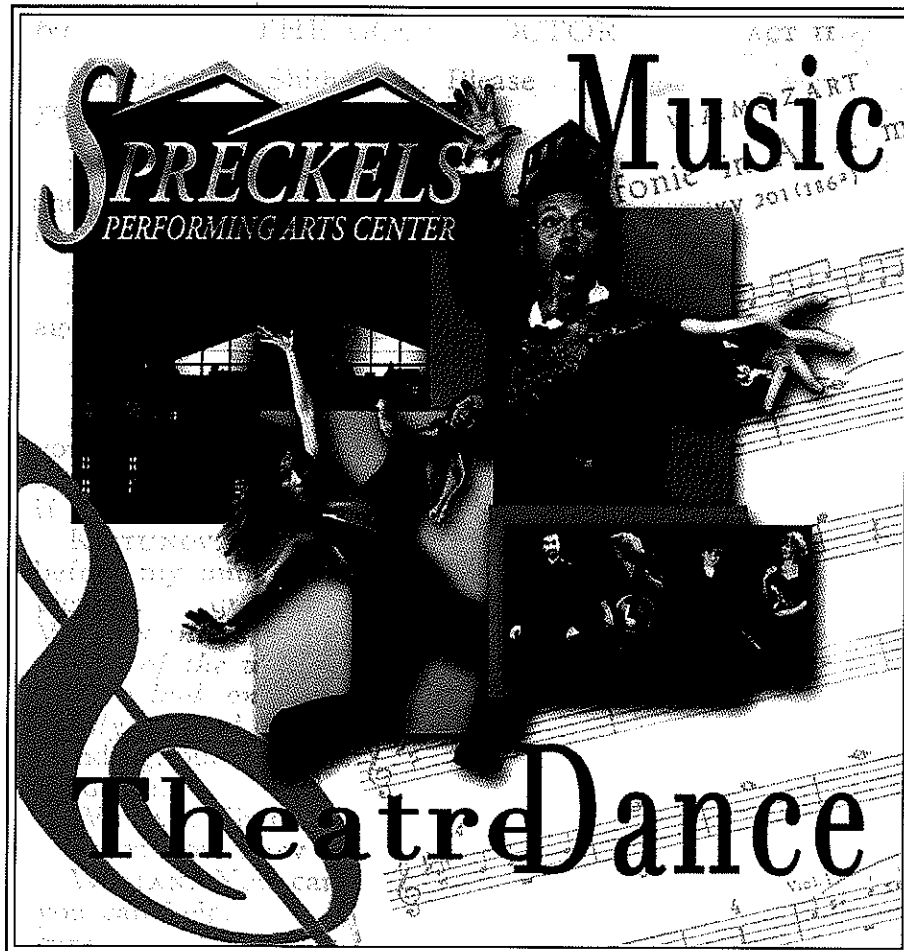


CITY OF ROHNERT PARK

SONOMA COUNTY, CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2005

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3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
13	13
14	14
15	15
16	16
17	17
18	18
19	19
20	20
21	21
22	22
23	23
24	24
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28	28
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93	93
94	94
95	95
96	96
97	97
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CITY OF ROHNERT PARK, CALIFORNIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2005

Prepared by
Finance Department

Sandra M. Lipitz
Finance Director



CITY OF ROHNERT PARK

2005 COMPREHENSIVE ANNUAL FINANCIAL REPORT TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	I-1
GFOA Certificate of Achievement for Excellence in Financial Reporting	I-8
CSMFO Certificate of Award for Outstanding Financial Reporting	I-9
Organizational Chart	I-10
List of Principal Officials	I-11
FINANCIAL SECTION	
Independent Auditor's Report	F-1
Management's Discussion and Analysis (Required Supplementary Information)	F-3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	F-14
Statement of Activities	F-15
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	F-17
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets – Governmental Activities	F-19
Statement of the Revenues, Expenditures, and Changes in Fund Balances (Deficit)	F-20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities – Governmental Activities	F-22
Proprietary Funds:	
Statement of Fund Net Assets	F-23
Statement of Revenues, Expenses, and Changes in Fund Net Assets	F-24
Statement of Cash Flows	F-25
Fiduciary Funds:	
Statement of Fiduciary Net Assets (Deficit)	F-26
Statement of Changes in Fiduciary Net Assets (Deficit)	F-27
Notes to the Basic Financial Statements	F-28
Required Supplementary Information:	
Budgetary Comparison Schedules:	
General Fund	F-50
Note to Required Supplementary Information	F-55
Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Other Governmental Funds:	
Description of Other Governmental Funds	F-56
Combining Balance Sheet	F-58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-59

CITY OF ROHNERT PARK

2005 COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS (CONTINUED)

Page

Supplementary Information (Continued):

Nonmajor Special Revenue Funds:

Combining Balance Sheet F-60

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances F-62

Budgetary Comparison Schedules:

State Gasoline Tax Special Revenue Fund F-64

Traffic Signals Fee Special Revenue Fund F-65

Capital Outlay Fee Special Revenue Fund F-66

Public Facilities Finance Fee Special Revenue Fund F-67

Transportation Equity Act Special Revenue Fund F-68

Local Law Enforcement Block Grant Special Revenue Fund F-69

Supplemental Law Enforcement Services Special Revenue Fund F-70

Traffic Congestion Relief (AB2928) Special Revenue Fund F-71

Measure M Fire Benefit Assessment Special Revenue Fund F-72

Mobile Home Rent Appeals Board Special Revenue Fund F-73

F.I.G.R Special Revenue Fund F-74

Copeland Creek Drainage Facility Special Revenue Fund F-75

Nonmajor Debt Service Funds:

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances F-76

Capital Assets Used in the Operation of Governmental Funds:

Schedule by Source F-77

Schedule by Function and Activity F-78

Schedule by Changes by Function and Activity F-80

STATISTICAL SECTION (UNAUDITED)

General Fund Expenditures by Function - Last Ten Fiscal Years	S-1
General Fund Revenues by Source - Last Ten Fiscal Years	S-2
Secured Property Tax Rates, Allocation and Apportionment Last Ten Fiscal Years	S-3
Assessed and Estimated Actual Values of Taxable Property - Last Ten Fiscal Years	S-4
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	S-6
Special Assessments Collections - Last Ten Fiscal Years	S-7
Percentage of General Bonded Debt to Assessed Value and General Bonded Debt Per Capita - Last Ten Fiscal Years	S-8
Computation of Legal Debt Margin	S-9
Computation of Direct and Overlapping Bonded Debt - General Obligation Debt	S-10
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures - Last Ten Fiscal Years	S-11
Schedule of Revenue Bond Coverage - Last Ten Fiscal Years	S-12
Demographic Statistics - Last Ten Fiscal Years	S-13
Property Tax Values, Construction and Bank Deposits - Last Ten Fiscal Years	S-14
Principal Taxpayers	S-16
Schedule of Insurance and Surety Bonds in Force	S-17
Miscellaneous Statistical Information	S-19

CITY OF ROHNERT PARK

FINANCE DEPARTMENT

October 14, 2005

Members of the City Council:

The Comprehensive Annual Financial Report (CAFR) of the City of Rohnert Park for the fiscal year 2004-2005 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 fourth year that the City has prepared the CAFR using the financial reporting requirements as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*. This GASB Statement requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The CAFR is organized into three sections:

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

THE REPORTING ENTITY

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

The City was incorporated in August 1962. The City has a council-manager form of government. Five persons are elected by popular vote to serve four-year terms on the City Council. Elections are held every two years. The Mayor is separately elected to a one-year term by members of the City Council from among the City Council members. The Mayor acts as the presiding officer of the City Council. Policies established by the City Council are implemented through the office of the City Manager.

Economic Condition and Outlook

The City is located in beautiful Sonoma County, approximately forty-five miles north of San Francisco. The economy of Sonoma County is past the worst downturn and is showing signs of recovery. Sonoma County has experienced the first positive job growth since the 2001 recession. Hotel occupancy rates are up 5% and demand factors for all of the area's basic industries are positive.

Over the years, Sonoma County has enjoyed traditionally low unemployment rates. During the economic downturn, unemployment rates rose to a high of 4.9% but as the economy has continued to improve, the rates have slowly declined with the current rate at 4.1%. In the past year, one of Sonoma County's strongest industries, travel and tourism, added 700 new positions. The unemployment rate is expected to continue to decline for the next few years as the economy strengthens.

The technology, wine and tourism industries are also showing signs of improvement. The wine industry is enjoying improved pricing power and rising exports. Tech-producing industries in Sonoma County continue to show mixed results. Investment spending on communication equipment and medical equipment is expanding while optical component manufacturers are expecting layoffs. Tourism activity is good as the U.S. personal income growth increased 6% and corporate profits rose by over 10%. The outlook for leisure and corporate travel is better than at any time since the beginning of the 2001 recession. There is further upside potential from international visitors if the Asian currencies strengthen versus the dollar.

Sonoma County's office vacancy rate increased dramatically in the first quarter; however accelerating income growth and shifting demand for higher-end goods and services will increase demand for retail space. Housing activity continues to be strong with single-family homebuilding, home sales and price gains shattering previous records. Rising interest rates pose some risk for housing markets. For Rohnert Park, the assessed valuation of property increased 6.7% from the prior fiscal year.

Retail sales in Rohnert Park increased 2% from the prior year primarily due to department store sales. Rohnert Park has a diversified business mix, which helps reduce the impact of any downturns in the economy. As sales tax is the largest source of revenue for the City's General Fund, (36% of the General Fund revenues), the City is focusing on economic development to attract new businesses and focus more on the business-to-business and transportation segments. The City has entered into an agreement to sell surplus City land for a major commercial development on the west side. The City is also working on approving specific plans for new residential and commercial developments which will provide additional sales tax and property tax dollars.

The City has previously entered into a lease agreement with Courseco as the operator of the two municipal golf courses. Through capital contributions from Courseco and the City, both courses were completely renovated and are now open for full play. Due to the number of competitive private golf courses in the area, and a soft Bay Area golf market, revenue from golf operations has been below projection.

In summary, Sonoma County's long-term economic outlook is strong as all business sectors continue to recover from the 2001 recession.

MAJOR INITIATIVES

For the Year. In preparing the 2004-05 budget, the City kept minimum staffing levels to maintain services, trimmed operating expenditures and funded facility maintenance and capital equipment through grants, private

agreements and other funds. However, even with these budget measures, the City faced a deficit due to dramatic rises in PERS rates, benefit costs and worker's comp insurance premiums. The deficit was funded through the sale of surplus property and reserves.

The State, as well as the City, continues to experience budget deficits due to an economic downturn. Due to the State's large budget deficit, local governments received reduced funding for transportation projects and public safety programs. The State continues to withhold payment of all State mandated reimbursement claims and has reduced or discontinued several grant programs. The following is a list of the funding received from the State of California:

Funding:	2004-05 Amount
AB 3229 (COPs)	\$ 100,000
Booking Fees	103,765
ABC Grant	5,325
DUI Grant	3,246
Total State Funding for FY 2004-05	\$ 212,336

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

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

The MOU has a 20-year term with an automatic renewal clause. Payments will be phased in when the hotel/resort/casino is constructed and opens. During the 2004-05 fiscal year, the FIGR purchased additional property closer to the City limits. They intend to build the casino on this new property and the current MOU will be re-negotiated to mitigate additional impacts to the City from the change in location. The casino opening will be delayed due to additional environmental impact studies required on the new land.

The City continued implementation of an aggressive water conservation program with the assistance of the Sonoma County Water Agency (SCWA). In cooperation with the SCWA, the City implemented "Best Management Practices" (BMPs) over the years to conserve water. Since 1998, the City has received about \$1.2 million from SCWA for water conservation programs. The City's current programs have been very successful, especially the toilet replacement program. To date, approximately 9,600 ultra low toilets have been installed through the direct installation, rebate and high school giveaway program and approximately 17,000 low-flow showerheads have been distributed to residents. The City's newest program is the residential audit program, in which a resident voluntarily requests that their home be inspected to find ways to reduce water consumption.

Also, to encourage water conservation and in accordance with a State mandate, the City installed water meters on all residential properties. In the past, all single-family residences in Rohnert Park were billed on a flat rate, while all multi-family, commercial and industrial accounts were billed based on consumption. The residential water meter project cost \$2.3 million, of which \$1.3 million was grant funded. A new, metered rate structure was adopted in the Spring of 2003 that created a fixed monthly service charge and an additional consumption charge for all accounts. The first billings with this new rate structure were mailed in October, 2003. Since implementation, the City has seen a reduction in water usage with the new metered-rate structure. In April 2005, the City implemented a new residential metered water rate structure aimed at water conservation. The new rate structure provides for a discounted rate to be applied to water usage at residential properties that are able to use 10,000 gallons of water or less per month. In 2004-05, the City began replacing all the commercial meters and installing automated radio read equipment so that all meters can be read within three days. The commercial water meter project is expected to cost

\$4.5 million and is primarily being funded through bond proceeds.

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 T1 lines. Data and voice information is run over these links and the appropriate firewalls, routers and switches are in place. Each facility has one or more servers on-site for local operations and all internet traffic is routed through a data center at the Finance Annex. The City uses a standard Microsoft Windows Operating System for the servers, desktops, notebooks and PDAs. Most of the computer equipment is leased, with the exception of Public Safety computers and mobile PC's that were purchased through a grant for the CAD/RMS project. The City is looking to replace its obsolete telephone system with a new system that is much easier to implement and administer. Plans for future technology enhancements will include E Commerce so that customers can make payments on-line.

The City has a Public Safety department in which the officers perform dual roles of police and fire, which has proven to be an extremely cost efficient way to provide these services. The new focus of the department during 2004-05 was making Rohnert Park the safest city along the US 101 corridor. Additional officers have been added to staff the Special Enforcement Unit (SEU) whose primary focus is on gang and criminal activity as well as a K-9 unit for patrol. These units are funded through the MOU with the FIGR.

The City completed various engineering projects during the year, which included several street maintenance and repair projects. The reconstruction of Camino Colegio and the Overlays Project were funded through Cal Trans grants and Gax Tax funds with total project costs of \$984,000. In addition to the street projects, there were projects for recreation facilities maintenance and repairs. The Community Center had a beam and floor replacement. The basketball courts at Benecia Park were resurfaced and repaired, and the golf course practice range was renovated. These recreation projects were funded through a combination of State Grant funds, Community Development Block Grant funds, the General Fund and a \$355,000 loan with Courseco, the operator of the golf courses. In 2003-04, The City entered into an agreement with Burbank Housing to develop the Arbors, a 56 unit affordable housing project on City Hall Drive. Construction on this project is well under way. In addition, the City is continuing with the pedestrian ramp project to replace sidewalk curbs with ramps. The cost of this project is primarily funded through a Community Development Block Grant.

