,367	(58,033)
Swimming pools	145,500	145,500	157,137	11,637
Community Events	76,000	76,000	49,697	(26,303)
Subtotal	1,643,350	1,643,350	1,585,384	(57,966)
Donations and miscellaneous:				
Performing Arts Center	304,800	304,800	398,004	93,204
Refuse administration	300,000	300,000	296,771	(3,229)
Donations	-	-	13,831	13,831
Miscellaneous	100,000	100,000	168,110	68,110
Subtotal	704,800	704,800	876,716	171,916
Total revenues	21,785,802	21,785,802	23,688,544	1,902,742

(continued)

CITY OF ROHNERT PARK

BUDGETARY COMPARISON SCHEDULE GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2012

				Variance with Final Budget Positive (Negative)
(Continued)	Original Budget	Final Budget	Actual Amount	
EXPENDITURES				
Current:				
General government:				
City Council	72,757	72,757	66,306	6,451
City Manager	698,611	698,611	583,601	115,010
Finance and accounting	1,090,000	1,090,000	1,114,695	(24,695)
Information Services	563,011	563,011	574,789	(11,778)
Legal services	425,000	425,000	580,179	(155,179)
Development Services	898,848	898,848	863,842	35,006
Human Resource	419,239	419,239	381,359	37,880
Rent appeals board	21,465	21,465	62,976	(41,511)
City Office building	518,981	518,981	167,288	351,693
City Office annex	22,064	22,064	22,708	(644)
Property tax administration fee	115,000	115,000	118,466	(3,466)
General government-nondepartmental	1,608,553	1,608,553	1,441,935	166,618
Nondepartmental-employee benefits	1,632,348	1,632,348	1,525,235	107,113
Enterprise fund cost allocation	(1,557,910)	(1,557,910)	(1,510,603)	(47,307)
Community Development Commission cost allocation	(818,000)	(818,000)	(1,008,734)	190,734
Subtotal	5,709,967	5,709,967	4,984,041	725,926
Public safety:				
Personnel	11,878,735	11,878,735	11,872,726	6,009
Police protection	1,359,339	1,359,339	1,009,990	349,349
Fire protection	227,710	227,710	127,296	100,414
Fire prevention	229,429	229,429	198,306	31,123
Animal control	362,548	362,548	342,620	19,928
Animal shelter	48,674	48,674	42,170	6,504
Main station	228,100	228,100	169,099	59,001
North station	23,000	23,000	17,505	5,495
South station	10,500	10,500	5,454	5,046
Booking fees	-	-	(13,105)	13,105
Sexual assault examination fees	15,000	15,000	16,200	(1,200)
Subtotal	14,383,035	14,383,035	13,788,261	594,774

(continued)

CITY OF ROHNERT PARK

BUDGETARY COMPARISON SCHEDULE GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2012

				Variance with Final Budget Positive (Negative)
(Continued)	Original Budget	Final Budget	Actual Amount	
EXPENDITURES (Continued)				
Current:				
Public works:				
General	288,209	288,209	291,740	(3,531)
Maintenance of streets/bikepaths	637,288	637,288	694,674	(57,386)
Maintenance of school grounds	-	-	119	(119)
Street lighting	-	-	42,408	(42,408)
Traffic signals	-	-	4,184	(4,184)
Storm drains and drainage	90,133	90,133	114,837	(24,704)
Weed abatement	-	-	-	-
Enterprise fund cost allocation	(319,090)	(319,090)	(309,401)	(9,689)
Community Development Commission cost allocation	(91,000)	(91,000)	(112,082)	21,082
Subtotal	605,540	605,540	726,480	(120,940)
Parks and recreation:				
Parks Landscaping	387,319	387,319	481,116	(93,797)
Parks maintenance-general	359,466	359,466	338,413	21,053
Recreation centers	1,188,210	1,188,210	1,113,861	74,349
Swimming pools	298,261	298,261	317,041	(18,780)
Recreation administration and programs	-	-	37,660	(37,660)
Golf courses	6,591	6,591	6,861	(270)
Library	350	350	17,972	(17,622)
Subtotal	2,240,197	2,240,197	2,312,924	(72,727)
Cultured Arts Center				
Performing Arts Center	425,638	425,638	587,931	(162,293)
Capital outlay	-	-	77,596	(77,596)
Subtotal expenditures	23,364,377	23,364,377	22,477,233	887,144
EXCESS/DEFICIENCY OF REVENUES OVER/UNDER EXPENDITURES	(1,578,575)	(1,578,575)	1,211,311	2,789,886
OTHER FINANCING SOURCES (USES)				
Transfers in	4,608,045	1,760,833	981,808	(779,025)
Transfers out	(330,000)	(330,000)	(1,111,482)	(781,482)
Total other financing sources (uses)	4,278,045	1,430,833	(129,674)	(1,560,507)
NET CHANGE IN FUND BALANCE	\$ 2,699,470	\$ (147,742)	1,081,637	\$ 1,229,379
FUND BALANCE, BEGINNING OF YEAR:			8,470,217	
FUND BALANCE, END OF YEAR			\$ 9,551,854	

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE
HOUSING PROJECTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Interest and rentals	\$ 567,402	\$ 567,402	\$ 270,179	\$ (297,223)
Total revenues	<u>567,402</u>	<u>567,402</u>	<u>270,179</u>	<u>(297,223)</u>
EXPENDITURES				
Current:				
General government	303,540	-	524,917	(524,917)
Capital outlay	-	-	12,514	(12,514)
Debt Service	<u>612,166</u>	<u>437,262</u>	<u>-</u>	<u>437,262</u>
Total expenditures	<u>915,706</u>	<u>437,262</u>	<u>537,431</u>	<u>(100,169)</u>
EXCESS OF REVENUES OVER EXPENDITURES	(348,304)	130,140	(267,252)	(397,392)
OTHER FINANCING USES				
Transfers in	<u>-</u>	<u>-</u>	<u>23,368,232</u>	<u>23,368,232</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (348,304)</u></u>	<u><u>\$ 130,140</u></u>	<u>23,100,980</u>	<u><u>\$ 22,970,840</u></u>
FUND BALANCE, BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE, END OF YEAR			<u><u>\$ 23,100,980</u></u>	

CITY OF ROHNERT PARK

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Budgets and Budgetary Accounting

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

Annual budgets for the City General Fund, Housing Projects Special Revenue Fund, Community Development Commission Housing Projects Special Revenue Fund, State Gasoline Tax Special Revenue Fund, Traffic Signals Fee Special Revenue Fund, Capital Outlay Fee Special Revenue Fund, Public Facilities Finance Fee Special Revenue Fund, Transportation Equity Act Special Revenue Fund, Local Law Enforcement Block Grant Special Revenue Fund, Supplemental Law Enforcement Services Special Revenue Fund, Measure M Traffic Fund, Traffic Congestion Relief (AB2928) Special Revenue Fund, Measure M Fire Benefit Assessment Special Revenue Fund, Mobile Home Rent Appeals Board Special Revenue Fund, F.I.G.R Special Revenue Fund, Copeland Creek Drainage Facility Special Revenue Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America, with the exception of proceeds from the sale of capital assets, which is treated as revenues on the budgetary basis. The City does not adopt a budget Community Development Commission Debt Service Fund. 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 and are required to be disclosed per GAAP.

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, 2012.

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OTHER SUPPLEMENTARY INFORMATION

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT COMMISSION
HOUSING PROJECTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 1,298,141	\$ 794,364	\$ 2,459,482	\$ 1,665,118
Interest and rentals	58,333	-	311,601	311,601
Total revenues	<u>1,356,474</u>	<u>794,364</u>	<u>2,771,083</u>	<u>1,976,719</u>
EXPENDITURES				
Current:				
General government	424,955	429,984	918,739	(488,755)
Debt service	658,874	680,444	14,778	665,666
Total expenditures	<u>1,083,829</u>	<u>1,110,428</u>	<u>933,517</u>	<u>176,911</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>272,645</u>	<u>(316,064)</u>	<u>1,837,566</u>	<u>1,799,808</u>
OTHER FINANCING USES				
Transfers in	155,950	155,950	359,654	203,704
Transfers out	-	-	(24,425,617)	(24,425,617)
Total other financing sources (use)	<u>155,950</u>	<u>155,950</u>	<u>(24,065,963)</u>	<u>(24,221,913)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 428,595</u>	<u>\$ (160,114)</u>	<u>(22,228,397)</u>	<u>\$ (22,422,106)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>22,228,397</u>	
FUND BALANCE, END OF YEAR			<u>\$ -</u>	

CITY OF ROHNERT PARK

BUDGETARY COMPARISON SCHEDULE COMMUNITY DEVELOPMENT COMMISSION CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 7,357,920	\$ 6,808,828	\$ 9,863,729	\$ 3,054,901
Interest and rentals	973,918	226,082	155,129	(70,953)
Intergovernmental	-	-	34,299	34,299
Total revenues	<u>8,331,838</u>	<u>7,034,910</u>	<u>10,053,157</u>	<u>3,018,247</u>
EXPENDITURES				
Current:				
General government	4,965,489	4,499,116	6,521,888	(2,022,772)
Capital outlay	-	-	48,980	(48,980)
Interest and fiscal charges	-	-	93,375	(93,375)
Total expenditures	<u>4,965,489</u>	<u>4,499,116</u>	<u>6,664,243</u>	<u>(2,165,127)</u>
EXCESS OF REVENUES OVER EXPENDITURES	3,366,349	2,535,794	3,388,914	853,120
OTHER FINANCING USES				
Transfers in	-	-	11,161	11,161
Transfers out	(2,225,384)	(1,361,766)	(2,250,190)	(888,424)
Total other financing sources (use)	<u>(2,225,384)</u>	<u>(1,361,766)</u>	<u>(2,239,029)</u>	<u>(877,263)</u>
EXTRAORDINARY ITEM				
Extraordinary loss on RDA dissolution	-	-	(19,244,708)	-
Total extraordinary item	<u>-</u>	<u>-</u>	<u>(19,244,708)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,140,965</u>	<u>\$ 1,174,028</u>	(18,094,823)	<u>\$ (24,143)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>18,094,823</u>	
FUND BALANCE, END OF YEAR			<u>\$ -</u>	

CITY OF ROHNERT PARK

DESCRIPTION OF OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

CITY OF ROHNERT PARK

DESCRIPTION OF OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

NONMAJOR DEBT SERVICE FUNDS

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

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

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

NONMAJOR PERMANENT FUND

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

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

CITY OF ROHNERT PARK

COMBINING BALANCE SHEET OTHER NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Performing Arts Center Endowment Permanent Fund	Total
ASSETS				
Cash and investments	\$ 4,692,948	\$ -	\$ 1,265,851	\$ 5,958,799
Receivables:				
Taxes	11,565	-	-	11,565
Accounts	186,754	-	-	186,754
Total assets	<u>\$ 4,891,267</u>	<u>\$ -</u>	<u>\$ 1,265,851</u>	<u>\$ 6,157,118</u>
LIABILITIES				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES				
Nonspendable				
Permanent fund principal	-	-	1,265,851	1,265,851
Restricted				
Street projects	2,180,714	-	-	2,180,714
Capital projects	2,644,226	-	-	2,644,226
Public Safety	21,354	-	-	21,354
Other projects	44,973	-	-	44,973
Total fund balances	<u>4,891,267</u>	<u>-</u>	<u>1,265,851</u>	<u>6,157,118</u>
Total liabilities and fund balances	<u>\$ 4,891,267</u>	<u>\$ -</u>	<u>\$ 1,265,851</u>	<u>\$ 6,157,118</u>

CITY OF ROHNERT PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Performing Arts Center Endowment Permanent Fund	Total Other Governmental Funds
REVENUES				
Taxes	\$ 531,070	\$ -	\$ -	\$ 531,070
Intergovernmental	1,655,688	-	-	1,655,688
Interest and rentals	31,195	-	9,514	40,709
Licenses, permits and fees	35,191	-	-	35,191
Total revenues	2,253,144	-	9,514	2,262,658
EXPENDITURES				
Current:				
General government	20,395	-	-	20,395
Debt service:				
Principal	-	141,620	-	141,620
Interest and fiscal charges	-	34,167	-	34,167
Total expenditures	20,395	175,787	-	196,182
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,232,749	(175,787)	9,514	2,066,476
OTHER FINANCING SOURCES (USES)				
Transfers in	288,727	175,787	-	464,514
Transfers out	(2,223,628)	-	(9,514)	(2,233,142)
Total other financing sources (uses)	(1,934,901)	175,787	(9,514)	(1,768,628)
NET CHANGE IN FUND BALANCES	297,848	-	-	297,848
FUND BALANCES:				
BEGINNING OF THE YEAR	4,593,419	-	1,265,851	5,859,270
END OF YEAR	\$ 4,891,267	\$ -	\$ 1,265,851	\$ 6,157,118

CITY OF ROHNERT PARK

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2012

	State Gasoline Tax	Measure M Traffic	Prop IB	Traffic Signals Fee	Capital Outlay Fee	Public Facility Finance Fee	Supplemental Law Enforcement Services	Traffic Congestion Relief (AB2928)	Measure M Fire Benefit Assessment	Mobile Home Rent Appeals Board	Total
ASSETS											
Cash and investments	\$ 1,559,749	\$ 443,959	\$ 41	\$ 1,761,232	\$ 218,827	\$ 664,165	\$ -	\$ 2	\$ -	\$ 44,973	\$ 4,692,948
Receivables (net of allowance for uncollectibles):											
Taxes	-	-	-	-	-	-	-	-	11,565	-	11,565
Accounts	123,815	53,150	-	-	-	-	9,789	-	-	-	186,754
Total assets	<u>\$ 1,683,564</u>	<u>\$ 497,109</u>	<u>\$ 41</u>	<u>\$ 1,761,232</u>	<u>\$ 218,827</u>	<u>\$ 664,165</u>	<u>\$ 9,789</u>	<u>\$ 2</u>	<u>\$ 11,565</u>	<u>\$ 44,973</u>	<u>\$ 4,891,267</u>
LIABILITIES											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)											
Restricted	1,683,564	497,109	41	-	-	-	-	-	-	-	2,180,714
Committed	-	-	-	1,761,232	218,827	664,165	9,789	2	11,565	44,973	2,710,553
Total fund balances	<u>1,683,564</u>	<u>497,109</u>	<u>41</u>	<u>1,761,232</u>	<u>218,827</u>	<u>664,165</u>	<u>9,789</u>	<u>2</u>	<u>11,565</u>	<u>44,973</u>	<u>4,891,267</u>
Total liabilities and fund balances	<u>\$ 1,683,564</u>	<u>\$ 497,109</u>	<u>\$ 41</u>	<u>\$ 1,761,232</u>	<u>\$ 218,827</u>	<u>\$ 664,165</u>	<u>\$ 9,789</u>	<u>\$ 2</u>	<u>\$ 11,565</u>	<u>\$ 44,973</u>	<u>\$ 4,891,267</u>

CITY OF ROHNERT PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	State Gasoline Tax	Measure M Traffic	Prop 1B	Traffic Signals Fee	Capital Outlay Fee	Public Facility Finance Fee	Supplemental Law Enforcement Services	Traffic Congestion Relief (AB2928)	Measure M Fire Benefit Assessment	Mobile Home Rent Appeals Board	Total
REVENUES											
Measure M assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 531,070	\$ -	\$ 531,070
Intergovernmental	1,218,973	324,219	-	-	-	-	112,496	-	-	-	1,655,688
Interest and rentals	8,002	2,561	2,020	12,731	1,502	4,369	-	10	-	-	31,195
Licenses, permits and fees	-	-	-	-	-	35,191	-	-	-	-	35,191
Donations	-	-	-	-	-	-	-	-	-	-	-
Total revenues	1,226,975	326,780	2,020	12,731	1,502	39,560	112,496	10	531,070	-	2,253,144
EXPENDITURES											
Current:											
General government	20,395	-	-	-	-	-	-	-	-	-	20,395
EXCESS OF REVENUES OVER EXPENDITURES	1,206,580	326,780	2,020	12,731	1,502	39,560	112,496	10	531,070	-	2,232,749
OTHER FINANCING SOURCES (USES)											
Transfers in	259,968	28,759	-	-	-	-	-	-	-	-	288,727
Transfers out	(525,950)	(123,644)	(691,840)	(113,606)	-	(129,631)	(102,707)	(1,593)	(534,657)	-	(2,223,628)
Total other financing sources (uses)	(265,982)	(94,885)	(691,840)	(113,606)	-	(129,631)	(102,707)	(1,593)	(534,657)	-	(1,934,901)
NET CHANGE IN FUND BALANCES	940,598	231,895	(689,820)	(100,875)	1,502	(90,071)	9,789	(1,583)	(3,587)	-	297,848
FUND BALANCE BEGINNING OF THE YEAR	742,966	265,214	689,861	1,862,107	217,325	754,236	-	1,585	15,152	44,973	4,593,419
FUND BALANCE END OF YEAR	\$ 1,683,564	\$ 497,109	\$ 41	\$ 1,761,232	\$ 218,827	\$ 664,165	\$ 9,789	\$ 2	\$ 11,565	\$ 44,973	\$ 4,891,267