For the Future. Tourism is an important industry in Sonoma County and Rohnert Park in particular. The City, through the Community Development Commission, provides funding to both the Chamber of Commerce and the Sonoma County Tourism Bureau to promote tourism, as well as local interest in the City. Rohnert Park has six hotels/motels with 851 available rooms. The Doubletree Hotel provides facilities for major conventions and meetings. This type of industry expands the City's tax base. The City's Performing Arts Center attracts many people into Rohnert Park in addition to providing the residents with quality cultural performances. The City's two 18-hole golf courses also draw many visitors to Rohnert Park and provide an excellent golf opportunity for residents. The City is also looking forward to the completion of Sonoma State University's Green Music Center. The music center will provide for music and education programs all-year round and will be a regional attraction for major indoor/outdoor concert events.

The City is focusing on economic development to attract businesses that fill a market void and also those that complement existing businesses. Special attention is being focused on the West Side vacant parcels for a major retail center. Two years ago, the City ended a lease agreement with the Crushers baseball league and entered into an option to purchase agreement with a real estate development firm for four parcels totaling forty acres, including the stadium lands parcel. As part of the agreement with the developer, the City is removing the stadium fixtures which will be completed in 2005-06. This area is identified as the Stadium Area Specific Plan and will be part of the general plan implementation.

One major focus of the City is the implementation of its General Plan. This Plan articulates a vision for the City that includes an urban growth boundary correlated with a growth management program. It describes a framework of targeted growth areas, including the creation of a City Center area anchored with a new library and city hall, the development of a mixed use area north of the Sonoma State University to integrate with the Green Music Center, the development of balanced neighborhoods with a variety of housing types, the expansion of commercial uses to the northwest and industrial uses to the southeast, and the continued expansion of the City's network of parks and open space. The Plan provides for an average growth rate of 1% with an ultimate build-out of approximately 20,000

housing units, 405 acres of commercial, office and industrial uses, 60 acres of mixed use, and 190 acres of open space over the next twenty years. The City is in the process of updating the Public Facilities Financing Plan which outlines the developer fee for all new infrastructure, as well as a maintenance annuity fee for services. The City is also working on developer agreements with each Specific Plan Area.

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

Departmental Focus. Each year the City selects a department to highlight its efforts and accomplishments. In 2004-05, the Public Works Division has been selected. The Public Works Division is an integral part of the City and Community Development Commissions' operation and mission.

The Public Works Department is divided into two divisions. The Utilities Services Division is responsible for the City's water and sewer operations as well as maintenance of the infrastructure that supports those operations. The General Services Division is responsible for maintenance of the City's streets, buildings, equipment and parks.

The Utilities Services Division is in the midst of several large scale projects that focus on maintaining and upgrading current delivery systems. The Division created new distribution system pressure zones to improve water pressure throughout the City and is in the process of overseeing water meter replacement and electronic radio transmitter installation for all commercial properties in the City. The first phase of the commercial meter project was completed this fiscal year and placed meters on all properties that did not have working meters. Phase two of the project is well under way and is focused on replacing all meters in the size range of two inches or less. Phase three will be to replace all meters larger than two inches; this phase is currently in the bid process. Another large scale project for this division is the acquisition and installation of a new, parallel sewer force main line which will provide redundancy and increase the capacity and reliability of the City's wastewater conveyance system. Another function of the Utilities Services Division is to support the utility billing operation with monthly meter reading, daily service requests, and shut-offs for non-payment of utility bills.

The General Services Division of the Public Works Department has been primarily focused on park improvement and maintenance this year. One task of the Division was to replace all of the playground fall material in order to better meet health and safety standards and to reduce ongoing maintenance requirements. Division staff have also resurfaced picnic tables in the parks in compliance with Title 22, as the recycled water from irrigation activities had permeating the surfaces previously damaged by vandals. Other projects included rebuilding the bank at Roberts Lake where the water had undercut the surface and caused a potentially dangerous situation and renovating Burton Avenue mini park. In addition to the park maintenance and improvements, the General Services Division worked on maintenance and repair of City facilities including painting the Community Center multi-use room and rebuilding the Finance Department kitchen area. Staff also made traffic marking improvements to service Rancho Cotati High School. This was done in conjunction with the Department of Public Safety to provide better safety for the high school children.

Among the other functions of the General Services Division of the Public Works Department are: Roadway maintenance and landscaping, traffic signal maintenance, fleet repair, street light maintenance, bike path maintenance, litter control, graffiti eradication and storm drain maintenance. Due to the hard work of the department, the City receives many compliments about the appearance of Rohnert Park.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled timely and accurately to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The City's internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1)

the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

Cash Management. The following table illustrates the cash invested by the City as of June 30, 2005, by investment type:

Cash & Investments - June 30, 2005

Sonoma County Investment Pool	\$ 618,955	1.0%
Cash, CD's and money market funds	33,150,859	50.6%
Mutual Funds	-	0.0%
State Treasurer LAIF	19,338,428	29.5%
Government securities	<u>12,387,735</u>	<u>18.9%</u>
Total Cash & Investments	<u>\$ 65,495,977</u>	<u>100.00%</u>

Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, obligations of U.S. Government Agencies, State of California Local Agency Investment Fund (LAIF), Sonoma County Investment Pool and mutual funds. The average yield on investments at June 30, 2005 for the City was 3.171% and for the Commission 3.559%. The City's investment performance is less than the yield rate of 3.45% for 1 yr U.S. Treasury Bills, however the Commission's invested performance ranks favorably when compared to 1 year U.S. Treasury Bills. Both the City's and Commission's performance is less than the yield rate of 3.72% for U.S. Treasury Notes (5 Yr). While it is tempting to secure the higher yields by investing in securities that are longer term, the City holds firm to the investment policy to have a balanced portfolio. The City adopts an investment policy annually, which includes the criteria for selecting investments. As in the past, the priority of the criteria has remained safety first, then liquidity, and last, yield. All CDs are FDIC secured and the City works with two brokerage firms to find attractive investment opportunities. Interest rates over the last three years have been on a decline, resulting in a loss of about \$1M annually in investment earnings. Recently, the market has shown signs of a rebound in interest rates and the City will take advantage of this rebound as cash becomes available. About half of the Commission's cash is from bond proceeds that are invested in short-term treasury notes for immediate liquidity for capital spending.

Risk Management. The City is a member of Redwood Empire Municipal Insurance Fund (REMIF), a joint powers authority composed of cities located in Northern California. The City maintains coverage for property, liability and workers' compensation through REMIF. As of June 30, 1995, REMIF discontinued its indemnity-type health insurance program and accordingly, the City presently contracts with Blue Cross. Other health related employee fringe benefit programs used to be self-administered by the City and funded by the General Fund. The City presently contracts with Delta Dental for dental benefits and V.S.P. for vision benefits. During the fiscal year, the City received a refund of \$173,386 for the liability program; however, with the rising cost of workers comp and the amount of claims, there was no refund for the workers' compensation program this year. For 2005-06, the City's workers' compensation premium decreased 6.2%, while the premium for liability decreased 13.3%.

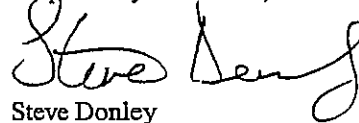
Independent Audit. Management considers an annual audit by independent certified public accountants a sound and prudent business practice. The accounting firm of Macias, Gini & Company LLP performed the annual audit for the City during 2004-2005. The independent auditor's report on the basic financial 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, 2004. This was the twenty-third 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. The City also received a similarly prestigious award during the same years from the California Society of Municipal Finance Officers (CSMFO).

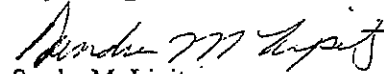
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA and CSMFO to determine its eligibility for another certificate.

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

Respectfully submitted,



Steve Donley
City Manager



Sandra M. Lipitz
Director of Administrative Services/City Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rohnert Park,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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.



Nancy L. Ziehl

President

Jeffrey R. Enen

Executive Director

California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2003-04

Presented to the

City of Rohnert Park

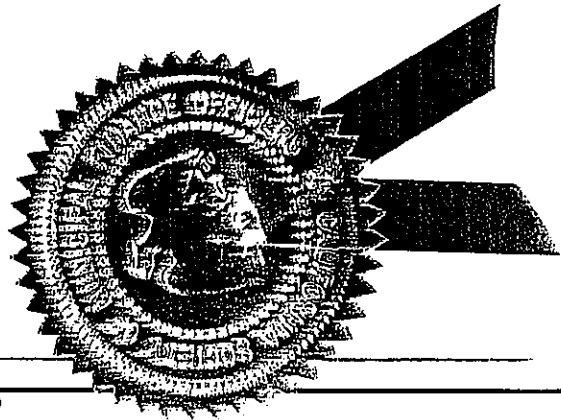
*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

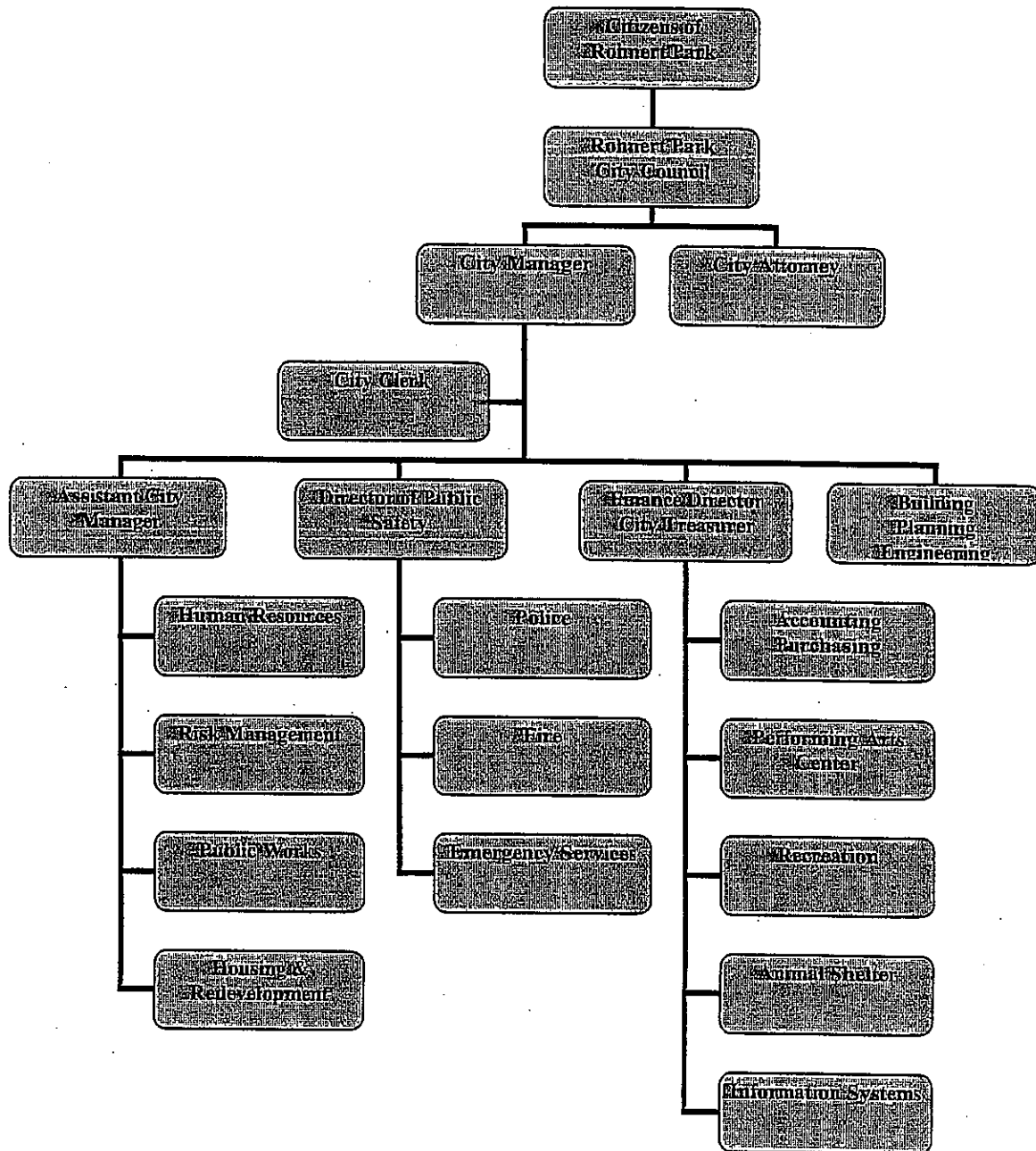
February 24, 2005

William A. Thomas

Bill Thomas, Chair
Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management





CITY OF ROHNERT PARK

LIST OF PRINCIPAL OFFICIALS

City Council

Jake Mackenzie (Mayor)

Vicki Vidak-Martinez (Vice Mayor)

Amie Breeze

Tim Smith

Armando Flores

City Staff

City Manager

Steve Donley

Assistant City Manager

Vacant

City Attorney

Michelle Kenyon

Finance Director/City Treasurer

Sandra M. Lipitz

Director of Public Safety

Tom Bullard

Advisory Commissions or Committees

Rohnert Park Association of the Arts

Mobile Home Rent Appeals Board

Parks and Recreation Commission

Planning Commission

Senior Citizens Advisory Commission

Cultural Arts Commission

Sister City Relations Committee

Bicycle Advisory Committee

Rohnert Park Housing Financing Board

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rohnert Park, California (City), as of and for the fiscal year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures – and amendment of GASB Statement No. 3*.

As discussed in Note 14 to the financial statements, certain errors in the governmental activities, the business-type activities, the Financing Authority and Water and Sewer major funds were discovered subsequent to the issuance of the June 30, 2005 financial statements. Accordingly, those financial statements have been revised to reflect the correction of such errors.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macias, Gini & Company LLP

Certified Public Accountants
Walnut Creek, California

September 22, 2005

Management's Discussion and Analysis

This section of the City of Rohnert Park's Comprehensive Annual Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities at the close of the 2004-2005 fiscal year by \$86,983,793 (*net assets*). Of this amount, \$31,204,222 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors, \$8,551,078 is restricted for specific purposes (*restricted net assets*), and \$47,228,493 is invested in capital assets, net of related debt.
- The government's total net assets decreased by \$3,771,551 during the fiscal year. The General Fund cash decreased by \$2.7 million, attributable to unplanned litigation, rising costs in PERS, worker's compensation insurance and healthcare, lower investment earnings and a decline in recreation revenue. Commission cash increased \$1.4 million due to continued growth in tax increment. Restricted cash and investments increased by \$20.1 million due to the issuance of the 2005 Sewer Revenue Bonds by the authority to construct a parallel sewer line to the subregional plant, as well as \$1.176 million in lease proceeds for an energy retrofit project and \$5 million bond issuance for various water projects. Overall cash and investments, including restricted cash increased by \$16.2 million. Capital assets increased by \$141,580, net of accumulated depreciation. Notes and loans receivable decreased \$251,754 from loan principal payments. Liabilities increased by \$20 million, due to the issuance of both water and sewer revenue bonds, as well as \$400,000 in deposits received from developers for sewer projects.
- As of June 30, 2005, the City's governmental funds reported combined ending fund balances of \$40,282,143 a net increase of \$212,385. Approximately 62% of the combined fund balances, \$25,530,808 is available to meet the City's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$15,385,235, or 63% of total General Fund expenditures.
- The government's total long-term liability (excluding Rohnert Park Housing Financing Authority) increased by \$18,648,226 in comparison with the prior year. The increase was attributable to an increase in debt of \$18,000,000 for the two new bond issuances, and capital leases of \$1,175,965, an increase in compensated absences of \$220,437, a net increase in accreted interest of \$457,069, offset by debt payments and amortization of discount, premium and deferred loss on refunding of \$(1,205,245).
- Following the events of September 11, 2001 and the depressed economy, City's revenues have grown at a moderate pace, with the majority of the growth being in taxes. The City has experienced rising costs in health insurance, workers comp insurance and PERS retirement costs. In an effort to keep expenditures relatively flat, the City reduced its workforce by thirty positions in July 2003.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Management's Discussion and Analysis, Continued

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

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

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

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

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

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

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

Management's Discussion and Analysis, Continued

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

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

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

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

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

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table represents a comparative analysis of the net assets of governmental and business-type activities for the years ending June 30, 2005 and June 30, 2004:

Statement of Net Assets June 30, 2005						
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 43,802,952	\$ 44,966,142	\$ 33,584,721	\$ 16,368,910	\$ 77,387,673	\$ 61,335,052
Capital assets, net	58,418,752	60,486,310	13,673,051	11,463,913	72,091,803	71,950,223
Total assets	102,221,704	105,452,452	47,257,772	27,832,823	149,479,476	133,285,275
Current and other liabilities	2,404,594	2,450,763	2,532,048	1,168,353	4,936,642	3,619,116
Long-term liabilities	37,461,298	36,911,059	20,097,743	1,999,756	57,559,041	38,910,815
Total liabilities	39,865,892	39,361,822	22,629,791	3,168,109	62,495,683	42,529,931
Net assets:						
Invested in capital assets, net of related debt	30,487,238	24,399,786	16,741,255	9,464,157	47,228,493	33,863,943
Restricted	8,551,078	8,569,188	-	-	8,551,078	8,569,188
Unrestricted	23,317,496	33,121,656	7,886,726	15,200,557	31,204,222	48,322,213
Total net assets	\$ 62,355,812	\$ 66,090,630	\$ 24,627,981	\$ 24,664,714	\$ 86,983,793	\$ 90,755,344

Analysis of Net Assets – As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$87.0 million at the close of the current fiscal year. Total assets increased by \$16.2 million during the year. This is comprised of an increase in current assets by \$16.1 million and an increase in capital assets by \$0.1 million. Cash and investments decreased by \$1.5 million in the General Fund, attributable to unplanned litigation, rising costs in PERS, worker's compensation insurance and healthcare, lower investment earnings and a decline in recreation revenue; Commission cash increased \$1.4 million due to continued growth in tax. Overall cash, including restricted cash, increased by \$16.2 million, attributable to the issuance of both the water and sewer revenue bonds. Capital assets increased by \$0.1 million, net of accumulated depreciation. Notes and loans receivable decreased \$0.3 million from principal payments.

A portion of the City's net assets (36%) represents *unrestricted net assets* of \$31.2 million, which may be used to meet the City's ongoing obligations to citizens and creditors.

Another significant portion of the City's net assets is the \$47.2 million (54%) that reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets of \$8.6 million (10%) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the City reported positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental activities. For business-type activities, the City reported a positive balance of \$7.9 million in unrestricted net assets.

Management's Discussion and Analysis, Continued

The following table indicates the comparative changes in net assets for governmental and business-type activities for fiscal year June 30, 2005 and 2004:

Statement of Activities For the Fiscal Year Ended June 30, 2005

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 4,651,889	\$ 4,285,754	\$ 17,255,544	\$ 15,819,578	\$ 21,907,433	\$ 20,105,332
Operating grants and contributions	2,234,947	3,286,244	-	-	2,234,947	3,286,244
Capital grants and contributions	514,534	714,594	1,028,338	3,348,132	1,542,872	4,062,726
General revenues:						
Property taxes	13,810,490	12,900,727	-	-	13,810,490	12,900,727
Franchise taxes	1,263,721	1,725,402	-	-	1,263,721	1,725,402
Other taxes	931,074	1,776,800	-	-	931,074	1,776,800
Contributions not restricted to specific programs:						
Sales taxes allocation from State	6,953,294	6,834,708	-	-	6,953,294	6,834,708
Motor Vehicle license fees	2,804,619	1,968,325	-	-	2,804,619	1,968,325
Rental income	-	803,898	-	-	-	803,898
Investment income	1,064,234	1,126,080	263,349	146,546	1,327,583	1,272,626
Other	974,079	2,779,073	-	-	974,079	2,779,073
Total revenues	35,202,881	38,201,605	18,547,231	19,314,256	53,750,112	57,515,861
Expenses:						
General government	11,762,224	8,280,697	-	-	11,762,224	8,280,697
Public safety	15,087,248	13,459,313	-	-	15,087,248	13,459,313
Public works	4,408,673	4,369,470	-	-	4,408,673	4,369,470
Parks and recreation	3,968,774	3,834,955	-	-	3,968,774	3,834,955
Other	1,411,055	1,043,298	-	-	1,411,055	1,043,298
Interest on long-term debt	2,060,965	1,991,137	-	-	2,060,965	1,991,137
Water	-	-	5,650,092	5,593,980	5,650,092	5,593,980
Sewer	-	-	8,851,372	7,465,887	8,851,372	7,465,887
Refuse collection	-	-	4,321,260	3,505,939	4,321,260	3,505,939
Total expenses	38,698,939	32,978,870	18,822,724	16,565,806	57,521,663	49,544,676
Excess (deficiency) before transfers	(3,496,058)	5,222,735	(275,493)	2,748,450	(3,771,551)	7,971,185
Transfers	(238,760)	114,633	238,760	(114,633)	-	-
Change in net assets	(3,734,818)	5,337,368	(36,733)	2,633,817	(3,771,551)	7,971,185
Net assets, beginning of year	66,090,630	60,753,262	24,664,714	22,030,897	90,755,344	82,784,159
Net assets, end of year	\$ 62,355,812	\$ 66,090,630	\$ 24,627,981	\$ 24,664,714	\$ 86,983,793	\$ 90,755,344

Management's Discussion and Analysis, Continued

Governmental activities. Governmental activities decreased the City's net assets by \$3,734,818 as explained below.

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

- Property taxes increased by \$909,763 as a result of a 6.7% increase in the property tax assessment. Housing prices in Sonoma County continued to rise during the year and demand for housing continued to be strong.
- Sales taxes rose by \$118,586 or 1.7% consistent with the slow pace of the economic recovery. Franchise taxes decreased by 27% from the previous year due to the one-time settlement of \$540,000 for refuse franchise fees received in the prior year. Motor vehicle license fees (classified as contributions not restricted to specific programs) increased \$836,294 or 42.4%.
- Charges for services increased \$366,135 or 8.5%, due to a reclassification of rental income from general revenues.
- Operating grants and contributions decreased by \$1.1M due to \$500,000 donation from Federated Indians of the Graton Rancheria not received until 2005-06, as well as the golf course loan of \$355,000 recognized in the prior year.
- The City's overall investment earnings decreased \$61,846 or 5.5% during the year. Interest rates began to slowly increase; however, the City reallocated interest earnings of \$70,377 to specific special revenue funds as required under AB1600.
- Other revenue decreased by \$1.8 million since the City did not sell as much in surplus capital assets as in the prior year.
- Total expenses increased by \$5,720,069 or 17% as a result of rising costs in salaries and benefits, additional personnel, and increased expenditures for capital projects.

Business-type activities. Business-type activities decreased the City's net assets by \$36,733. Key factors of this increase are as follows:

- The water department net assets decreased by \$286,306 as expenses from operations exceeded revenue. Revenue from operations increased by \$321,622 due to an increase in water rates. Expenses increased by \$21,898 from the prior year.
- The sewer department net assets increased by \$650,961 as revenues increased \$927,817 due to an increase in sewer rates and expenses for the sewer operation increased \$1,337,816 due to increased cost of the subregional sewer system. The sewer department also received \$773,506 in capital contributions from developer fees for capital expansion projects.
- The refuse collection net assets decreased by \$401,388. This decrease was due an increase in the contract cost of the hauler.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Management's Discussion and Analysis, Continued

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

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$40,282,143, an increase of \$212,385 in comparison with the prior year. \$25,530,808 of this total amount constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is *not* available for new spending because: 1) it reflects fund equity in assets that are long-term in nature and thus, do not represent available spendable resources (\$5,993,779); 2) it is restricted for housing projects (\$2,883,038); 3) it is restricted for street projects (\$1,049,247); 4) it is restricted to pay debt service (\$2,854,742); 5) it represents prepaid items and other assets (\$206,478), and 6) it represents an endowment, of which the principal may not be spent (\$1,764,051).

For the fiscal year ended June 30, 2005, revenues for government functions overall totaled \$35,479,026, while expenditures totaled \$37,467,646. Expenditures from governmental functions exceeded revenues by approximately \$1,988,620.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$15,385,235 while total fund balance was \$18,329,002. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 63% of total General Fund expenditures of \$24,380,608, while total fund balance represents 75% of that same amount.

The fund balance in the City's General Fund decreased by \$80,231 during the fiscal year, primarily due to an increase in expenditures. As noted above, the City's General Fund property tax collections increased by approximately 7% during the fiscal year related to growth in assessed values of real and personal property, as well as growth in supplemental property tax revenues. Sales tax grew 1.7%, in line with the slow economic recovery. Intergovernmental revenue increased by 38% primarily due a reimbursement of \$723,000 from the State for the prior year loss of MVLF backfill. The sale of surplus assets contributed \$1.3 million to the General Fund. Expenditures increased \$3,269,474, most of which was attributable to increases in salaries and benefits and capital outlay expenditures primarily for Public Safety. Overall, the General Fund's performance resulted in expenditures in excess of revenues in the fiscal year ended June 30, 2005 of about \$3.5 million, which indicates that while the economy is slowly beginning to recover, expenditures are rising dramatically.

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

At the end of the fiscal year, the unrestricted net assets for the water operation were \$3,454,558, the sewer operation \$4,071,298, and the refuse collection \$360,870.

The total decrease in net assets for proprietary funds was \$36,733. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities.

Fiduciary funds. The City's fiduciary operations consist of the Special Enforcement Unit - South (Private-purpose Trust Fund). The Special Enforcement Unit - South accounts for assets seized by the Department of Public Safety. Net assets in the Special Enforcement Unit - South Fund decreased by \$3,860.

Management's Discussion and Analysis, Continued

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no amendments to the 2004-05 budget. Highlights of the budget are:

- Total revenues were budgeted at \$20.5 million, about \$300,000 higher than the 2003-04 budget. Some revenue projections, like taxes, were increased based on sales tax consultant's estimates and assessed property valuations; however, other revenue projections, like recreation revenues and interest earnings were reduced to reflect the current economic climate. Investment income and recreation revenues were reduced based on current and projected economic conditions. Revenue performance was favorable to budget by approximately \$342,615 with the majority of taxes exceeding budget. Unfortunately, the weak economy resulted in sales tax, interest earnings and recreation revenues ending up below budget.
- Total expenditures (excluding enterprise fund and Community Development Commission allocations) were budgeted at \$24.3 million, an increase of \$2.3 million over the previous year's budget. There were increases in the budget categories of costs for salary and benefits due to salary increases, additional personnel and increased premiums for health and workers comp insurance. Total expenditures were very close to budget for the fiscal year.
- Total reserves were budgeted to increase by \$4.0 million, mostly attributable to proceeds from the sale of capital assets. Specifically, the General Fund Endowment Reserve was budgeted to increase by \$6.7million; the Self-Insured Losses Reserve was budgeted to decrease by \$288,300 and the Reserve for Retirement Cost was budgeted to decrease by \$615,500. There were some minor budgeted changes in the other reserves. However, most of the surplus assets were not sold and total reserves were \$11.7 million instead of the budgeted amount of \$20.1 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounted to \$72,091,803 (net of accumulated depreciation). This investment in capital assets includes land and easements, infrastructure, structures and improvements, equipment, and construction in progress. Major capital asset events during the current fiscal year included the following:

- For government activities, construction in progress decreased by a net of \$1,710,649 due in part to the completion of several projects: CAD/RMS (\$1.5 million), Overlays (\$706,000), Golf Course Driving Range (\$355,000) and other miscellaneous projects. In total \$3.6 million of completed projects were transferred to structures and improvements, reducing construction in progress. There are several projects that are still in progress: City Hall (\$0.5 million) and many smaller projects totaling \$0.8 million that are still open at the end of the year. There were also various equipment and vehicle additions made during the year for about \$779,000.
- For business-type activities, construction in progress decreased by a net of \$0.4 million, due primarily to the completion of the residential water meter project (\$2.6 million) and the telemetry system upgrade (\$0.7 million). A few major projects were still on-going during the year: commercial water meter retrofit (\$0.8 million) and parallel sewer interceptor (\$1.7 million). There were several other small projects in construction in progress at the end of the year, totaling \$0.9 million.

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

Management's Discussion and Analysis, Continued

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

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2005	2004	2005	2004	2005	2004	Percent of Change
Land and easements	\$ 2,948,157	\$ 2,480,203	\$ -	\$ -	\$ 2,948,157	\$ 2,480,203	18.9%
Infrastructure, structures and improvements	105,965,817	104,979,789	21,446,331	18,082,173	127,412,148	123,061,962	3.5%
Equipment	12,717,325	10,584,159	1,495,131	1,294,965	14,212,456	11,879,124	19.6%
Construction in progress	3,280,232	4,990,881	3,390,195	3,793,151	6,670,427	8,784,032	-24.1%
Accumulated depreciation	(66,492,779)	(62,548,722)	(12,658,606)	(11,706,376)	(79,151,385)	(74,255,098)	6.6%
Total	<u>\$ 58,418,752</u>	<u>\$ 60,486,310</u>	<u>\$ 13,673,051</u>	<u>\$ 11,463,913</u>	<u>\$ 72,091,803</u>	<u>\$ 71,950,223</u>	<u>0.2%</u>

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

Additional information about the City's capital assets can be found in Note 6 to the financial statements.