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE
STATE GASOLINE TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Interest and rentals	\$ -	\$ -	\$ 8,002	\$ 8,002
Intergovernmental:				
Section 2105, maintenance	-	-	197,461	197,461
Section 2106, construction	-	-	148,507	148,507
Section 2107, maintenance	-	-	283,424	283,424
Section 2107.5, engineering	-	-	6,000	6,000
R & T 360 Prop 42 Swap	-	-	583,581	583,581
Total revenues	<u>-</u>	<u>-</u>	<u>1,226,975</u>	<u>1,226,975</u>
EXPENDITURES				
Current:				
General government	<u>-</u>	<u>-</u>	<u>20,395</u>	<u>(20,395)</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	1,206,580	1,206,580
OTHER FINANCING USES				
Transfers in	-	-	259,968	259,968
Transfers out	<u>-</u>	<u>-</u>	<u>(525,950)</u>	<u>(525,950)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	940,598	<u>\$ 940,598</u>
FUND BALANCE, BEGINNING OF YEAR			<u>742,966</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,683,564</u>	

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE
MEASURE M TRAFFIC SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses, permits and fees:				
Measure M Streets Allocation	\$ -	\$ -	\$ 324,219	\$ 324,219
Interest and rentals	-	-	2,561	2,561
Total revenues	-	-	326,780	326,780
OTHER FINANCING USES				
Transfers in	-	-	28,759	28,759
Transfers out	-	-	(123,644)	(123,644)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	231,895	<u>\$ 231,895</u>
FUND BALANCE, BEGINNING OF YEAR			<u>265,214</u>	
FUND BALANCE, END OF YEAR			<u>\$ 497,109</u>	

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE
PROP 1B SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses, permits and fees:				
Interest and rentals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,020</u>	<u>\$ 2,020</u>
Total revenues	-	-	2,020	2,020
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(691,840)</u>	<u>(691,840)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>(689,820)</u>	<u><u>\$ (689,820)</u></u>
FUND BALANCE, BEGINNING OF YEAR			<u>689,861</u>	
FUND BALANCE, END OF YEAR			<u><u>\$ 41</u></u>	

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SIGNALS FEE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses, permits and fees:				
Interest and rentals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,731</u>	<u>\$ 12,731</u>
Total revenues	-	-	12,731	12,731
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(113,606)</u>	<u>(113,606)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>(100,875)</u>	<u><u>\$ (100,875)</u></u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,862,107</u>	
FUND BALANCE, END OF YEAR			<u><u>\$ 1,761,232</u></u>	

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE
CAPITAL OUTLAY FEE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Interest and rentals	\$ -	\$ -	\$ 1,502	\$ 1,502
Total revenues	-	-	1,502	1,502
OTHER FINANCING USES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	1,502	<u>\$ 1,502</u>
FUND BALANCE, BEGINNING OF YEAR			<u>217,325</u>	
FUND BALANCE, END OF YEAR			<u>\$ 218,827</u>	

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE
PUBLIC FACILITIES FINANCE FEE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses, permits and fees:	\$ -	\$ -	\$ 35,191	\$ 35,191
Interest and rentals	-	-	4,369	4,369
Total revenues	-	-	39,560	39,560
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(129,631)	(129,631)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(90,071)	<u>\$ (90,071)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>754,236</u>	
FUND BALANCE, END OF YEAR			<u>\$ 664,165</u>	

CITY OF ROHNERT PARK**BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT SERVICES
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Interest and rentals	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Intergovernmental	<u>-</u>	<u>-</u>	<u>112,496</u>	<u>112,496</u>
Total revenues	100,000	100,000	112,496	12,496
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(102,707)</u>	<u>(102,707)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 100,000</u></u>	<u><u>\$ 100,000</u></u>	<u>9,789</u>	<u><u>\$ (90,211)</u></u>
FUND BALANCE, BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE, END OF YEAR			<u><u>\$ 9,789</u></u>	

CITY OF ROHNERT PARK

BUDGETARY COMPARISON SCHEDULE

**TRAFFIC CONGESTION RELIEF (AB2928) SPECIAL FUND REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Interest and rentals	\$ -	\$ -	\$ 10	\$ 10
Total revenues	-	-	10	10
OTHER FINANCING USES				
Transfers out	-	-	(1,593)	(1,593)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(1,583)	<u>\$ (1,583)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,585</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2</u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
MEASURE M FIRE BENEFIT ASSESSMENT SPECIAL REFUND FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Measure M assessments	\$ 475,000	\$ 475,000	\$ 531,070	\$ 56,070
OTHER FINANCING USES				
Transfers out	<u>(475,000)</u>	<u>(475,000)</u>	<u>(534,657)</u>	<u>(59,657)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>(3,587)</u>	<u><u>\$ (3,587)</u></u>
FUND BALANCE, BEGINNING OF YEAR			<u>15,152</u>	
FUND BALANCE, END OF YEAR			<u><u>\$ 11,565</u></u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
MOBILE HOME RENT APPEALS BOARD SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012**

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

CITY OF ROHNERT PARK

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2012**

	Nonmajor Debt Service Funds
ASSETS	
Cash and investments	\$ -
Receivables:	
Taxes	-
Accounts	-
Total assets	<u>\$ -</u>
LIABILITIES	
Accounts payable	<u>\$ -</u>
FUND BALANCES	
Restricted	
Debt services	-
Total fund balances	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>

CITY OF ROHNERT PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR DEBT SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2012

	General Debt Service
REVENUES	
Interest and rentals	<u>\$ -</u>
EXPENDITURES	
Debt service:	
Principal	141,620
Interest and fiscal charges	<u>34,167</u>
Total expenditures	<u>175,787</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(175,787)
OTHER FINANCING SOURCES	
Proceeds from tender of bonds	
Transfers in	175,787
Transfers out	<u>-</u>
Total other financing sources (uses)	<u>175,787</u>
NET CHANGE IN FUND BALANCES	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ -</u></u>

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STATISTICAL SECTION

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Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	S-2
<i>These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.</i>	
Revenue Capacity	S-5
<i>These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.</i>	
Debt Capacity	S-17
<i>These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	S-22
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	S-25
<i>These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.</i>	

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

	Fiscal Year					
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 52,293,588	\$25,958,726	\$45,009,673	\$ 46,572,533	\$ 56,608,019	\$36,112,457
Restricted	27,482,966	17,346,573	2,418,812	13,873,842	5,730,424	11,318,076
Unrestricted	5,287,237	17,531,038	16,995,866	13,927,933	17,318,920	19,471,114
Total governmental activities net assets	<u>\$ 85,063,791</u>	<u>\$60,836,337</u>	<u>\$64,424,351</u>	<u>\$ 74,374,308</u>	<u>\$ 79,657,363</u>	<u>\$66,901,647</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 25,277,232	\$25,501,383	\$27,364,564	\$ 17,081,819	\$ 25,538,667	\$17,709,497
Unrestricted	1,287,885	1,062,429	2,435,608	14,654,310	6,682,325	11,737,893
Total business-type activities net assets	<u>\$ 26,565,117</u>	<u>\$26,563,812</u>	<u>\$29,800,172</u>	<u>\$ 31,736,129</u>	<u>\$ 32,220,992</u>	<u>\$29,447,390</u>
Primary government						
Invested in capital assets, net of related debt	\$ 77,570,820	\$51,460,109	\$72,374,237	\$ 63,654,352	\$ 82,146,686	\$53,821,954
Restricted	27,482,966	17,346,571	2,418,812	13,873,842	5,730,424	11,318,076
Unrestricted	6,575,122	18,593,465	19,431,474	28,582,243	24,001,245	31,209,007
Total primary government net assets	<u>\$111,628,908</u>	<u>\$87,400,145</u>	<u>\$94,224,523</u>	<u>\$106,110,437</u>	<u>\$111,878,355</u>	<u>\$96,349,037</u>

Source: City Finance Department

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

	Fiscal Year					
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses						
Governmental activities:						
General government	\$ 14,359,626	\$ 16,306,249	\$ 18,388,212	\$ 16,036,110	\$ 12,955,293	\$ 12,926,332
Public Safety	14,403,785	15,455,097	16,930,100	19,823,047	20,758,556	17,349,211
Public Works	3,530,589	3,416,002	4,228,872	4,050,312	4,421,182	4,522,563
Parks and recreation	3,266,821	3,659,993	3,650,692	4,687,184	4,979,212	4,198,572
Other	587,931	417,011	646,355	841,126	902,319	889,073
Interest on long-term debt	<u>1,920,730</u>	<u>3,856,319</u>	<u>5,939,204</u>	<u>4,586,047</u>	<u>4,629,601</u>	<u>2,690,598</u>
Total governmental activities expenses	<u>38,069,482</u>	<u>43,110,671</u>	<u>49,783,435</u>	<u>50,023,826</u>	<u>48,646,163</u>	<u>42,576,349</u>
Business-type activities:						
Water	7,095,841	6,791,475	5,702,115	6,306,127	7,122,292	6,690,385
Sewer	10,659,707	12,071,585	11,252,707	11,318,825	9,830,647	10,085,147
Refuse Collection	<u>5,534,555</u>	<u>5,330,582</u>	<u>5,547,595</u>	<u>5,390,186</u>	<u>5,344,215</u>	<u>5,181,643</u>
Total business-type activities expenses	<u>23,290,103</u>	<u>24,193,642</u>	<u>22,502,417</u>	<u>23,015,138</u>	<u>22,297,154</u>	<u>21,957,175</u>
Total primary government expenses	<u>\$61,359,585</u>	<u>\$67,304,314</u>	<u>\$72,285,852</u>	<u>\$73,038,964</u>	<u>\$70,943,317</u>	<u>\$64,533,524</u>
Program Revenues (see Schedule 3)						
Governmental activities:						
Charges for services:						
General government	\$ 1,339,978	\$ 1,076,171	\$ 1,076,152	\$ 1,137,111	\$ 978,440	\$ 1,221,652
Public safety	407,871	592,952	621,490	623,483	592,567	517,742
Public works	703,948	474,124	388,237	859,348	1,697,041	2,836,987
Parks and recreation	1,337,034	1,319,042	1,187,022	1,156,550	1,791,969	1,618,401
Other	398,004	301,631	386,317	448,970	-	-
Operating grants and contributions	2,125,258	2,441,258	2,796,402	3,366,714	2,572,995	2,344,534
Capital grants and contributions	<u>651,077</u>	<u>1,492,542</u>	<u>2,257,720</u>	<u>1,480,622</u>	<u>1,991,493</u>	<u>1,492,565</u>
Total governmental activities program revenues	<u>6,963,170</u>	<u>7,697,720</u>	<u>8,713,340</u>	<u>9,072,798</u>	<u>9,624,505</u>	<u>10,031,881</u>
Business-type activities:						
Charges for services:						
Water	6,631,136	6,466,678	6,384,464	6,630,287	6,341,560	6,433,014
Sewer	10,934,425	8,407,237	8,117,101	10,304,507	12,370,603	12,007,771
Refuse Collection	<u>5,442,977</u>	<u>5,526,939</u>	<u>5,635,222</u>	<u>5,554,993</u>	<u>5,454,193</u>	<u>5,240,389</u>
Capital grants and contributions	<u>268,029</u>	<u>192,260</u>	<u>235,742</u>	<u>214,617</u>	<u>566,411</u>	<u>1,829,074</u>
Total business-type activities program revenues	<u>23,276,567</u>	<u>20,593,114</u>	<u>20,372,529</u>	<u>22,704,404</u>	<u>24,732,767</u>	<u>25,510,248</u>
Total primary government program revenues	<u>\$30,239,737</u>	<u>\$28,290,834</u>	<u>\$29,085,869</u>	<u>\$31,777,202</u>	<u>\$34,357,272</u>	<u>\$35,542,129</u>

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

	Fiscal Year					
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Net (Expense)/Revenue						
Governmental activities	\$31,106,312	\$35,412,951	\$ 41,070,095	\$40,951,028	\$39,021,658	\$32,544,468
Business-type activities	<u>13,536</u>	<u>3,600,528</u>	<u>2,129,888</u>	<u>310,734</u>	<u>(2,435,613)</u>	<u>(3,553,073)</u>
Total primary government net expense	<u>\$31,119,848</u>	<u>\$39,013,479</u>	<u>\$ 43,199,983</u>	<u>\$41,261,762</u>	<u>\$36,586,045</u>	<u>\$28,991,395</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$16,106,337	\$15,595,902	\$ 16,632,581	\$16,989,860	\$17,054,597	\$16,928,529
Franchise taxes	1,695,706	1,500,461	1,700,371	1,411,622	1,440,749	1,428,827
Sales taxes	9,062,981	8,237,144	5,735,600	6,172,593	7,236,048	7,707,375
Motor vehicle license fees	2,722,876	2,908,809	2,947,584	3,042,186	3,142,034	3,074,869
Other taxes	2,054,212	1,816,893	1,574,857	1,812,696	2,016,907	1,606,108
Rental Income	-	-	-	31,823	-	-
Investment earnings	962,474	1,605,298	2,538,119	3,726,188	4,792,727	3,155,613
Gain (Loss) on sale of capital assets	-	-	(159,537)	997,720	4,778,278	-
Gain (Loss) on retirement of bonds	-	-	-	759,614	-	-
Other	181,941	415,518	176,370	197,023	311,425	217,520
Transfers	65,415	(255,089)	(25,807)	526,648	573,812	294,438
Extraordinary item - dissolution of RDA	<u>23,719,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>56,571,343</u>	<u>31,824,937</u>	<u>31,120,138</u>	<u>35,667,973</u>	<u>41,346,577</u>	<u>34,413,279</u>
Business-type activities:						
Investment earnings	80,257	109,076	168,124	352,519	458,866	426,769
Transfers	<u>(65,415)</u>	<u>255,089</u>	<u>25,807</u>	<u>(526,648)</u>	<u>(518,348)</u>	<u>(294,438)</u>
Total business-type activities	<u>14,842</u>	<u>364,165</u>	<u>193,931</u>	<u>(174,129)</u>	<u>(59,482)</u>	<u>132,331</u>
Total primary government	<u>\$56,586,185</u>	<u>\$32,189,102</u>	<u>\$ 31,314,069</u>	<u>\$35,493,844</u>	<u>\$41,287,095</u>	<u>\$34,545,610</u>
Change in Net Assets						
Governmental activities	\$25,465,031	\$ (3,588,014)	\$ (9,949,957)	\$ (5,283,055)	\$ 2,324,919	\$ 1,868,811
Business-type activities	<u>1,306</u>	<u>(3,236,363)</u>	<u>(1,935,957)</u>	<u>(484,863)</u>	<u>2,376,131</u>	<u>3,685,404</u>
Total primary government	<u>\$25,466,337</u>	<u>\$ (6,824,377)</u>	<u>\$ (11,885,914)</u>	<u>\$ (5,767,918)</u>	<u>\$ 4,701,050</u>	<u>\$ 5,554,215</u>

Source: City Finance Department

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

	Program Revenues					
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Function/Program						
Governmental activities:						
General government	\$ 1,636,799	\$ 1,147,579	\$ 1,230,469	\$ 1,842,155	\$ 3,416,683	\$ 4,104,573
Public safety	1,008,050	910,988	1,626,916	1,477,094	858,919	748,521
Public works	2,583,283	4,018,480	1,519,461	4,081,609	2,887,783	3,117,622
Parks and recreation	1,337,034	1,319,042	1,691,952	1,156,550	1,791,969	1,618,401
Other	<u>398,004</u>	<u>301,631</u>	<u>386,822</u>	<u>515,390</u>	<u>669,151</u>	<u>442,764</u>
Subtotal governmental activities	<u>6,963,170</u>	<u>7,697,720</u>	<u>6,455,620</u>	<u>9,072,798</u>	<u>9,624,505</u>	<u>10,031,881</u>
Business-type activities:						
Water	6,775,045	6,466,678	6,384,464	6,794,666	6,388,188	6,330,481
Wastewater	11,058,545	8,599,497	8,352,843	10,354,745	12,890,386	13,590,308
Refuse	<u>5,442,977</u>	<u>5,526,939</u>	<u>5,635,222</u>	<u>5,554,993</u>	<u>5,454,193</u>	<u>5,240,389</u>
Subtotal business-type activities	<u>23,276,567</u>	<u>20,593,114</u>	<u>20,372,529</u>	<u>22,704,404</u>	<u>24,732,767</u>	<u>25,161,178</u>
Total primary government	<u><u>\$30,239,737</u></u>	<u><u>\$28,290,834</u></u>	<u><u>\$26,828,149</u></u>	<u><u>\$31,777,202</u></u>	<u><u>\$34,357,272</u></u>	<u><u>\$35,193,059</u></u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund										
(1) Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,382,742	2,360,946
(1) Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	927,747	2,429,224
(1) Committed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,592,593	-
(1) Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,567,135	3,553,613
(1) Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	1,208,071
Reserved	\$ 2,713,333	\$ 2,626,791	\$ 2,943,767	\$ 2,805,375	\$ 3,904,011	\$ 3,233,155	\$ 2,578,952	\$ 2,466,224	-	-
Unreserved	<u>12,979,444</u>	<u>15,782,442</u>	<u>15,385,235</u>	<u>15,225,455</u>	<u>13,083,633</u>	<u>13,186,254</u>	<u>9,589,701</u>	<u>6,871,421</u>	-	-
Total general fund	<u>\$15,692,777</u>	<u>\$18,409,233</u>	<u>\$18,329,002</u>	<u>\$18,030,830</u>	<u>\$16,987,644</u>	<u>\$16,419,409</u>	<u>\$12,168,653</u>	<u>\$ 9,337,645</u>	<u>\$ 8,470,217</u>	<u>9,551,854</u>
All Other Governmental Funds										
(1) Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	20,231,490	10,519,393
(1) Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	26,492,563	16,816,229
(1) Committed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,895,378	2,710,553
(1) Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-
(1) Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(311,900)	(473,022)
Reserved	\$11,392,576	\$11,986,252	\$11,807,568	\$13,321,727	\$73,308,593	\$68,299,779	\$56,532,084	\$62,746,031	-	-
Unreserved, reported in:										
Special revenue funds	1,245,070	2,567,278	2,537,723	3,730,841	4,520,308	2,910,150	3,249,461	3,237,597	-	-
Capital projects funds	<u>4,840,759</u>	<u>7,106,995</u>	<u>7,607,850</u>	<u>6,653,690</u>	<u>8,154,368</u>	<u>6,034,588</u>	<u>5,013,206</u>	<u>(600,372)</u>	-	-
Total all other governmental funds	<u>\$17,478,405</u>	<u>\$21,660,525</u>	<u>\$21,953,141</u>	<u>\$23,706,258</u>	<u>\$85,983,269</u>	<u>\$77,244,517</u>	<u>\$64,794,751</u>	<u>\$65,383,256</u>	<u>\$49,307,531</u>	<u>\$29,573,153</u>