Debt Administration

At June 30, 2005, the City had total long-term debt outstanding of \$56,514,069 which was comprised of \$24,173,193 of certificates of participation, \$23,112,192 of tax allocation bonds, \$881,289 of special assessment bonds, \$6,862,411 of water revenue bonds and \$1,484,984 of capital leases. During the year, the City issued \$13 million in Sewer Revenue Certificates of Participation and \$5 million in Water Revenue Bonds. This was offset by a reduction in the special assessment bonds, certificates of participation and tax allocation bonds due to retirement of debt. In the tax allocation bonds category, retirement of debt was partially offset by accretion of interest on capital appreciation bonds.

The City's Ordinance imposes a limit on the amount of general obligation bonds the City can have outstanding at any give time. As of June 30, 2005, the City's debt limit (15% of assessed valuation) was \$351 million. At June 30, 2005, the City did not have any debt applicable to the limit outstanding.

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2005	2004	2005	2004	2005	2004	Percent of Change
Special assessment bonds, net of deferred loss on refunding	\$ 881,289	\$ 1,147,223	\$ -	\$ -	\$ 881,289	\$ 1,147,223	-23.2%
Certificates of participation	4,405,000	4,545,005	13,235,332	-	17,640,332	11,286,642	56.3%
Lease revenue refunding bonds including discount and deferred loss on refunding	6,532,861	6,741,637	-	-	6,532,861	6,741,637	-3.1%
Tax allocation bonds, including accretion, premium and deferred loss on refunding	23,112,192	23,203,824	-	-	23,112,192	23,203,824	-0.4%
Water revenue bonds, net of discount	-	-	6,862,411	1,999,756	6,862,411	1,999,756	243.2%
Capital leases	1,484,984	448,834	-	-	1,484,984	448,834	230.9%
Total	<u>\$ 36,416,326</u>	<u>\$ 36,086,523</u>	<u>\$ 20,097,743</u>	<u>\$ 1,999,756</u>	<u>\$ 56,514,069</u>	<u>\$ 44,827,916</u>	<u>26.1%</u>

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

Management's Discussion and Analysis, Continued

Economic Factors and Next Year's Budget and Rates

- The economy of Sonoma County is expanding, with moderate growth in employment and industrial production. The unemployment rate is at its lowest point since late 2001 at 4.1%. One of Sonoma County's strongest basic industries, travel and tourism, has added 700 new positions during the year. Hotel occupancy rates are up 5% from the previous year and room rates increased by 7.5%. U.S. personal income growth grew 6% over the year and corporate profits are up by 10%. Both of these indicators provide a stronger outlook for leisure and corporate travel. There is also a potential for international tourist and corporate business if the Asian currencies are allowed to strengthen versus the dollar.
- The wine industry is enjoying improved pricing power and rising exports. However tech industries are showing mixed results. Some segments, like medical device and telecom equipment are in an expansion mode, while manufacturers of optical components are announcing layoffs.
- Sonoma County's nonresidential office vacancy shot up for large commercial sites; however, on the retail side, higher income and shifting demand for high end goods and services will increase the demand for retail space. Housing activity continues to be strong, with single-family homebuilding, home sales and real house price gains shattering previous records. However, rising interest rates pose a potential risk to the housing market. The assessed valuation for properties within the City increased 6.7% from the prior year. The 2005-06 property tax budget projection is conservative, based on the prior year actuals and a 5% growth in assessed value.
- The retail sector in Rohnert Park experienced a 2% rise in sales, which was mostly attributable to department store sales. The City's diversified business mix helps weather any downturns in the economy, but the City would like to focus more on the business-to-business and transportation segments. As sales tax is the largest source of revenue for the Rohnert Park General Fund (36%), the City is focusing on economic development to attract new business and has already entered into an agreement to sell surplus City land for a major commercial development on the west side. The City is also working on approving specific plans for new residential and commercial developments, which will provide additional sales tax dollars. The 2005-06 sales tax projection includes moderate growth in the sales tax base as new restaurants and retailers are anticipated to open doors during the year.
- As stated above, the tourism industry in the County is recovering moderately through renewed support by the local leisure traveler and the business traveler. For the City, the transient occupancy tax (TOT) had dropped 8% from 2000-01. The TOT revenue for 2004-05 was reduced by \$100,000 to reflect the current economic climate. The project was met and the 2005-06 budget was increased by \$15,000 to reflect the upswing in corporate and leisure travel.
- In order to bring General Fund expenditures in line with revenues, the City reduced the workforce in July 2003 by thirty positions. Some of these positions were vacant, however, other positions were eliminated through employees accepting the "Golden Handshake" and retiring early or through involuntary layoffs. These changes reduced expenditures by \$2.5 million. The 2004-05 budget added one position that is funded by the General Fund and five additional public safety positions that are funded by a memorandum of understanding with the Federated Indians of the Graton Rancheria for a special enforcement unit to address heightened criminal activity. The City did approve the enhancement of both the Public Safety and Miscellaneous PERS retirement plans to be implemented July 1, 2007. The combined annual cost of both of these plans is \$1.4 million, which will be funded through new revenues from the Westside developments, as well as increased revenues from taxes as the economy continues to improve. For 2005-06, the City will add two management analyst positions and a Community Development Director to handle the increased activity in implementing the General Plan.
- Expenditures in the area of capital outlay or non-routine facility maintenance will either be funded through the General Fund on a critical needs basis, or through outside sources such as grants or donations. All other major equipment or maintenance projects will be postponed until the City's financial condition improves

Management's Discussion and Analysis, Continued

- During the year, the City amended the golf course lease with the operator and lowered the annual rent by \$200,000 since golf activity has seriously declined in the area due to more courses and less golfers.
- The State's "Triple Flip" measures for both sales tax and motor vehicle license fees had a minor impact on sales tax, but reduced MVLF by about \$0.5 million. The ERAF shift for MVLF will continue for one more year in 2005-06, with an additional \$0.5 million impact. In 2005-06, the City received the MVLF "backfill" as promised by the State. The amount received was \$723,000.
- The City anticipates using \$3 million from reserves to balance the 2005-06 budget and expects that some use of reserves will be necessary to balance the 2006-07 budget as well. The City expects that by 2008, economic conditions will have improved and that together with the new revenues derived by the implementation of the General Plan, the City will have sufficient revenues to meet expenditures.

All of these factors were considered in preparing the City's budget for fiscal year 2006.

Request for Information

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

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

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CITY OF ROHNERT PARK

STATEMENT OF NET ASSETS

JUNE 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Housing Financing Authority
ASSETS				
Cash and investments	\$ 25,098,688	\$ 6,514,036	\$ 31,612,724	\$ 66,128
Receivables (net of allowance for uncollectibles)	3,256,784	3,269,134	6,525,918	-
Restricted cash and investments	10,568,411	23,244,157	33,812,568	-
Special assessments receivable	625,000	-	625,000	-
Notes and loans receivable	3,512,779	-	3,512,779	-
Prepaid items and other assets	206,478	-	206,478	-
Deferred costs of issuance	534,812	557,394	1,092,206	-
Capital assets:				
Nondepreciable assets	6,228,389	3,390,195	9,618,584	-
Depreciable assets, net of accumulated depreciation	52,190,363	10,282,856	62,473,219	-
	<u>102,221,704</u>	<u>47,257,772</u>	<u>149,479,476</u>	<u>66,128</u>
LIABILITIES				
Accounts payable	792,309	1,880,172	2,672,481	-
Accrued liabilities	244,724	-	244,724	-
Deposits	627,421	552,740	1,180,161	-
Deferred revenue	275,378	-	275,378	-
Interest payable	464,762	99,136	563,898	-
Long-term liabilities:				
Due within one year	2,220,156	209,758	2,429,914	-
Due in more than one year	35,241,142	19,887,985	55,129,127	-
Total liabilities	<u>39,865,892</u>	<u>22,629,791</u>	<u>62,495,683</u>	<u>-</u>
NET ASSETS				
Invested in capital assets, net of related debt	30,487,238	16,741,255	47,228,493	-
Restricted for:				
Housing projects	2,883,038	-	2,883,038	-
Street projects	1,049,247	-	1,049,247	-
Debt service	2,854,742	-	2,854,742	-
Performing Arts Center Endowment	1,764,051	-	1,764,051	-
Unrestricted	23,317,496	7,886,726	31,204,222	66,128
Total net assets	<u>\$ 62,355,812</u>	<u>\$ 24,627,981</u>	<u>\$ 86,983,793</u>	<u>\$ 66,128</u>

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

FUNCTION/PROGRAM ACTIVITIES:	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 11,762,224	\$ 539,150	\$ 1,656,905	\$ 514,534
Public safety	15,087,248	508,709	219,281	-
Public works	4,408,673	2,316,181	145,481	-
Parks and recreation	3,968,774	1,287,849	-	-
Other	1,411,055	-	213,280	-
Interest on long-term debt	2,060,965	-	-	-
Total governmental activities	<u>38,698,939</u>	<u>4,651,889</u>	<u>2,234,947</u>	<u>514,534</u>
Business-type activities:				
Water	5,650,092	4,933,151	-	254,832
Sewer	8,851,372	8,402,521	-	773,506
Refuse Collection	4,321,260	3,919,872	-	-
Total business-type activities	<u>18,822,724</u>	<u>17,255,544</u>	<u>-</u>	<u>1,028,338</u>
Total primary government	<u>\$ 57,521,663</u>	<u>\$ 21,907,433</u>	<u>\$ 2,234,947</u>	<u>\$ 1,542,872</u>
Component unit:				
Housing Financing Authority	<u>\$ 12,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
Franchise taxes				
Other taxes				
State contributions not restricted to specific programs:				
Sales taxes				
Motor vehicle license fees				
Investment income				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net assets				
NET ASSETS, BEGINNING OF YEAR				
NET ASSETS, END OF YEAR				

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business- type Activities	Total	Housing Financing Authority
\$ (9,051,635)	\$ -	\$ (9,051,635)	\$ -
(14,359,258)	-	(14,359,258)	-
(1,947,011)	-	(1,947,011)	-
(2,680,925)	-	(2,680,925)	-
(1,197,775)	-	(1,197,775)	-
(2,060,965)	-	(2,060,965)	-
(31,297,569)	-	(31,297,569)	-
-	(462,109)	(462,109)	-
-	324,655	324,655	-
-	(401,388)	(401,388)	-
-	(538,842)	(538,842)	-
<u>\$ (31,297,569)</u>	<u>\$ (538,842)</u>	<u>\$ (31,836,411)</u>	<u>\$ -</u>
(12,359)			
13,810,490	-	13,810,490	-
1,263,721	-	1,263,721	-
931,074	-	931,074	-
6,953,294	-	6,953,294	-
2,804,619	-	2,804,619	-
1,064,234	263,349	1,327,583	436
974,079	-	974,079	-
(238,760)	238,760	-	-
27,562,751	502,109	28,064,860	436
(3,734,818)	(36,733)	(3,771,551)	(11,923)
66,090,630	24,664,714	90,755,344	78,051
<u>\$ 62,355,812</u>	<u>\$ 24,627,981</u>	<u>\$ 86,983,793</u>	<u>\$ 66,128</u>

CITY OF ROHNERT PARK

BALANCE SHEET

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2005

	Community Development Commission			
	General	Capital Projects	Housing Projects	Financing Authority
ASSETS				
Cash and investments	\$ 12,958,023	\$ 3,959,855	\$ 3,278,039	\$ -
Receivables (net of allowance for uncollectibles):				
Taxes	1,578,317	135,672	-	-
Accounts	1,048,086	2,128	-	-
Accrued interest	192,847	51,023	30,661	-
Due from other funds	999,371	-	32,437	-
Prepaid items and other assets	143,078	-	63,400	-
Restricted cash and investments	1,190,168	1,347,954	-	5,779,157
Special assessments receivable	-	-	-	-
Loans and notes receivable	319,689	-	3,193,090	-
Advances to other funds	2,481,000	-	-	-
	<u>\$ 20,910,579</u>	<u>\$ 5,496,632</u>	<u>\$ 6,597,627</u>	<u>\$ 5,779,157</u>
LIABILITIES				
Accounts payable	\$ 582,739	\$ 18,909	\$ 161,119	\$ -
Accrued liabilities	244,724	-	-	-
Due to other funds	500,000	526,832	276,500	-
Deposits	627,421	-	-	-
Deferred revenue	626,693	-	20,480	-
Advances from other funds	-	2,481,000	-	-
	<u>2,581,577</u>	<u>3,026,741</u>	<u>458,099</u>	<u>-</u>
FUND BALANCES (DEFICIT)				
Reserved for:				
Prepaid items and other assets	143,078	-	63,400	-
Advances, loans and notes	2,800,689	-	3,193,090	-
Housing projects	-	-	2,883,038	-
Street projects	-	-	-	-
Debt service	-	-	-	603,610
Performing Arts Center endowment	-	-	-	-
Unreserved, reported in:				
General Fund	15,385,235	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	2,469,891	-	5,175,547
Total fund balances (deficit)	<u>18,329,002</u>	<u>2,469,891</u>	<u>6,139,528</u>	<u>5,779,157</u>
Total liabilities and fund balances	<u>\$ 20,910,579</u>	<u>\$ 5,496,632</u>	<u>\$ 6,597,627</u>	<u>\$ 5,779,157</u>

See accompanying notes to the basic financial statements.