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

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues										
Taxes (see Schedule 6)	\$ 19,369,070	\$ 23,265,761	\$ 23,729,707	\$ 26,055,840	\$ 28,010,839	\$ 27,748,301	\$ 26,386,771	\$ 25,643,409	\$ 27,150,400	\$ 28,919,237
Intergovernmental	4,946,037	4,677,326	4,697,723	4,385,363	6,470,275	6,789,040	7,251,897	5,607,308	6,114,398	5,506,724
Interest and rentals	1,852,394	1,934,571	1,726,379	2,214,033	3,434,813	4,669,700	4,208,902	3,045,486	2,146,774	1,462,569
Charges for services	1,789,670	1,746,714	1,708,557	2,461,399	2,312,537	2,531,523	1,812,427	1,823,791	1,952,202	1,649,569
Licenses, permits and fees	1,132,715	2,376,101	2,083,725	1,796,443	2,550,850	1,816,859	837,678	870,585	888,402	1,129,495
Special assessment collection	351,885	160,866	327,225	306,495	210,435	-	-	-	-	-
Fines, forfeitures and penalties	185,715	174,550	181,727	216,368	197,134	159,701	212,849	193,392	146,940	184,386
Donations and miscellaneous	1,239,855	1,496,736	1,023,983	1,656,272	1,241,335	1,780,818	1,512,347	1,148,005	518,210	876,716
Total revenues	30,867,341	35,832,625	35,479,026	39,092,213	44,428,218	45,495,942	42,222,871	38,331,976	38,917,327	39,728,697
Expenditures										
General government	7,491,692	8,230,662	11,480,332	11,184,075	12,654,518	12,694,183	12,731,601	15,592,370	13,914,331	12,969,980
Public safety	11,181,015	12,601,586	14,346,107	15,442,477	16,126,814	19,414,226	18,978,007	16,117,857	14,687,084	13,788,261
Public works	2,430,335	1,852,072	1,962,617	1,841,831	2,085,443	2,255,776	1,715,606	1,643,398	656,651	726,480
Parks and recreation	2,836,600	2,419,161	2,611,590	2,875,257	2,983,531	3,248,052	3,062,625	2,266,260	2,270,907	2,312,924
Other	1,076,102	997,196	1,094,895	1,187,748	889,073	902,319	841,126	646,355	417,011	587,931

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Capital outlay	\$ 6,226,317	\$ 3,114,073	\$ 3,098,196	\$ 5,065,505	\$ 7,324,188	\$ 13,940,133	\$ 11,268,721	\$ 3,523,917	\$ 174,963	\$ 1,748,317
Debt service										
Interest	1,381,577	1,242,520	1,179,094	1,196,955	1,188,507	3,345,671	3,924,833	3,254,018	3,028,229	2,463,746
Cost of issuance	-	-	-	-	1,316,741	-	-	-	-	-
Principal	<u>2,640,957</u>	<u>1,731,907</u>	<u>1,694,815</u>	<u>1,896,222</u>	<u>2,039,651</u>	<u>3,734,038</u>	<u>11,682,136</u>	<u>16,043,885</u>	<u>1,604,925</u>	<u>1,188,430</u>
Total expenditures	<u>35,264,595</u>	<u>32,189,177</u>	<u>37,467,646</u>	<u>40,690,070</u>	<u>46,608,466</u>	<u>59,534,398</u>	<u>64,204,655</u>	<u>59,088,060</u>	<u>36,754,101</u>	<u>35,786,069</u>
Excess of revenues over (under) expenditures	(4,397,254)	3,643,448	(1,988,620)	(1,597,857)	(2,180,248)	(14,038,456)	(21,981,784)	(20,756,084)	2,163,226	3,942,628
Other Financing Sources (Uses)										
Issuance of debt	-	6,950,000	-	-	61,440,000	-	-	-	-	-
Discount on debt	-	-	-	-	(391,516)	-	-	-	-	-
Premium on debt	-	-	-	-	1,344,163	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	759,614	-	-	-
Cost of defeasance	-	-	-	-	-	-	-	-	-	-
Payments to escrow agent	361,460	(7,078,675)	-	-	-	-	-	-	-	-
Proceeds from the sale of capital assets	297,232	3,269,170	1,263,800	1,956,704	-	5,201,717	3,995,000	1,255,263	-	-
Lease proceeds	-	-	1,175,965	818,624	-	-	-	-	-	-
Transfers in	10,757,175	7,056,503	9,150,655	9,245,675	12,377,738	21,953,933	24,118,981	24,626,604	10,206,357	30,274,573
Transfers out	<u>(10,450,825)</u>	<u>(6,941,870)</u>	<u>(9,389,415)</u>	<u>(8,968,201)</u>	<u>(12,083,300)</u>	<u>(21,380,121)</u>	<u>(23,592,333)</u>	<u>(24,652,411)</u>	<u>(10,461,446)</u>	<u>(30,309,158)</u>
Total other financing sources (uses)	<u>965,042</u>	<u>3,255,128</u>	<u>2,201,005</u>	<u>3,052,802</u>	<u>62,687,085</u>	<u>5,775,529</u>	<u>5,281,262</u>	<u>1,229,456</u>	<u>(255,089)</u>	<u>(34,585)</u>
Net change in fund balances	<u>\$ (3,432,212)</u>	<u>\$ 6,898,576</u>	<u>\$ 212,385</u>	<u>\$ 1,454,945</u>	<u>\$ 60,506,837</u>	<u>\$ (8,262,927)</u>	<u>\$ (16,700,522)</u>	<u>\$ (19,526,628)</u>	<u>\$ 1,908,137</u>	<u>\$ 3,908,042</u>
Debt service as a percentage of noncapital expenditures	13.9%	10.2%	8.4%	8.7%	11.6%	15.5%	29.5%	34.7%	12.7%	10.7%

Source: City Finance Department

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

<u>Fiscal Year</u>	<u>Property</u>	<u>d Sales & Use</u>	<u>a Occupancy</u>	<u>b Franchise</u>	<u>c Real Property Transfer</u>	<u>Total</u>
2003	\$ 2,426,786	\$ 6,088,867	\$ 1,363,690	\$ 1,073,224	\$ 352,817	\$ 11,305,384
2004	2,517,925	6,834,708	1,367,259	1,725,403	265,430	12,710,725
2005	2,739,642	6,953,294	1,451,781	1,263,721	250,421	12,658,859
2006	3,127,448	7,386,925	1,601,587	1,308,839	253,584	13,678,383
2007	3,167,241	7,707,375	1,771,527	1,428,827	174,581	14,249,551
2008	3,199,831	7,236,048	1,899,362	1,440,749	117,545	13,893,535
2009	3,029,029	6,172,593	1,722,049	1,411,622	90,647	12,425,940
2010	2,845,643	5,735,600	1,574,857	1,700,371	84,087	11,940,558
2011	2,679,110	8,237,144	1,747,659	1,500,461	69,234	14,233,608
2012	3,252,056	9,062,981	1,940,536	1,695,706	113,677	16,064,956
Change 2003–2012	34.0%	48.8%	42.3%	58.0%	-67.8%	42.1%

Notes:

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

^b In FY 2004, the City received a large payment from Empire Waste Management for underpayment of prior year franchise fees. In FY 2010 the City received a donation for franchise fees