Special Assessments Debt Service	City Capital Projects	Other Governmental Funds	Total
\$ -	\$ -	\$ 4,902,771	\$ 25,098,688
-	-	22,471	1,736,460
-	119,979	75,600	1,245,793
-	-	-	274,531
-	-	500,000	1,531,808
-	-	-	206,478
478,271	-	1,772,861	10,568,411
625,000	-	-	625,000
-	-	-	3,512,779
-	-	-	2,481,000
<u>\$ 1,103,271</u>	<u>\$ 119,979</u>	<u>\$ 7,273,703</u>	<u>\$ 47,280,948</u>
\$ -	\$ 29,542	\$ -	\$ 792,309
-	-	-	244,724
-	228,476	-	1,531,808
-	-	-	627,421
625,000	-	49,370	1,321,543
-	-	-	2,481,000
<u>625,000</u>	<u>258,018</u>	<u>49,370</u>	<u>6,998,805</u>
-	-	-	206,478
-	-	-	5,993,779
-	-	-	2,883,038
-	-	1,049,247	1,049,247
478,271	-	1,772,861	2,854,742
-	-	1,764,051	1,764,051
-	-	-	15,385,235
-	-	2,537,723	2,537,723
-	(138,039)	100,451	7,607,850
<u>478,271</u>	<u>(138,039)</u>	<u>7,224,333</u>	<u>40,282,143</u>
<u>\$ 1,103,271</u>	<u>\$ 119,979</u>	<u>\$ 7,273,703</u>	<u>\$ 47,280,948</u>

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CITY OF ROHNERT PARK

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

Fund balances - total governmental funds (page F-18)		\$ 40,282,143
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		58,409,450
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.		9,302
Long-term receivables and interest on deferred loans are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis.		1,046,165
Costs of issuance are capitalized on the government-wide statement of net assets, whereas, they are reported as expenditures in the governmental funds.		534,812
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.		(464,762)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Special assessment bonds, net	(881,289)	
Certificates of participation	(4,405,000)	
Lease revenue bonds	(6,532,861)	
Tax allocation bonds, net (including accreted interest)	(23,112,192)	
Capital leases	(1,484,984)	
Compensated absences	(1,044,972)	(37,461,298)
Net assets of governmental activities (page F-14)		<u>\$ 62,355,812</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, 2005

	General	Community Development Commission	
		Capital Projects	Housing Projects
REVENUES			
Taxes	\$ 12,658,859	\$ 10,625,028	\$ -
Intergovernmental	3,302,554	-	-
Interest and rentals	1,213,530	95,142	164,226
Charges for current services	1,409,153	-	-
Licenses, permits and fees	1,074,210	-	-
Special assessment collections	-	-	-
Fines, forfeitures and penalties	181,727	-	-
Donations and miscellaneous	1,023,146	-	-
Total revenues	20,863,179	10,720,170	164,226
EXPENDITURES			
Current:			
General government	3,147,488	6,500,344	1,821,825
Public safety	14,346,107	-	-
Public works	1,962,617	-	-
Parks and recreation	2,611,590	-	-
Other	1,090,182	-	-
Capital outlay	1,222,624	86,531	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	227,790	-
Total expenditures	24,380,608	6,814,665	1,821,825
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,517,429)	3,905,505	(1,657,599)
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of capital assets	1,263,800	-	-
Lease proceeds	1,175,965	-	-
Transfers in	1,991,360	369,922	2,027,576
Transfers out	(993,927)	(3,837,644)	(307,988)
Total other financing sources (uses)	3,437,198	(3,467,722)	1,719,588
NET CHANGE IN FUND BALANCES	(80,231)	437,783	61,989
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	18,409,233	2,032,108	6,077,539
FUND BALANCES (DEFICIT), END OF YEAR	\$ 18,329,002	\$ 2,469,891	\$ 6,139,528

See accompanying notes to the basic financial statements.

Financing Authority	Special Assessments Debt Service	City Capital Projects	Other Governmental Funds	Total
\$ -	\$ -	\$ -	445,820	\$23,729,707
-	-	477,309	917,860	4,697,723
83,815	12,433	-	157,233	1,726,379
-	-	299,404	-	1,708,557
-	-	-	1,009,515	2,083,725
-	327,225	-	-	327,225
-	-	-	-	181,727
-	337	-	500	1,023,983
<u>83,815</u>	<u>339,995</u>	<u>776,713</u>	<u>2,530,928</u>	<u>35,479,026</u>
-	-	-	10,675	11,480,332
-	-	-	-	14,346,107
-	-	-	-	1,962,617
-	-	-	-	2,611,590
-	4,713	-	-	1,094,895
-	-	1,789,041	-	3,098,196
380,000	275,000	-	1,039,815	1,694,815
482,712	41,194	-	427,398	1,179,094
<u>862,712</u>	<u>320,907</u>	<u>1,789,041</u>	<u>1,477,888</u>	<u>37,467,646</u>
<u>(778,897)</u>	<u>19,088</u>	<u>(1,012,328)</u>	<u>1,053,040</u>	<u>(1,988,620)</u>
-	-	-	-	1,263,800
-	-	-	-	1,175,965
841,867	-	1,539,408	2,380,522	9,150,655
(14,160)	-	(533,408)	(3,702,288)	(9,389,415)
<u>827,707</u>	<u>-</u>	<u>1,006,000</u>	<u>(1,321,766)</u>	<u>2,201,005</u>
48,810	19,088	(6,328)	(268,726)	212,385
<u>5,730,347</u>	<u>459,183</u>	<u>(131,711)</u>	<u>7,493,059</u>	<u>40,069,758</u>
<u>\$ 5,779,157</u>	<u>\$ 478,271</u>	<u>\$ (138,039)</u>	<u>\$ 7,224,333</u>	<u>\$ 40,282,143</u>

CITY OF ROHNERT PARK

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

Net change in fund balances - total governmental funds (page F-21) \$ 212,385

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

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

Capital asset additions, reported as capital outlay	\$ 3,098,196	
Basis in capital assets sold	(289,721)	
Depreciation	<u>(4,870,188)</u>	(2,061,713)

Revenues recognized in the governmental funds that were earned and recognized in
previous years and reported as beginning net assets in the statement of activities.

Revenues earned in the current year that did not meet the revenue recognition
criteria for governmental funds are reported as revenues in the statement of
activities. (1,250,224)

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

Lease proceeds	(1,175,965)	
Principal repayments:		
Tax allocation bonds	900,000	
Certificates of participation	140,000	
Lease revenue bonds	240,000	
Special assessment bonds	275,000	
Capital leases	<u>139,815</u>	518,850

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.

Amortization of deferred costs of issuance	(45,963)	
Change in accrued interest payable	(33,219)	
Amortization of premium, discount and deferred amount on refunding	(52,184)	
Interest accretion on capital appreciation bonds	(796,468)	
Change in long-term compensated absences	<u>(220,437)</u>	(1,148,271)

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

(5,845)

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

\$ (3,734,818)

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Business-type Activities - Enterprise Funds				Governmental Activity
	Water	Sewer	Refuse Collection	Total	Internal Service
ASSETS					
Current assets:					
Cash and investments:					
Operating	\$ 2,777,933	\$ 3,452,903	\$ 283,200	\$ 6,514,036	\$ -
Held for capital improvements	5,408,970	17,298,719	-	22,707,689	-
Deposits	40,979	461,340	34,149	536,468	-
Total cash and investments	8,227,882	21,212,962	317,349	29,758,193	-
Accounts receivable	1,023,879	1,628,331	616,924	3,269,134	-
Total current assets	9,251,761	22,841,293	934,273	33,027,327	-
Noncurrent assets:					
Deferred costs of issuance	207,106	350,288	-	557,394	-
Capital assets:					
Land, structures and improvements	13,043,325	8,403,004	-	21,446,329	-
Furniture, fixtures and equipment	861,113	634,020	-	1,495,133	149,543
Construction in progress	1,222,081	2,168,114	-	3,390,195	-
Total capital assets	15,126,519	11,205,138	-	26,331,657	149,543
Less: accumulated depreciation	(6,760,229)	(5,898,377)	-	(12,658,606)	(140,241)
Net capital assets	8,366,290	5,306,761	-	13,673,051	9,302
Total noncurrent assets	8,573,396	5,657,049	-	14,230,445	9,302
Total assets	17,825,157	28,498,342	934,273	47,257,772	9,302
LIABILITIES					
Current liabilities:					
Accounts payable	324,872	1,013,864	541,436	1,880,172	-
Interest payable	52,412	46,724	-	99,136	-
Deposits	63,361	457,412	31,967	552,740	-
Bonds payable	202,146	7,612	-	209,758	-
Total current liabilities	642,791	1,525,612	573,403	2,741,806	-
Noncurrent liabilities:					
Bonds payable	6,660,265	13,227,720	-	19,887,985	-
Total liabilities	7,303,056	14,753,332	573,403	22,629,791	-
NET ASSETS					
Invested in capital assets, net of related debt	7,067,543	9,673,712	-	16,741,255	9,302
Unrestricted	3,454,558	4,071,298	360,870	7,886,726	-
Total net assets	\$ 10,522,101	\$ 13,745,010	\$ 360,870	\$ 24,627,981	\$ 9,302

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005

	Business-type Activities - Enterprise Funds				Governmental Activity
	Water	Sewer	Refuse Collection	Total	Internal Service
OPERATING REVENUES:					
Utility service charges	\$ 4,887,495	\$ 8,333,982	\$ 3,881,826	\$ 17,103,303	\$ -
Charges for services	-	-	-	-	393,021
Penalties and other	45,656	68,539	38,046	152,241	-
Total operating revenues	4,933,151	8,402,521	3,919,872	17,255,544	393,021
OPERATING EXPENSES:					
Contractual services	2,274,541	54,512	4,304,734	6,633,787	-
Rent and leases	3,680	6,984,901	-	6,988,581	-
Payroll and related costs	1,789,671	943,645	-	2,733,316	-
Heat, light and power	172,610	52,159	-	224,769	-
Other	349,004	241,957	16,526	607,487	-
Depreciation	508,865	443,526	-	952,391	8,889
Repairs, operations and maintenance	276,717	56,820	-	333,537	389,977
Professional services	66,402	920	-	67,322	-
Supplies	98,744	25,263	-	124,007	-
Total operating expenses	5,540,234	8,803,703	4,321,260	18,665,197	398,866
OPERATING (LOSS)	(607,083)	(401,182)	(401,388)	(1,409,653)	(5,845)
NONOPERATING REVENUES (EXPENSES)					
Investment income	78,282	185,067	-	263,349	-
Interest expense	(109,858)	(47,669)	-	(157,527)	-
Total nonoperating revenues (expenses)	(31,576)	137,398	-	105,822	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(638,659)	(263,784)	(401,388)	(1,303,831)	(5,845)
Capital contributions	254,832	773,506	-	1,028,338	-
Transfers In	179,280	320,604	-	499,884	-
Transfers out	(81,759)	(179,365)	-	(261,124)	-
CHANGE IN NET ASSETS	(286,306)	650,961	(401,388)	(36,733)	(5,845)
NET ASSETS, BEGINNING OF YEAR	10,808,407	13,094,049	762,258	24,664,714	15,147
NET ASSETS, END OF YEAR	\$ 10,522,101	\$ 13,745,010	\$ 360,870	\$ 24,627,981	\$ 9,302

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Business-type Activities - Enterprise Funds				Governmental Activity
	Water	Sewer	Refuse Collection	Total	Internal
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ 4,757,739	\$ 8,299,203	\$ 3,827,075	\$ 16,884,017	\$ 393,021
Cash paid to suppliers for goods and services	(3,294,906)	(6,479,659)	(4,280,098)	(14,054,663)	(389,977)
Cash paid to employees for services	(1,789,671)	(943,645)	-	(2,733,316)	-
Net cash provided by (used in) operating activities	(326,838)	875,899	(453,023)	96,038	3,044
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	179,280	320,604	-	499,884	-
Transfers out	(81,759)	(179,365)	-	(261,124)	-
Net cash provided by noncapital financing activities	97,521	141,239	-	238,760	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from long-term borrowings	4,941,903	13,235,966	-	18,177,869	-
Costs of issuance	(134,866)	(351,232)	-	(486,098)	-
Payment on capital debt	(80,000)	-	-	(80,000)	-
Interest paid on capital debt	(74,380)	-	-	(74,380)	-
Acquisition of capital assets	(1,091,346)	(2,070,184)	-	(3,161,530)	(3,044)
Contributions from developers and other agencies	254,832	773,506	-	1,028,338	-
Net cash provided by (used in) capital and related financing activities	3,816,143	11,588,056	-	15,404,199	(3,044)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	78,282	184,433	-	262,715	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,665,108	12,789,627	(453,023)	16,001,712	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,562,774	8,423,335	770,372	13,756,481	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 8,227,882</u>	<u>\$ 21,212,962</u>	<u>\$ 317,349</u>	<u>\$ 29,758,193</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.					
Operating loss	\$ (607,083)	\$ (401,182)	\$ (401,388)	\$ (1,409,653)	\$ (5,845)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	508,865	443,526	-	952,391	8,889
Changes in assets and liabilities:					
Increase in accounts receivable	(164,960)	(471,353)	(92,632)	(728,945)	-
Increase (decrease) in accounts payable	(53,208)	936,873	41,162	924,827	-
Increase (decrease) in deposits	(10,452)	368,035	(165)	357,418	-
Net cash provided by (used in) operating activities	<u>\$ (326,838)</u>	<u>\$ 875,899</u>	<u>\$ (453,023)</u>	<u>\$ 96,038</u>	<u>\$ 3,044</u>

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**STATEMENT OF FIDUCIARY NET ASSETS (DEFICIT)
PRIVATE PURPOSE TRUST FUND
SPECIAL ENFORCEMENT UNIT - SOUTH
JUNE 30, 2005**

ASSETS

Cash and investments	\$ 4,556
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LIABILITIES

Accounts payable	19,422
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NET ASSETS (DEFICIT)	\$ (14,866)
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See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS (DEFICIT)
PRIVATE PURPOSE TRUST FUND
SPECIAL ENFORCEMENT UNIT - SOUTH
FOR THE YEAR ENDED JUNE 30, 2005**

ADDITIONS

Seizures and forfeitures	\$ 3,775
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DEDUCTIONS

Law enforcement costs	<u>(7,635)</u>
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CHANGE IN NET ASSETS

(3,860)

NET ASSETS (DEFICIT):

BEGINNING OF THE YEAR	<u>(11,006)</u>
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END OF YEAR	<u><u>\$ (14,866)</u></u>
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See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

1. DESCRIPTION OF THE REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Component unit financial statements can be obtained from the Finance Department of the City at 6800 Hunter Drive, Suite B, Rohnert Park, CA 94928.

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

Basis of Presentation

Government - wide Financial Statements - The statement of net assets and statement of activities display information about the primary government (City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City and between the City and its discretely presented component unit. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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

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

The City reports the following major governmental funds and one minor fund:

- General Fund is the general operating fund of the City. It accounts for all financial resources traditionally associated with governments, which are not required to be accounted for in another fund.
- Community Development Commission Capital Projects Fund accounts for redevelopment of designated areas within the approved project area of the City.
- Community Development Commission Housing Projects Fund accounts for 20% of tax increment revenues, which are designated by law to increase or improve low and moderate income housing in the designated areas within the approved project area of the City.
- Financing Authority Fund accounts for capital items financed by certificates of participation.
- Special Assessments Debt Service Fund accumulates monies for payment of 1915 Act special assessment bonds. Financing is provided by special assessment taxes.
- City Capital Projects Fund accounts for resources used for the acquisition of capital facilities, except for those capital facilities financed by enterprise funds, special assessment resources or Community Development Commission resources.

The City reports the following major enterprise funds:

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

The City reports the following additional fund types:

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

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

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

- Governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The City considers property taxes as available if they are levied and collected within 60 days after year-end. The availability period for all other revenues susceptible to accrual is also 60 days. Revenues considered susceptible to accrual include property taxes, sales tax, licenses, interest and rentals, charges for services and intergovernmental revenues. All other revenues are recognized only when the cash receipts are collected. Expenditures are recorded when the related fund liability is incurred, except that principal and interest on general long-term debt, compensated absences and claims are recognized when due.
- Proprietary funds and the private-purpose trust fund are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Water, sewer and refuse collection service revenues earned at June 30, but unbilled, are recognized.