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

^d Passage of Measure M , a half cent sales tax increase

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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value
2001	\$ 1,947,693	\$ 402,248	not available	not available	not available	\$ 81,075	\$ 2,349,941	not available	not available	not available
2002	1,961,462	420,042	not available	not available	not available	82,224	2,381,504	not available	not available	not available
2003	2,452,866	433,238	not available	not available	not available	85,312	2,886,104	not available	not available	not available
2004	2,657,037	444,520	not available	not available	not available	86,148	3,101,557	not available	not available	not available
2005	2,525,881	327,262	\$ 12,712	\$ 390,994	\$ 132,125	91,159	3,297,815	not available	not available	not available
2006	2,759,526	339,198	10,301	\$ 387,682	\$ 153,029	95,424	3,554,312	not available	not available	not available
2007	3,059,684	354,768	11,948	\$ 366,935	\$ 189,487	110,294	3,872,528	0.17	\$ 5,249,522	55.96%
2008	3,262,949	434,387	12,582	373,261	123,628	128,319	4,078,488	0.16	6,545,045	64.27%
2009	3,136,944	459,211	12,245	473,115	\$ 119,825	149,311	4,052,029	0.08	7,339,077	57.25%
2010	3,003,726	450,565	11,703	468,113	\$ 121,865	155,029	3,900,943	0.08	7,617,162	53.25%
2011	2,864,451	409,207	11,160	446,408	\$ 117,795	155,904	3,693,117	0.08	7,617,162	50.53%
2012	2,838,854	409,126	11,158	446,319	\$ 111,620	159,943	3,657,134	0.08	7,824,858	48.78%

Source: 2007-12: County Assessor, County Auditor-Controller, and MuniServices LLC
2006 and prior: Sonoma County Tax Collector, Assessor and Auditor-Controller

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

(1) Total Direct Tax Rate is represented by TRA 007-000

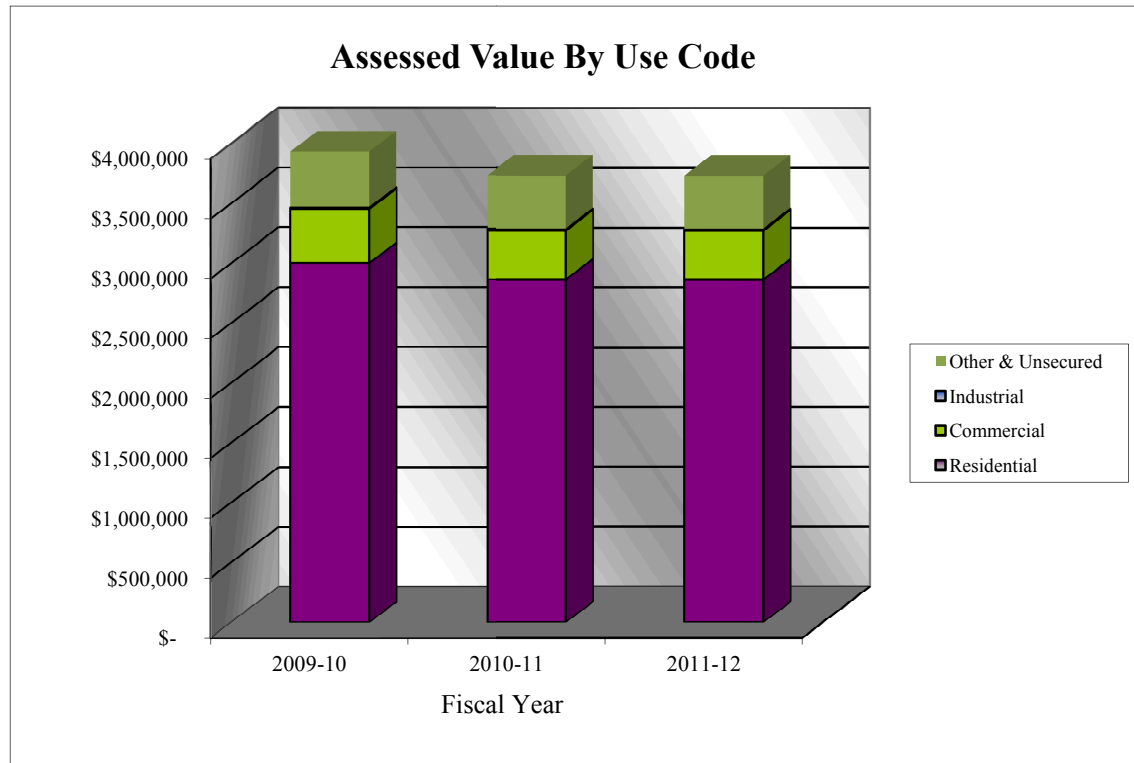
(2) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sales prices.
Based on these calculations, a multiplier value was extrapolated and applied to current assessed values.

City of Rohnert Park

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

Category	2009-10	2010-11	2011-12
Residential	\$ 3,003,726	\$ 2,864,451	\$ 2,838,854
Commercial	450,565	409,207	409,126
Industrial	11,703	11,160	11,158
Other & Unsecured	468,113	446,408	446,319
Gross Secured Value	3,934,107	3,731,226	3,705,457
Unsecured Value	121,865	117,795	111,620
Exemptions	(155,029)	(155,904)	(159,943)
Net Taxable Value	\$ 3,900,943	\$ 3,693,117	\$ 3,657,134

Source: 2011-12 County Assessor data,
MuniServices, LLC
Use code categories are based on Sonoma County
Assessor's data



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

Fiscal Year	Basic City and County Levy			Overlapping Rates ^a						Total Tax Rate
	City of Rohnert Park	County of Sonoma	Total	Rohnert Park Cotati School District	Warm Spring Dam	Santa Rosa Junior College	Santa Rosa High School	Bellvue School District	Total	
2000	n/a	n/a	1.00	0.11	0.007	0.025	0.0300	0.025	0.1970	1.1970
2001	n/a	n/a	1.00	0.11	0.007	0.025	0.0300	0.025	0.1970	1.1970
2002	n/a	n/a	1.00	0.11	0.007	0.025	0.0542	0.025	0.2212	1.2212
2003	n/a	n/a	1.00	0.11	0.007	0.025	0.0542	0.025	0.2212	1.2212
2004	n/a	n/a	1.00	0.11	0.007	0.025	0.0542	0.025	0.2212	1.2212
2005	n/a	n/a	1.00	0.11	0.007	0.025	0.0542	0.025	0.2212	1.2212
2006	n/a	n/a	1.00	0.11	0.007	0.025	0.0542	0.025	0.2212	1.2212
2007	\$ 0.175	\$ 0.825	1.00	0.11	0.007	0.025	-	-	0.1420	1.1420
2008	\$ 0.175	\$ 0.825	1.00	0.11	0.007	0.025	-	-	0.1420	1.1420
2009	\$ 0.175	\$ 0.825	1.00	0.11	0.007	0.025	-	-	0.1420	1.1420
2010	\$ 0.175	\$ 0.825	1.00	0.11	0.007	0.025	-	-	0.1420	1.1420
2011	\$ 0.175	\$ 0.825	1.00	0.11	0.007	0.025	-	-	0.1420	1.1420
2012	\$ 0.175	\$ 0.825	1.00	0.11	0.007	0.025	-	-	0.1420	1.1420

Source: 2007-12: County Auditor-Controller, MuniServices, LLC
2006 and prior: Sonoma County Auditor-Controller, Tax Collector

Notes:

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

TRA 007-000 is represented for this table

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	2,298,857	2,291,796	99.69	6,459	2,298,255	99.97
2004	2,303,177	2,295,714	99.68	5,738	2,301,452	99.93
2005	2,747,507	2,739,642	99.71	-	2,739,642	99.71
2006	3,127,448	3,113,048	99.54	-	3,113,048	99.54
2007	3,167,241	3,148,920	99.42	-	3,148,920	99.42
2008	3,200,856	3,188,844	99.62	-	3,188,844	99.62
2009	3,029,027	3,018,252	99.64	-	3,018,252	99.64
2010	2,845,643	2,839,175	99.77	-	2,839,175	99.77
2011	2,679,110	2,668,030	99.59	-	2,668,030	99.59
2012	2,749,247	2,743,934	99.81	-	2,743,934	99.81

Sources: Sonoma County Auditor-Controller

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

	Calendar Year											
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007Q3*</u>	<u>2008Q3*</u>	<u>2008Q3*</u>	<u>2009Q3*</u>	<u>2010Q3*</u>	<u>2011Q3*</u>	
All other outlets	\$ 78,390	\$ 73,646	\$ 75,051	\$ 82,371	\$ 83,199	\$ 95,037	\$ 88,437	\$ 81,305	\$ 8,868	\$ 6,602	\$ 5,736	
Apparel stores	15,062	13,786	13,691	13,927	14,154	14,504	13,838	13,551	31,548	32,602	33,076	
Auto dealers and supplies	20,821	22,528	21,451	19,923	20,365	20,065	17,967	20,326	47,999	53,972	46,748	
Building materials and farm tools	109,063	114,615	126,268	126,436	125,132	103,043	77,368	33,877	208,332	186,030	197,156	
Eating and drinking establishments	56,357	60,000	68,442	72,279	73,091	73,939	70,627	81,305	183,167	178,472	173,980	
Food stores	35,023	34,990	38,929	39,765	40,923	36,466	38,581	40,653	85,244	84,092	90,970	
General merchandise	104,242	164,097	179,419	191,443	194,974	199,921	206,342	216,814	523,130	557,239	534,863	
Home furnishings and appliances	45,674	39,276	36,601	32,707	29,879	32,777	27,509	27,102	48,183	68,920	65,513	
Other retail stores	71,914	70,868	71,228	76,111	74,799	64,939	57,796	108,407	134,960	256,404	133,321	
Service stations	29,556	31,805	31,960	34,155	36,395	39,181	45,281	47,428	89,151	82,737	96,876	
Packaged Liquor and Drug Stores						7,558	7,988	6,775	15,744	16,921	16,867	
Total	<u>\$ 566,101</u>	<u>\$ 625,611</u>	<u>\$ 663,040</u>	<u>\$ 689,114</u>	<u>\$ 692,912</u>	<u>\$ 687,430</u>	<u>\$ 651,734</u>	<u>\$ 677,543</u>	<u>\$ 1,376,326</u>	<u>\$ 1,523,991</u>	<u>\$ 1,395,106</u>	
City direct sales tax rate	1.25%	1.25%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	

Source: State Department of Commerce.