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

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

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

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

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

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

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

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

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 \$1,000 or more. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide and proprietary fund financial statements. The estimated useful lives are as follows:

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

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

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

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

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

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

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

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

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

New Pronouncements - Effective for the year ended June 30, 2005, the City is required to report certain disclosures concerning deposits and investments, as outlined in GASB Statement No. 40, Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3. This statement addresses certain exposure risks that common deposits and investments of state and local governments are subject to that may have the potential to result in losses. These risks are credit risk, concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk. There are also requirements for disclosure concerning investments that have fair values that are highly sensitive to changes in interest rates. The investment policies of the City are also disclosed as they relate management of these risks identified in this Statement, as they relate to the deposits and investments.

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

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

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

In December 2004, GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34*, which requires that limitation on the use of net assets imposed by enabling legislation be reported as restricted net assets. This statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government—such as citizens, public interest groups, or the judiciary—can compel a government to honor. This statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Finally, this statement requires governments to disclose the portion of total net assets that is restricted by enabling legislation. Application of this statement is effective for the City's fiscal year ending June 30, 2006.

In June 2005, GASB issued Statement No. 47, *Accounting for Termination Benefits, which establishes accounting standards for termination benefits*. More specifically, this statement requires employers to disclose a description of the termination benefit arrangement, the cost of the termination benefits (required in the period in which the employer becomes obligated if that information is not otherwise identifiable from information displayed on the face of the financial statements, and significant methods and assumptions used to determine termination benefits provided through an existing defined benefit OPEB plan, the provisions of this Statement will be implemented simultaneously with the requirements of Statement 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. For all other termination benefits, application of this statement is effective for the City's fiscal year ending June 30, 2006.

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, 2005, the City Capital Projects fund had a deficit fund balance of \$138,039 due to capital expenditures exceeding its revenues and beginning fund balance. The deficit will be reimbursed in the future by the gas tax fund, developer fees, State and Federal grants and bonds proceeds.

At June 30, 2005, the Special Enforcement Unit – South Private-Purpose Trust Fund had deficit net assets of \$14,866 due to public safety expenditures exceeding the revenues collected through seizures and forfeitures and beginning net assets. The deficit will be reimbursed by future revenues.

3. CASH AND INVESTMENTS

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

Primary government:	
Unrestricted	\$ 31,612,724
Restricted	33,812,568
Component unit (HFA) - Deposits	66,128
Private-purpose Trust Fund	<u>4,556</u>
Total cash and investments	<u>\$ 65,495,976</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, 2005 the carrying value of the City's deposits was \$9,518,687. At June 30, 2005 the carrying value of the component unit's deposits was \$66,128. The City and component unit are 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.

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. Since interest rates are not anticipated to drop any further, the City has about 78% of its investments in maturities of less than 1 year in order to take advantage of anticipated rising interest rates.

As of June 30, 2005, the City's investments, excluding the Housing Financing Authority consisted of the following:

Investment Type	Fair Value	Maturities		Credit Rating
		Less than 1 year	1-5 years	
Federal Home Loan Banks	\$ 9,422,345	\$ -	\$ 9,422,345	Aaa
Federal National Mortgage Association	2,965,390	-	2,965,390	Aaa
State Local Agency Investment Fund	19,338,428	19,338,428	-	Not rated
Sonoma County Investment Pool	618,955	-	618,955	Not rated
Money market funds	23,566,044	23,566,044	-	AAAm
	<u>\$ 55,911,162</u>	<u>\$ 42,904,472</u>	<u>\$ 13,006,690</u>	

As of June 30, 2005, the City's investment in LAIF was \$19,338,428, which has a weighted average maturity of 165 days. The total amount invested by all public agencies in LAIF at that date is approximately \$18.6 billion. The City's proportionate share of structured notes and asset-backed securities held by the LAIF was \$298,049 or 2.406% of the City's investment in LAIF. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool. The City's investments in LAIF is unrated.

As of June 30, 2005, the City's investment in the County's Pool was \$618,955, which has a weighted average maturity of 385 days. The total amount invested by the County's Pool at that date is approximately \$1.2 billion. The County's Pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by California Government Code Section 27134. The value of the pool shares in the County Pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool. The City's investment in the County Pool is unrated.

Concentration of credit risk

The City's investment policy does not place restrictions within the permitted categories of investment that may be entered into and how much may be held by individual issuers. More than 5% of the City's investments are invested in Federal National Mortgage Association (5.3%), Federal Home Loan Bank (16.9%) and Blackrock Provident Institutional Funds (7.8%).

4. DEFERRED REVENUE

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

At June 30, 2005, the various components of deferred revenue and unearned revenue reported were as follows:

	Unavailable	Unearned
Governmental activities:		
Major funds:		
Special assessments receivable	\$ 625,000	\$ -
Due from governmental agencies	80,996	-
Courseco Loan	319,689	
Parks and recreation and other advances	-	226,008
Housing loans	20,480	-
Nonmajor funds:		
Advances from property owners	-	49,370
Total governmental activities	<u>\$ 1,046,165</u>	<u>\$ 275,378</u>

5. INTERFUND TRANSACTIONS

Interfund Receivables/Payables - The composition of interfund balances as of June 30, 2005 was as follows:

Fund reporting receivable	Fund reporting payable	Amount
Due to/from other funds:		
General Fund	City Capital Projects Fund	\$ 228,476
	CDC Capital Projects Fund	494,395
	Sewer Enterprise Fund	276,500
CDC Housing Projects Fund	CDC Capital Projects Fund	32,437
Nonmajor governmental funds	Sewer Enterprise Fund	500,000
		<u>\$ 1,531,808</u>
Advances to/from other funds:		
General Fund	CDC Capital Projects Fund	<u>\$ 2,481,000</u>

The General Fund loaned \$4,200,000 to the Community Development Commission Capital Projects Fund to construct the Rohnert Park Performing Arts Center. The loan bears interest at a rate of 9 percent per annum. At June 30, 2005, the outstanding balance remaining on this loan is \$2,481,000. The General Fund funded some City capital projects up front for a total of \$228,476 and will be reimbursed as payments are received. The semi-annual payment from the Commission to the General Fund for the administration, land leases and the performing arts center loan due in June, were not paid until July (\$494,395). The same is true for the Housing Fund's semi-annual payment for administration (\$276,500). The set-aside amount of \$32,437 was the Housing Projects Funds' share of the property tax increment received in July. The Permanent Fund has a loan with the General Fund for \$500,000 for the construction of an electronic freeway sign.

Interfund Transfers - The composition of interfund transfers during the fiscal year ended June 30, 2005 was as follows:

Fund Reporting Transfer In	Fund Reporting Transfer Out	Amount
General Fund	CDC Capital Projects Fund	\$ 250,000 c
	City Capital Projects Fund	4,113 c
	Nonmajor governmental funds	1,500,078 d
	Water Enterprise Fund (1)	67,386 f
	Sewer Enterprise Fund (1)	169,783 f
CDC Capital Project Funds	General Fund	250,000 c
	CDC Housing Projects Fund	119,922 a
CDC Housing Projects Fund	CDC Capital Projects Fund	2,027,576 b
Financing Authority Fund	General Fund	395,943 e
	CDC Capital Projects Fund	445,924 e
City Capital Projects fund	General Fund	220,723 c
	Financing Authority Fund	14,160 c
	Nonmajor governmental funds	1,304,525 c
Water Enterprise Fund (1)	Nonmajor governmental funds	179,280 c
Sewer Enterprise Fund (1)	Nonmajor governmental funds	320,604 c
Nonmajor governmental funds	General Fund	127,261 e
	CDC Capital Projects Fund	1,114,144 e
	CDC Housing Projects Fund	188,066 e
	City Capital Projects Fund	529,295 c
	Water Enterprise Fund (1)	14,373 e
	Sewer Enterprise Fund (1)	9,582 e
	Nonmajor governmental funds	397,801 g
Total		<u>\$ 9,650,539</u>

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

The purpose for the interfund transfers at June 30, 2005 are as follows:

- a) This transfer represents the 1994/95 ERAF Loan payback (\$92,233), as well as the 20% set-aside received in July 2004 (\$27,689).
- b) This transfer represents 20% of the tax increment earned for the year ended June 30, 2005 which is required to be set aside in a separate fund to provide adequate housing for families and individuals with low or moderate income.
- c) These transfers represent reimbursement of capital project costs.
- d) This transfer is to repay the General Fund for programs funded through other sources.
- e) These transfers are made for the payment of debt service.
- f) The General Fund transferred interest earnings to the proprietary funds during the year.
- g) Related to the transfer of gas tax and ISTEAF funds for a Cal Trans project.

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Additions	Retirements	Transfers	Balance June 30, 2005
<u>Governmental activities</u>					
<i>Capital assets, not being depreciated</i>					
Land	\$ 2,480,203	\$ 467,954	\$ -	\$ -	\$ 2,948,157
Construction in progress	4,990,881	1,875,571		(3,586,220)	3,280,232
Total capital assets, not being depreciated	7,471,084	2,343,525	-	(3,586,220)	6,228,389
<i>Capital assets, being depreciated</i>					
Infrastructure, structures and improvements	104,979,789	9,238	(1,128,837)	2,105,627	105,965,817
Equipment	10,584,159	778,690	(126,117)	1,480,593	12,717,325
Total capital assets, being depreciated	115,563,948	787,928	(1,254,954)	3,586,220	118,683,142
<i>Less accumulated depreciation for:</i>					
Infrastructure, structures and improvements	(53,753,317)	(4,262,251)	846,508	-	(57,169,060)
Equipment	(8,795,405)	(647,039)	118,725	-	(9,323,719)
Total accumulated depreciation	(62,548,722)	(4,909,290)	965,233	-	(66,492,779)
Total capital assets, being depreciated, net	53,015,226	(4,121,362)	(289,721)	3,586,220	52,190,363
Governmental activities capital assets, net	\$ 60,486,310	\$ (1,777,837)	\$ (289,721)	\$ -	\$ 58,418,752
<u>Business-type activities</u>					
<i>Capital assets, not being depreciated:</i>					
Construction in progress	\$ 3,793,151	\$ 2,961,202	\$ -	\$ (3,364,158)	\$ 3,390,195
<i>Capital assets, being depreciated:</i>					
Structures and improvements	18,082,173		-	3,364,158	21,446,331
Equipment	1,294,965	200,328	(162)		1,495,131
Total capital assets, being depreciated	19,377,138	200,328	(162)	3,364,158	22,941,462
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(10,898,541)	(857,406)	-	-	(11,755,947)
Equipment	(807,835)	(94,986)	162	-	(902,659)
Total accumulated depreciation	(11,706,376)	(952,392)	162	-	(12,658,606)
Total capital assets, being depreciated, net	7,670,762	(752,064)	-	3,364,158	10,282,856
Business-type activities capital assets, net	\$ 11,463,913	\$ 2,209,138	\$ -	\$ -	\$ 13,673,051

Construction in progress for governmental activities at June 30, 2005 is comprised of the following:

	Project Authorization	Expended to June 30, 2005	Project Funds Unexpended
City Projects:			
City Hall Project	\$ 3,100,000	\$ 579,645	\$ 2,520,355
Water Supply Assessment Project	1,232,000	343,086	888,914
2004 Road Improvements	550,000	467,239	82,761
Various other projects	13,375,336	1,776,446	11,598,890
Community Development Commission Projects:			
SW Blvd. Fire Station Renovation	85,000	27,812	57,188
Stadium Lands Salvage Project	375,000	54,525	320,475
BARC Roof Replacement	244,750	27,237	217,513
West-side Public Safety Facility	5,140,000	4,242	5,135,758
Total	<u>\$ 24,102,086</u>	<u>\$ 3,280,232</u>	<u>\$ 20,821,854</u>

During the year the City transferred the completed Public Safety CAD/RMS project (\$1.48 million) from construction in progress to equipment. Also, during the year the City completed several projects totaling \$2.1 million that were transferred from construction in progress to improvements.

Construction in progress for business-type activities at June 30, 2005 is comprised of the following:

	Project Authorization	Expended to June 30, 2005	Project Funds Unexpended
Water meter retrofit project	\$ 3,300,000	\$ 752,896	\$ 2,547,104
Parallel Sewer Interceptor Project	10,300,000	1,698,803	8,601,197
Various other projects	12,184,600	938,496	11,246,104
Total	<u>\$ 25,784,600</u>	<u>\$ 3,390,195</u>	<u>\$ 22,394,405</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 85,821
Public safety	741,143
Public works	2,446,056
Parks and recreation	1,357,184
Other	270,197
Depreciation on capital assets held by the City's internal service fund is charged to the various functions based on their usage of the assets.	8,889
Total depreciation expense – governmental functions	<u>\$ 4,909,290</u>

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

Water	\$ 506,865
Sewer	443,526
Total depreciation expense – business-type functions	<u>\$ 950,391</u>

7. LONG-TERM LIABILITIES

The City's long-term debt payable at June 30, 2005 follows:

	<u>Maturity</u>	<u>Rates</u>	<u>Principal Installments</u>	<u>Amount</u>	<u>June 30, 2005</u>
Governmental Activities					
(a) Special Assessment Debt with Governmental Commitment:					
2001 Consolidated Reassessment	2002 - 2009	2.90-4.45%	\$165,000-330,000	\$ 1,825,000	\$ 910,000
(b) 1991 Tax Allocation Refunding Bonds:					
Redevelopment Project (includes accreted interest)	2002 - 2020	5.90-6.80%	485,000-965,000	13,099,895	3,113,281
(b) 1999 Tax Allocation Bonds:					
Redevelopment Project (includes accreted interest)	2002 - 2036	3.60-5.30%	285,000-260,389	11,936,651	13,090,787
(c) 1999 Certificates of Participation:					
Capital Facilities Project	2002 - 2025	3.60-4.60%	125,000-330,000	5,055,000	4,405,000
(c) 2003 Lease Revenue Refunding Bonds:					
Master Equipment Lease Project and Public Safety Facility	2003 - 2025	2.50-4.80%	240,000-470,000	6,950,000	6,710,000
(c) 2001 Tax Allocation Bonds:					
Redevelopment Project	2002 - 2016	3.50-4.60%	55,000-775,000	8,200,000	7,040,000
(e) Capital leases	2002 - 2020	Various	Various	Various	1,484,984
Total Governmental Activities					36,754,052
Business-Type Activities					
(f) 2002 Revenue Bonds	2004 - 2023	2.00-4.50%	80,000-145,000	2,090,000	1,930,000
(d) 2005 Sewer System Revenue Certificates of Participation					
Capital Facilities Project	2005 - 2036	3.00-5.00%	230,000-775,000	13,000,000	13,000,000
(f) 2005 Water Revenue Bonds	2005 - 2030	2.50-4.50%	120,000-305,000	5,000,000	5,000,000
Total governmental and business-type activities - bonds, certificates of participation, capital leases, and accreted interest on capital appreciation bonds					\$ 56,684,052

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

- (a) Special assessment collections recorded in the Special Assessments Debt Service Fund. The City is "obligated in some manner" (as defined by GASB No. 6) for special assessment debt because it must cover delinquencies of special assessments bonds in excess of debt service reserves with other resources until foreclosure proceeds are received or because it has indicated that it may do so.
- (b) Property tax increment allocated to the Community Development Commission Capital Projects Fund.
- (c) Lease revenues from the General Fund, as provided for by an agreement between the Financing Authority and the City.
- (d) 75% Utility billing from the Sewer Department and 25% from new development.
- (e) General revenues of the City.
- (f) Utility billing from the Water department.

The following is a summary of changes to long-term liabilities for the year ended June 30, 2005:

	Balance July 1, 2004	Additions/ Accretions	Retirements	Balance June 30, 2005	Amount due Within One Year
Governmental activities:					
Special assessment bonds	\$ 1,185,000	\$ -	\$ 275,000	\$ 910,000	\$ 290,000
Certificates of participation	4,545,000	-	140,000	4,405,000	140,000
Lease revenue refunding bonds	6,950,000	-	240,000	6,710,000	225,000
Tax allocation bonds	19,036,548	-	560,601	18,475,947	611,415
Capital leases	448,834	1,175,965	139,815	1,484,984	214,251
Accreted interest on capital appreciation bonds	4,311,052	796,468	339,399	4,768,121	353,585
Total long-term debt	36,476,434	1,972,433	1,694,815	36,754,052	1,834,251
Original issue premium	93,772	-	7,760	86,012	7,126
Original issue discount	(27,316)	(5)	(1,307)	(26,014)	(1,301)
Deferred amount on refunding	(456,366)	-	(58,642)	(397,724)	(58,643)
Compensated absences	824,535	220,437	-	1,044,972	438,723
Total governmental activities	\$ 36,911,059	\$ 2,192,865	\$ 1,642,626	\$ 37,461,298	\$ 2,220,156
Business-type activities:					
Water revenue bonds	\$ 2,010,000	\$ 5,000,000	\$ 80,000	\$ 6,930,000	\$ 205,000
Sewer revenue certificates of participation	-	13,000,000	-	13,000,000	-
Original issue premium	-	235,966	634	235,332	8,246
Original issue discount	(10,244)	(58,097)	(752)	(67,589)	(2,854)
Total business-type activities	\$ 1,999,756	\$ 18,177,869	\$ 79,882	\$ 20,097,743	\$ 210,392

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

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

Fiscal Year ending	Special Assessment		Lease Revenue Bonds		Certificates of Participation		Tax Allocation Bonds		Accreted Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
June 30:									
2006	\$ 290,000	\$ 31,861	\$ 225,000	\$ 267,869	\$ 140,000	\$ 203,880	\$ 611,415	\$ 393,617	\$ 353,585
2007	280,000	20,966	230,000	262,181	150,000	198,370	611,869	378,882	368,132
2008	190,000	11,390	235,000	256,369	155,000	192,420	603,414	363,410	386,586
2009	150,000	3,672	240,000	250,431	160,000	186,120	613,994	346,848	396,007
2010	-	-	245,000	243,756	165,000	179,538	617,092	329,158	407,908
2011 - 2015	-	-	1,360,000	1,088,072	945,000	781,832	3,540,569	1,454,645	1,779,431
2016 - 2020	-	-	1,650,000	792,666	1,185,000	530,125	4,933,748	684,856	1,881,252
2021 - 2025	-	-	2,055,000	364,681	1,505,000	195,175	3,135,356	20,475	5,594,644
2026 - 2030	-	-	470,000	11,163	-	-	2,011,545	-	6,763,455
2031 - 2035	-	-	-	-	-	-	1,536,556	-	7,238,444
2036 - 2040	-	-	-	-	-	-	260,389	-	1,494,611
Total	\$ 910,000	\$ 67,889	\$ 6,710,000	\$ 3,537,188	\$ 4,405,000	\$ 2,467,460	\$ 18,475,947	\$ 3,971,891	\$ 26,664,055

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
2006	205,000	237,408	-	572,035
2007	210,000	262,442	230,000	583,379
2008	210,000	256,949	240,000	575,729
2009	220,000	251,196	245,000	567,779
2010	225,000	245,016	255,000	559,604
2011 - 2015	1,235,000	1,111,732	1,420,000	2,659,311
2016 - 2020	1,470,000	858,581	1,705,000	2,371,805
2021 - 2025	1,505,000	520,785	2,105,000	1,975,300
2026 - 2030	1,345,000	225,410	3,065,000	1,006,000
2031 - 2035	305,000	6,863	2,220,000	220,375
2036 - 2040	-	-	1,515,000	111,900
Total	<u>\$ 6,930,000</u>	<u>\$ 3,976,382</u>	<u>\$ 13,000,000</u>	<u>\$ 11,203,217</u>

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 will be 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%

2005 California Statewide Communities Development Authority Water Revenue Bonds

On May 1, 2005, 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, Series 2005A (Bonds) in the amount of \$5,000,000. 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 Revenues are pledged to the payment of the installment payments.

Prior Year's Debt Defeasance

On July 1, 2003, the City defeased the 2003 Lease Revenue Refunding Bonds by creating a separate irrevocable escrow funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the escrow funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2005, the amount of defeased debt outstanding but removed from the City's government-wide financial statement amounted to \$247,270.

Legal Debt Limit

As of June 30, 2005, the City's legal debt limit (15% of valuation subject to taxation) was \$526,848,947. Currently, the City has no debt subject to the debt limit.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, Municipal Finance Corporation performed calculations of excess investment earnings on various bonds and financings and at June 30, 2005, the City has no liability.

Conduit Debt

The City has issued a Multifamily Housing Revenue Bond and two 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 four series of bonds as of June 30, 2005 are as follows:

Multifamily Housing Revenue Bonds 1995 Series A (Crossbrooks Apartments)	\$ 8,715,000
Mobile Home Park Revenue Bonds 2001 Series A (Las Casitas De Sonoma)	4,685,000
Mobile Home Park Revenue Bonds Series 2003A (Rancho Feliz MHP)	13,220,000
Mobile Home Park Revenue Bonds Series 2003B (Rancho Feliz MHP)	3,485,000

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, 2005:

Fiscal Year ending June 30:	Principal	Interest
2006	\$ 214,251	\$ 64,175
2007	122,727	55,145
2008	108,115	49,216
2009	92,774	44,831
2010	51,643	40,732
2011-15	335,812	164,198
2016-20	500,255	73,119
2021	59,407	770
Total	<u>\$ 1,484,984</u>	<u>\$ 492,186</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, 2005, equipment under the capital leases of \$2,180,154 were included in the statement of net assets.

8. EMPLOYEES' RETIREMENT PLAN

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

Funding Policy – Public safety employees and all other employees have an obligation to contribute 9% and 7% of their annual covered salary to the Fund, respectively. The City is required to contribute at an actuarially determined rate. The actuarial methods and assumptions used are those adopted by the Fund's Board of Administration. The required employer contribution rates for fiscal year ended June 30, 2005 were 21.023% for public safety employees and 7.286% 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, 2002 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses) and (b) projected salary increases that vary by category, entry age and duration of service. Both (a) and (b) include an inflation component of 3.5%. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level % of pay over a closed 20-year period. The actuarial value of City's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses.

Schedule of Employer Contributions (dollar amounts in thousands)

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/03	\$ 404	100%
6/30/04	863	100
6/30/05	1,890	100

Schedule of Funding Progress (dollar amounts in thousands)

Actuarial Valuation Date	(A) Actuarial Asset Value	(B) Entry Age Actuarial Accrued Liability	(C) Unfunded (Overfunded) Actuarial Accrued Liability [(B) – (A)]	(D) Funded Ratio [(A) / (B)]	(E) Covered Payroll	(F) Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(C)/(E)]
6/30/02	\$ 61,876	\$ 61,232	\$ (644)	101.10%	\$ 13,247	(4.9%)
6/30/03	63,789	68,052	4,263	93.70%	13,225	(32.2%)
6/30/04	69,162	75,056	5,894	92.15%	13,500	43.7%

9. POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City provides certain health care benefits for retired employees. The City's memorandum of understanding with its employees establishes the provisions for these post-employment health care benefits. Substantially all of the City's employees may become eligible for these benefits if they work for the City at least ten years and they reach normal retirement age while working for the City. These benefits are not available unless the retired employee is also receiving benefits from CalPERS. The cost of retiree health care and life insurance benefits are recognized as expenditures as claims are paid. For 2005, these costs totaled \$704,377. At June 30, 2005, seventy-six participants were eligible to receive these benefits.

The City has designated a portion of General Fund's fund balance for future retiree health care benefits in the event that claims cannot be paid from future operations. In the current year, \$800,000 was designated by the General Fund to fund future retiree healthcare benefits. \$700,000 was transferred from this designation to pay for current year retiree healthcare benefits. At June 30, 2005, the General Fund designated fund balance for retired employee medical insurance was \$2,967,500.

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

10. FUND BALANCE / NET ASSETS

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

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans or intent are subject to change, have not been legally authorized and may not result in expenditures. As of June 30, 2005, unreserved, designated fund balances were as follows:

Fund balance designations for:

General Fund:

Contingencies	\$ 4,951,058
Self-insurance	1,174,110
Infrastructure	509,587
Recreational facilities	124,648
Retired employee medical insurance	2,967,500
Housing programs	177,399
Retirement costs/miscellaneous	350,000
Equipment replacement	1,290,792
Donations	319,689

Total General Fund	<u>\$ 11,864,783</u>
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Nonmajor Governmental Funds:

Capital projects	<u>\$ 100,451</u>
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In government-wide statements equity is classified as net assets and displayed in three components:

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

11. RISK MANAGEMENT

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

The City's deductibles and maximum coverage follows:

Coverage:	<u>Deductible</u>	<u>REMIF</u>	<u>Excess Coverage</u>
General liability	\$ 5,000	\$ 500,000	\$ 24,500,000
Workers' compensation	5,000	1,000,000	Statutory
Property damage	5,000	25,000	295,000,000
Automobile liability	5,000	10,000	1,485,000
Earthquake and flood	25,000	-	25,000,000
Fidelity	-	25,000	2,000,000

The City contributes its pro-rata share of anticipated losses to a pool administered by REMIF. Should actual losses among participants be greater than the anticipated losses, the City will be assessed its pro-rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the City will be refunded its pro-rata share of the excess. The City paid insurance premiums of \$1,133,069 and received REMIF refunds of \$173,386 during the year ended June 30, 2005. 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, 2005 the amount of these IBNR liabilities was \$33,272. This liability is the City's best estimate based on available information.

Changes in the reported liability resulted from the following:

Liability at June 30, 2003	\$ 98,532
Current year claim deductibles and changes in estimates	221,006
Net payments	<u>(238,142)</u>
Liability at June 30, 2004	81,396
Current year claim deductibles and changes in estimates	111,973
Net payments	<u>(79,480)</u>
Liability at June 30, 2005 (reported in accrued liabilities)	<u>\$ 113,889</u>

At June 30, 2005, management designated \$1,174,110 of fund balance in the General Fund for future claims liabilities.

12. CONTINGENCIES

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

The Community Development Commission of the City entered into an agreement with Burbank Housing Development for the purchase of City property for an affordable housing site. The site includes the public safety parking lot currently owned by the City. The city will deed the parking lot to the Commission, who will in turn include this parcel in the site being sold to Burbank. In exchange for the parking lot, Burbank Housing will construct a new parking lot and security gate on adjacent land owned by the City. The Commission will also assist Burbank Housing with the financing of the project through a non-recourse loan in the amount of \$3,925,000.

13. LEASES

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

The future minimum rentals to be received from the aforementioned operating leases as of June 30, 2005 are as follows (in thousands)

Fiscal Year Ending June 30,	
2006	\$ 150
2007	150
2008	150
2009	150
2010	150
2011 - 2015	875
2016 - 2020	1,000
2021 - 2025	1,125
2026 - 2030	1,250
2031 - 2033	750
Future minimum lease rentals	<u>\$ 5,750</u>

These future minimum rentals are based upon annual rates agreed to by tenants. In addition to the future minimum rentals disclosed above, the City expects to receive approximately \$21,450 monthly from month-to-month rentals in fiscal year 2006.

14. REVISION TO FINANCIAL STATEMENTS

The City's financial statements have been revised to reflect the adjustments required to correct errors identified after the issuance of the June 30, 2005 financial statements. The errors are due to the reclassification of account balances and activities between the Financing Authority Fund and the Sewer Fund as well as within the Water Fund. The adjustments to the government wide financial statements and fund financial statements are as follows:

	As Previously Reported	Adjustment	Revised Financial Statements
Government-wide Financial Statements			
Governmental Activities			
Assets	\$ 100,644,305	\$ 1,577,399	\$ 102,221,704
Liabilities	39,884,472	(18,580)	39,865,892
Net Assets	60,759,833	1,595,979	62,355,812
General Revenues and Transfers	25,966,772	1,595,979	27,562,751
Business-type Activities			
Assets	\$ 48,836,115	\$ (1,578,343)	\$ 47,257,772
Liabilities	22,564,487	65,304	22,629,791
Net Assets	26,271,628	(1,643,647)	24,627,981
Expenses	18,775,055	47,669	18,822,724
Charges for Services	17,266,440	(10,896)	17,255,544
General Revenues and Transfers	2,087,191	(1,585,082)	502,109
Governmental Funds Financial Statements			
Financing Authority Fund			
Assets	\$ 5,187,911	\$ 591,246	\$ 5,779,157
Liabilities	1,004,733	(1,004,733)	-
Fund Balance	4,183,178	1,595,979	5,779,157
Revenues	98,464	(14,649)	83,815
Other Financing Sources (Uses)	(782,921)	1,610,628	827,707
Proprietary Funds Financial Statements			
Water Fund			
Operating Revenues	4,944,047	(10,896)	4,933,151
Nonoperating Revenues (Expenses)	(42,472)	10,896	(31,576)
Sewer Fund			
Assets	\$ 30,076,685	\$ (1,578,343)	\$ 28,498,342
Liabilities	14,688,028	65,304	14,753,332
Net Assets	15,388,657	(1,643,647)	13,745,010
Nonoperating Revenues (Expenses)	170,417	(33,019)	137,398
Contributions and Transfers	2,525,373	(1,610,628)	914,745