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

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

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

Fiscal Year	City Direct Rate	Sonoma County	State
2001	1.00	0.25	6.00
2002	1.00	0.25	5.75
2003	1.00	0.25	6.00
2004	1.00	0.25	6.00
2005	0.75	0.50	6.25
2006	0.75	0.50	6.25
2007	0.75	0.25	6.25
2008	0.75	0.25	6.25
2009	0.75	1.00	7.25
2010	0.75	1.00	7.25
2011	1.25	1.00	7.25
2012	1.25	1.00	7.25

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

2012		2003	
TAXPAYER	BUSINESS TYPE	BUSINESS NAME	BUSINESS TYPE
ASHLEY FURNITURE	FURNITURE/APPLIANCE	101 INTERNATIONAL TRUCK SALES	AUTO SALES - NEW
BURLINGTON COAT FACTORY	APPAREL STORES	BURLINGTON COAT FACTORY	DEPARTMENT STORES
CASTINO RESTRNT EQPMNT SUPPLY	FOOD PROCESSING EQP	CASTINO RESTRNT EQPMNT SUPPLY	FOOD PROCESSING EQP
CHEVRON SERVICE STATIONS	SERVICE STATIONS	CHEVRON SERVICE STATIONS	SERVICE STATIONS
COSTCO WHOLESALE	BLDG MATLS - RETAIL	COSTCO WHOLESALE	BLDG MATLS - RETAIL
CVS	PHARMACY	FOOD MAXX	FOOD MARKETS
EXXON SERVICE STATIONS	SERVICE STATIONS	HERTZ EQUIPMENT RENTAL	LEASING
FOOD MAXX	FOOD MARKETS	HOME DEPOT	BLDG MATLS - RETAIL
HERTZ EQUIPMENT RENTAL	LEASING	J.E.HIGGINS LUMBER COMPANY	BLDG MATLS - RETAIL
HOME DEPOT	BLDG MATLS - RETAIL	LEVITZ FURNITURE	DEPARTMENT STORES
IN-IN-OUT BURGERS	RESTAURANT	LINENS N THINGS	FURNITURE/APPLIANCE
MCDONALDS	RESTAURANT	MCPHAIL'S APPLIANCES	APPLIANCES
MCPHAIL'S APPLIANCES	FURNITURE/APPLIANCE	NORTRAX WEST	LIGHT INDUSTRY
OFFICE DEPOT	NEXT LEVEL COMMUNICATIONS	OFFICE DEPOT	OFFICE EQUIPMENT
O'DELL PRINTING COMPANY	LIGHT INDUSTRY	PETSMART	FOOD MARKETS
OLIVE GARDEN	RESTAURANT	RALEY'S SUPERMARKET	DEPARTMENT STORES
PETSMART	MISCELLANEOUS RETAIL	ROSS STORES	FOOD MARKETS
RALEY'S SUPERMARKET	FOOD MARKETS	ROTTEN ROBBIE SERVICE STATIONS	APPAREL STORES
ROSS STORES	APPAREL STORES	SAFEWAY STORES	FOOD MARKETS
ROTTEN ROBBIE	SERVICE STATIONS	SHELL SERVICE STATIONS	SERVICE STATIONS
SAFEWAY STORES	FOOD MARKETS	TARGET STORES	DEPARTMENT STORES
SHELL SERVICE STATION	SERVICE STATIONS	UNITED FURNITURE	FURNITURE/APPLIANCE
TARGET STORES	DEPARTMENT STORES	W.W.GRAINGER	LIGHT INDUSTRY
W.W.GRAINGER	LIGHT INDUSTRY	WAL MART STORES	DEPARTMENT STORES
WAL MART STORES	DEPARTMENT STORES	YARDBIRDS HOME CENTER	BLDG MATLS - RETAIL

Source: State Board of Equalization, MuniServices, LLC

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

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

Fiscal Year	Government-type Activities					Business-type Activities		(a) Total Primary Government	(b) Percentage of Personal Income	(b) Per Capita
	(c) Redevelopment Bonds	Certificates of Participation	(d) Lease Revenue Bonds	Special Assessment Bonds	Capital Leases	Water Revenue Bonds	Certificates of Participation			
2002	\$ 23,649	\$ 12,247	\$ -	\$ 2,010	\$ 799	\$ -	\$ -	\$ 38,705	2.49	908
2003	23,444	11,530	-	1,495	602	2,090	-	39,161	2.52	928
2004	23,347	4,545	6,950	1,185	449	2,010	-	38,486	2.35	914
2005	23,244	4,405	6,710	910	1,485	6,930	13,000	56,684	3.33	1,335
2006	23,082	4,265	6,485	620	2,027	6,725	13,000	56,204	3.12	1,306
2007	84,351	4,115	6,255	190	1,778	6,515	12,770	115,974	9.69	2,700
2008	82,253	3,960	6,020	-	1,539	6,305	12,530	112,607	9.69	2,615
2009	72,120	3,800	5,780	-	1,212	6,085	12,285	101,282	9.40	2,354
2010	59,513	3,635	5,535	-	982	5,860	12,030	87,555	8.14	2,017
2011	51,553	3,460	5,280	-	846	5,630	11,765	78,534	7.04	1,810
2012	-	3,280	501	-	705	5,390	11,490	21,366	6.31	521

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

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

^(b) See Schedule 22 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

^(c) Due to the dissolution of the RDA, the bond liability has been transferred to the Successor Agency.

^(d) Only 10% of the LRRB's remain as a City bond liability due to the dissolution of the RDA.

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

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita
	Redevelopment Bonds	Total		
2003	23,444	23,444	0.8123	555.57
2004	23,347	23,347	0.7528	554.21
2005	23,244	23,244	0.7048	547.63
2006	23,082	23,082	0.6494	536.45
2007	84,351	84,351	2.1782	1,963.52
2008	82,253	82,253	2.0168	1,910.11
2009	72,120	72,120	1.7798	1,676.43
2010	59,513	59,513	1.5256	1,371.33
2011	51,553	51,553	1.39592	1,198.35
2012 (a)	-	-	-	-

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

(a) Due to the dissolution of the RDA, the bond liability has been transferred to the Successor Agency.

City of Rohnert Park
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012
(dollars in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable "</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Cotati-Rohnert Park Unified School District	\$ 63,970,000	82.018%	<u>\$ 52,466,963</u>
Subtotal, overlapping debt			52,466,963
City direct debt			<u>4,486,453</u>
Total direct and overlapping debt			<u>\$ 56,953,416</u>

Source: Sonoma County Tax Collector

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

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

Legal Debt Margin Calculation for Fiscal Year 2012	
Assessed value	\$ 3,657,134
Debt limit (15% of assessed value)	548,570
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>548,570</u>
Legal debt margin	<u>\$ 548,570</u>

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 478,156	\$ 487,694	\$ 526,849	\$ 534,506	\$ 580,879	\$ 611,773	\$ 611,773	\$ 564,732	\$ 564,587	\$ 548,570
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 478,156</u>	<u>\$ 487,694</u>	<u>\$ 526,849</u>	<u>\$ 534,506</u>	<u>\$ 580,879</u>	<u>\$ 611,773</u>	<u>\$ 611,773</u>	<u>\$ 564,732</u>	<u>\$ 564,587</u>	<u>\$ 548,570</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Fiscal Year	Water Revenue Bonds						Sewer Revenue Bonds						Special Assessment Bonds			
	Utility	Less:	Net	Debt Service		Coverage	Utility	Less:	Net	Debt Service		Coverage	Special	Debt Service		Coverage
	Service	Operating	Available	Principal	Interest		Service	Operating	Available	Principal	Interest		Assessment	Principal	Interest	
	Charges	Expenses	Revenue				Charges	Expenses	Revenue				Collections			
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 382	\$ 330	\$ 46	1.02
2004	4,622	5,061	(439)	80	72	(2.89)	-	-	-	-	-	-	317	295	56	0.90
2005	4,933	5,031	(98)	80	70	(0.65)	-	-	-	-	-	-	340	270	46	1.08
2006	6,406	5,480	926	205	237	2.10	9,955	9,112	843	-	-	n/a	319	290	37	0.98
2007	6,084	5,700	384	210	262	0.81	12,008	9,501	2,507	-	-	n/a	456	430	21	1.01
2008	6,342	6,851	(509)	220	251	(1.08)	12,371	9,244	3,127	-	-	n/a	-	-	-	-
2009	6,630	5,715	915	225	245	1.95	10,304	10,740	(436)	-	-	n/a	-	-	-	-
2010	6,384	5,445	939	230	238	2.01	8,117	10,682	(2,565)	-	-	n/a	-	-	-	-
2011	6,360	6,542	(182)	240	231	(0.39)	8,180	11,510	(3,330)	-	-	n/a	-	-	-	-
2012	6,631	6,273	358	245	223	0.76	10,934	8,984	1,950	-	-	n/a	-	-	-	-

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

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

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	County Unemployment Rate	City Unemployment Rate
2002	42,650	\$ 1,553,612	\$ 36,427	35.9	7,836	5.1%	4.7%
2003	42,198	1,554,743	36,844	36.0	7,678	5.5%	4.8%
2004	42,127	1,638,782	38,901	38.9	7,482	5.0%	5.3%
2005	42,445	1,703,333	38,793	38.9	7,260	4.5%	4.1%
2006	43,027	1,803,380	43,318	33.1	6,816	4.0%	3.9%
2007	42,959	1,197,439	27,874	33.1	6,847	4.3%	3.9%
2008	43,062	1,243,889	28,886	33.1	6,179	5.7%	6.4%
2009	43,020	not available	23,035	31.5 est*	6,038	9.70%	10%
2010	43,398	not available	23,035	31.5 est*	6,078	10.00%	10.2%
2011	40,971	not available	28,241	32.7 est*	6,003	10.30%	10.1%
2012	41,333	not available	28,263	35.8 est*	5,946	10.00%	10.3%

Sources: 2002-2006 & 2008: Personal Income information provided by U.S. Department of Commerce, Bureau of Economic Analysis. Median Age information provided by U.S. Census Bureau, American Community Survey. Unemployment information provided by State of California Employment Development Department. School Enrollment information provided by Cotati-Rohnert Park School District. Population information provided by State Department of Finance.

2007: MuniServices LLC

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

* Represents Median Age taken from the 2000 Census Data. 2008 to 2012 Census Data is not yet available.

**City of Rohnert Park
Principal Employers,
Current Year and Four Years Ago**

<u>Employer</u>	2012			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sonoma State University	1,000	1	4.41 %	1,483	1	13.79 %
Rohnert Park/ Cotati USD	492	2	2.17	468	2	4.35
Wal-Mart	Not Available			360	3	3.35
Home Depot	153	7	0.67	242	4	2.25
Costco	250	3	1.10	213	5	1.98
DC Power Systems	200	4	0.88	190	6	1.77
Target	218	5	0.96			
Safeway	135	8	0.59			
DoubleTree	123	9	0.54			
City of Rohnert Park	155	6	0.68			
ParkerCompumotor Corp	-		-	178	8	1.66
State Farm Insurance	-		-	177	7	1.65
Cross Check	-		-	143	9	1.33
Masterwork Electronics	-		-	126	10	1.17
Total	2,726		12.01 %	3,580		33.30 %
Total City Employment (1)	22,700					

Source: 2008 and prior: Chamber of Commerce for top employers and www.epodunk.com for total employment
2012: Direct correspondence with City's local businesses

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

Note: Data not available for years prior to 2008

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

<u>Function/Program</u>	<u>Full-time-Equivalent Employees as of June 30</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government										
City Manager's Office	6	4	5	5	7	7	7	6.7	5.85	7
Finance	11	10	11	12	12	12	11	11	9.75	10
Information Systems	2	2	2	2	2	2	2	2	2	2
Planning	3	2	2	3	3	3	3	1.7	0	0
Development Services ^a									11	11
Human Resource	3	2	2	2	2	2	3	2.25	2.25	2.25
Other	3	1	2	2	-	-	-	-	0	0
Public Safety										
Officers	70	70	76	77	78	78	78	63.75	63	60
Civilians	31	30	30	30	31	32	32	27	20.75	20.75
Building Inspection	4	2	2	3	3	3	3	2.3	0	0
Public Works										
Engineering ^b	4	3	4	5	6	6	8	8	0	0
Public Works	27	23	25	25	29	29	29	27.4	34.08	34.65
Park Maintenance	9	7	6	5	4	5	5	6.6	0	0
Parks and recreation	10	7	7	7	7	7	6	2		
Community Services									37	5.3
Performing Arts Center	<u>4</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>2</u>	<u>2</u>
Total	<u>187</u>	<u>166</u>	<u>178</u>	<u>182</u>	<u>188</u>	<u>190</u>	<u>191</u>	<u>164</u>	<u>151</u>	<u>155</u>

Source: City Budget Office.

a - New Department combine Plan, Building and Engineering

b - New Department combine Parks & Recreation

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government										
Building permits issued	801	634	736	574	663	650	515	575	622	658
Building inspections conducted	not available	not available	2,228	1,875	1,560	1393	1,664	815	1,168	902
Police										
Physical arrests	not available	1,839	2,174	2,485	2,474	3,076	3,156	2,323	2,214	1819
Parking violations	not available	1,111	3,583	3,794	2,554	2,448	3,248	2,419	2,034	2106
Traffic violations	not available	265	286	264	1,402	1,695	1,452	1,438	1,232	1248
Fire										
Emergency responses	103	107	113	134	3,164	3,007	3,262	3,263	3,156	3325
Inspections	not available	not available	not available	not available	1,713	1,869	1,966	1,555	2,031	1427
Refuse collection ^a										
Refuse collected (tons per day)	65.6	65.3	61.3	64.3	68.2	59.7	58	53	49	54.35
Recyclables collected (tons per day)	29.5	27.4	27.5	30.9	31.4	28.89	29	18	19	22.64
Parks and recreation										
Sports & Fitness Center Attendance	113,552	135,259	136,490	119,803	111,655	124,261	101,253	125,321	112,330	110,710
Community Center Attendance ^b	86,121	71,069	41,120	42,019	46,495	42,240	48,682	43,253	36,170	44,912
Library										
Volumes in collection	60,254	65,078	74,868	75,718	84,369	84,381	90,478	90,478	90,538	97,382
Water										
Water main breaks	not available	not available	2	2	0	1	3	1	1	1
Average daily consumption (millions of gallons)	6.31	6.18	5.42	5.00	4.90	4.4	4.4	3.9	3.9	3.94
Peak daily consumption (millions of gallons)	10.18	8.81	8.44	7.86	7.15	6.7	6.4	5.7	5.4	5.6
Wastewater										
Average daily sewage treatment (millions of gallons)	3.69	3.60	3.88	3.87	3.16	3.42	3.12	3.28	3.48	3.18

Sources: Various city departments.

Notes:

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

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

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police										
Stations	4	4	4	4	4	4	4	3	3	3
Patrol officers	44	48	48	48	48	48	48	34	29	24
Fire stations	4	4	4	4	4	4	4	3	3	3
Refuse Collection ^a										
Collection trucks	13	11	11	11	10	10	10	10	10	10
Street Sweepers	2	2	2	1	1	1	1	1	1	1
Other public works										
Streets (miles)	85.12	85.12	85.12	85.12	85.12	85.12	85.12	86.17	86.17	86.17
Streetlights	2,794	2,794	2,794	2,794	2,794	2,794	2,794	2817	2817	2817
Parks and recreation										
Acreage	102	102	102	102	102	102	105	105	105	105
Playgrounds	30	30	30	30	30	30	25	25	24	24
Baseball/softball diamonds	14	14	14	14	14	14	10	10	10	10
Soccer/football fields	9	9	9	9	9	9	11	11	11	11
Tennis courts	25	25	25	25	25	25	26	26	25	25
Water										
Water mains (miles)	82.81	115.70	115.70	115.70	115.70	115.70	115.7	115.7	115.7	115.7
Fire hydrants	not available	not available	not available	1,450	1,458	1,458	1,462	1462	1,462	1462
Storage capacity (thousands of gallons)	4,374.6	4,374.6	4,374.6	4,374.6	4,374.6	4,374.6	4,374.6	4374.6	4,375	4375
Wastewater										
Sanitary sewers (miles)	77.0	77.0	77.0	80.0	77.0	77.0	83.0	83.0	83.0	83
Storm sewers (miles)	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32
Treatment capacity (thousands of gallons) ^b	4.68	4.44	5.11	5.41	3.13	3.83	3.13	3.28	3.28	4.46

Sources: Various city departments.

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

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