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF ROHNERT PARK
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes:				
Property	\$ 2,560,000	\$ 2,560,000	\$ 2,739,642	\$ 179,642
Real property transfer	160,000	160,000	250,421	90,421
Transient occupancy	1,400,000	1,400,000	1,451,781	51,781
Sales and use	7,055,000	7,055,000	6,953,294	(101,706)
Franchises	1,072,000	1,072,000	1,263,721	191,721
	<u>12,247,000</u>	<u>12,247,000</u>	<u>12,658,859</u>	<u>411,859</u>
Licenses, permits and fees:				
Business licenses	500,000	500,000	494,737	(5,263)
Animal licenses	50,000	50,000	54,459	4,459
Building permits	400,000	400,000	291,627	(108,373)
Plan check	250,000	250,000	233,387	(16,613)
	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,074,210</u>	<u>(125,790)</u>
Fines, forfeitures and penalties:				
Vehicle code	90,000	90,000	79,974	(10,026)
Parking fines	70,000	70,000	66,962	(3,038)
Impound fees	13,000	13,000	20,215	7,215
Other court	20,000	20,000	14,576	(5,424)
	<u>193,000</u>	<u>193,000</u>	<u>181,727</u>	<u>(11,273)</u>
Interest and rentals:				
Investment earnings	850,000	850,000	549,620	(300,380)
Rent - golf courses	350,000	350,000	236,152	(113,848)
Rent - other	435,200	435,200	427,758	(7,442)
Subtotal	<u>1,635,200</u>	<u>1,635,200</u>	<u>1,213,530</u>	<u>(421,670)</u>
Intergovernmental:				
State motor vehicle in-lieu tax	2,086,764	2,086,764	2,804,619	717,855
Off-highway motor vehicle license fee	1,000	1,000	1,516	516
Public Safety Augmentation Fund	200,000	200,000	219,281	19,281
Grants	-	-	134,845	134,845
Reimbursements	60,000	60,000	38,527	(21,473)
Other	375,000	375,000	103,766	(271,234)
Subtotal	<u>2,722,764</u>	<u>2,722,764</u>	<u>3,302,554</u>	<u>579,790</u>

(continued)

CITY OF ROHNERT PARK
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
(Continued)				
REVENUES (Continued)				
Charges for current services:				
Zoning and subdivision fees	\$ 65,000	\$ 65,000	\$ 62,483	\$ (2,517)
Sales of maps and lists	1,500	1,500	2,766	1,266
Special public safety services	40,000	40,000	61,968	21,968
Fire inspection fees	35,000	35,000	8,254	(26,746)
Vehicle abatement revenue	20,000	20,000	26,643	6,643
Animal shelter fees	60,000	60,000	57,467	(2,533)
Engineering fees	50,000	50,000	105,702	55,702
Weed abatement	-	-	-	-
General plan maintenance fee	50,000	50,000	48,909	(1,091)
Library ground maintenance	8,000	8,000	7,870	(130)
Recreation:				
Recreation centers	822,000	822,000	707,503	(114,497)
Swimming pools	220,000	220,000	182,631	(37,369)
Contract classes and other	165,000	165,000	136,957	(28,043)
Subtotal	<u>1,536,500</u>	<u>1,536,500</u>	<u>1,409,153</u>	<u>(127,347)</u>
Donations and miscellaneous:				
Performing Arts Center	676,200	676,200	505,016	(171,184)
RPHFA administration	-	-	-	-
Refuse administration	171,900	171,900	234,029	62,129
Donations	4,500	4,500	10,641	6,141
Miscellaneous	133,500	133,500	273,460	139,960
Subtotal	<u>986,100</u>	<u>986,100</u>	<u>1,023,146</u>	<u>37,046</u>
Total revenues	<u>20,520,564</u>	<u>20,520,564</u>	<u>20,863,179</u>	<u>342,615</u>

(continued)

CITY OF ROHNERT PARK
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
(Continued)				
EXPENDITURES				
Current:				
General government:				
City Council	\$ 84,727	\$ 84,727	\$ 89,091	\$ (4,364)
City Manager	550,050	550,050	739,151	(189,101)
Finance and accounting	1,027,471	1,027,471	1,047,148	(19,677)
Information Services	472,217	472,217	393,021	79,196
Legal services	200,000	200,000	667,954	(467,954)
Planning Department/Commission	229,829	229,829	202,964	26,865
Personnel	227,825	227,825	218,054	9,771
Rent appeals board	37,950	37,950	28,947	9,003
City Office building	99,800	99,800	94,451	5,349
City Office annex	69,090	69,090	53,985	15,105
General government-nondepartmental	1,779,914	1,779,914	1,548,345	231,569
Nondepartmental-employee benefits	707,005	707,005	704,377	2,628
Enterprise fund cost allocation	(1,710,000)	(1,710,000)	(1,710,000)	-
Community Development Commission cost allocation	-	-	-	-
	<u>(930,000)</u>	<u>(930,000)</u>	<u>(930,000)</u>	<u>-</u>
Subtotal	<u>2,845,878</u>	<u>2,845,878</u>	<u>3,147,488</u>	<u>(301,610)</u>
Public safety:				
Personnel	12,412,558	12,412,558	12,527,109	(114,551)
Police protection	756,650	756,650	857,450	(100,800)
Fire protection	195,500	195,500	182,654	12,846
Animal control	316,405	316,405	293,865	22,540
Animal shelter	81,450	81,450	45,369	36,081
Civil defense/hazardous materials	12,000	12,000	11,982	18
Southwest station	3,400	3,400	1,877	1,523
Main station	272,000	272,000	279,127	(7,127)
North station	30,800	30,800	26,737	4,063
South station	15,500	15,500	16,351	(851)
Youth and Family Program	116,572	116,572	103,586	12,986
Subtotal	<u>14,212,835</u>	<u>14,212,835</u>	<u>14,346,107</u>	<u>(133,272)</u>

(continued)

CITY OF ROHNERT PARK
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
(Continued)				
EXPENDITURES (Continued)				
Current:				
Public works:				
Engineering	\$ 428,155	\$ 428,155	\$ 549,243	\$ (121,088)
Inspection	405,416	405,416	367,159	38,257
General	512,912	512,912	652,057	(139,145)
Maintenance of parkways	127,200	127,200	111,662	15,538
Maintenance of streets/bikepaths	460,766	460,766	466,634	(5,868)
Maintenance of school grounds	4,000	4,000	2,749	1,251
Street lighting	176,000	176,000	168,012	7,988
Traffic signals	100,000	100,000	74,840	25,160
Storm drains and drainage	71,450	71,450	52,018	19,432
Weed abatement	2,500	2,500	1,243	1,257
Enterprise fund cost allocation	(409,000)	(409,000)	(409,000)	-
Community Development Commission cost allocation	(74,000)	(74,000)	(74,000)	-
Subtotal	<u>1,805,399</u>	<u>1,805,399</u>	<u>1,962,617</u>	<u>(157,218)</u>
Parks and recreation:				
Parks	319,907	319,907	295,869	24,038
Parks maintenance-general	566,452	566,452	556,941	9,511
Recreation centers	811,914	811,914	885,702	(73,788)
Swimming pools	364,193	364,193	306,629	57,564
Recreation administration and programs	843,769	843,769	553,543	290,226
Community stadium	5,000	5,000	2,446	2,554
Library	8,400	8,400	10,460	(2,060)
Subtotal	<u>2,919,635</u>	<u>2,919,635</u>	<u>2,611,590</u>	<u>308,045</u>
Other:				
Performing Arts Center	886,812	886,812	811,668	75,144
Booking fees	160,000	160,000	229,443	(69,443)
Sexual assault examination fees	20,000	20,000	13,944	6,056
Property tax administration fee	50,000	50,000	35,127	14,873
Subtotal	<u>1,116,812</u>	<u>1,116,812</u>	<u>1,090,182</u>	<u>26,630</u>
Capital outlay	<u>1,421,960</u>	<u>1,421,960</u>	<u>1,222,624</u>	<u>199,336</u>
Subtotal expenditures	<u>24,322,519</u>	<u>24,322,519</u>	<u>24,380,608</u>	<u>(58,089)</u>

(continued)

CITY OF ROHNERT PARK
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
(Continued)				
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>\$ (3,801,955)</u>	<u>\$ (3,801,955)</u>	<u>\$ (3,517,429)</u>	<u>\$ 284,526</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	8,500,000	8,500,000	1,263,800	(7,236,200)
Lease proceeds	-	-	1,175,965	-
Transfers in	-	-	1,991,360	1,991,360
Transfers out	<u>(679,654)</u>	<u>(679,654)</u>	<u>(993,927)</u>	<u>(314,273)</u>
Total other financing sources (uses)	<u>7,820,346</u>	<u>7,820,346</u>	<u>3,437,198</u>	<u>(5,559,113)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,018,391</u>	<u>\$ 4,018,391</u>	<u>(80,231)</u>	<u>(5,274,587)</u>
FUND BALANCE, BEGINNING OF YEAR:			<u>18,409,233</u>	
FUND BALANCE, END OF YEAR			<u>\$ 18,329,002</u>	

See note to required supplementary information.

CITY OF ROHNERT PARK

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Budgets and Budgetary Accounting

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

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

Encumbrance accounting, under which purchase orders, contracts, and other commitments of expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the budgetary process. No encumbrances were outstanding at June 30, 2005.

CITY OF ROHNERT PARK

DESCRIPTION OF OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2005

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.

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

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

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

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

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

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

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

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

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

NONMAJOR DEBT SERVICE FUNDS

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

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

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

NONMAJOR PERMANENT FUND

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

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

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SUPPLEMENTARY INFORMATION

CITY OF ROHNERT PARK

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2005**

	Nonmajor Special Revenue Funds	Community Development Debt Service Fund	Special Assessments Capital Projects Fund	Performing Arts Center Endowment Permanent Fund	Total
ASSETS					
Cash and investments	\$ 3,538,269		\$ 100,451	\$ 1,264,051	\$ 4,902,771
Receivables:					-
Taxes	22,471	-	-	-	22,471
Accounts	75,600	-	-	-	75,600
Due from other funds	-	-	-	500,000	500,000
Restricted cash and investments	-	1,772,861	-	-	1,772,861
Total assets	<u>\$ 3,636,340</u>	<u>\$ 1,772,861</u>	<u>\$ 100,451</u>	<u>\$ 1,764,051</u>	<u>\$ 7,273,703</u>
LIABILITIES					
Deferred revenue	\$ 49,370	\$ -	\$ -	\$ -	\$ 49,370
FUND BALANCES					
Reserved for:					
Street projects	1,049,247	-	-	-	1,049,247
Debt service	-	1,772,861	-	-	1,772,861
Performing Arts Center endowment	-	-	-	1,764,051	1,764,051
Unreserved, reported in:					
Special revenue funds	2,537,723	-	-	-	2,537,723
Capital projects funds	-	-	100,451	-	100,451
Total fund balances	<u>3,586,970</u>	<u>1,772,861</u>	<u>100,451</u>	<u>1,764,051</u>	<u>7,224,333</u>
Total liabilities and fund balances	<u>\$ 3,636,340</u>	<u>\$ 1,772,861</u>	<u>\$ 100,451</u>	<u>\$ 1,764,051</u>	<u>\$ 7,273,703</u>

CITY OF ROHNERT PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Special Assessment Capital Projects Fund	Performing Arts Center Endowment Permanent Fund	Total Other Governmental Funds
REVENUES					
Taxes	\$ 445,820	\$ -	\$ -	\$ -	\$ 445,820
Intergovernmental	917,860	-	-	-	917,860
Interest and rentals	98,172	26,488	-	32,573	157,233
Licenses, permits and fees	1,009,515	-	-	-	1,009,515
Donations	-	-	-	500	500
Total revenues	<u>2,471,367</u>	<u>26,488</u>	<u>-</u>	<u>33,073</u>	<u>2,530,928</u>
EXPENDITURES					
Current:					
General government	10,675	-	-	-	10,675
Debt service:					
Principal	-	1,039,815	-	-	1,039,815
Interest and fiscal charges	-	427,398	-	-	427,398
Total expenditures	<u>10,675</u>	<u>1,467,213</u>	<u>-</u>	<u>-</u>	<u>1,477,888</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,460,692</u>	<u>(1,440,725)</u>	<u>-</u>	<u>33,073</u>	<u>1,053,040</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	927,352	1,453,170	-	-	2,380,522
Transfers out	(3,669,715)	-	-	(32,573)	(3,702,288)
Total other financing sources (uses)	<u>(2,742,363)</u>	<u>1,453,170</u>	<u>-</u>	<u>(32,573)</u>	<u>(1,321,766)</u>
NET CHANGE IN FUND BALANCES	<u>(281,671)</u>	<u>12,445</u>	<u>-</u>	<u>500</u>	<u>(268,726)</u>
FUND BALANCES:					
BEGINNING OF THE YEAR	<u>3,868,641</u>	<u>1,760,416</u>	<u>100,451</u>	<u>1,763,551</u>	<u>7,493,059</u>
END OF YEAR	<u>\$ 3,586,970</u>	<u>\$ 1,772,861</u>	<u>\$ 100,451</u>	<u>\$ 1,764,051</u>	<u>\$ 7,224,333</u>

CITY OF ROHNERT PARK

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2005

	State Gasoline Tax	Traffic Signals Fee	Capital Outlay Fee	Public Facility Finance Fee
ASSETS				
Cash and investments	\$ 973,647	\$ 1,608,894	\$ 591,077	\$ 182,742
Taxes receivable	-	-	-	-
Accounts receivable	75,600			
Total assets	<u>\$ 1,049,247</u>	<u>\$ 1,608,894</u>	<u>\$ 591,077</u>	<u>\$ 182,742</u>
LIABILITIES				
Deferred revenue	<u>\$ -</u>			
FUND BALANCES				
Reserved for street projects	1,049,247	-	-	-
Unreserved	-	1,608,894	591,077	182,742
Total fund balances	<u>1,049,247</u>	<u>1,608,894</u>	<u>591,077</u>	<u>182,742</u>
Total liabilities and fund balances	<u>\$ 1,049,247</u>	<u>\$ 1,608,894</u>	<u>\$ 591,077</u>	<u>\$ 182,742</u>

Transportation Equity Act	Supplemental Law Enforcement Services	Measure M Fire Benefit Assessment	Mobile Home Rent Appeals Board	F.I.G.R.	Copeland Creek Drainage Facility	Total
\$ -	\$ -	\$ -	\$ 55,629	\$ 61,795	\$ 64,485	\$ 3,538,269
-	-	22,471	-	-	-	22,471
-	-	-	-	-	-	75,600
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,471</u>	<u>\$ 55,629</u>	<u>\$ 61,795</u>	<u>\$ 64,485</u>	<u>\$ 3,636,340</u>
 \$ -	 \$ -	 \$ -	 \$ -	 \$ -	 \$ 49,370	 \$ 49,370
-	-	-	-	-	-	1,049,247
-	-	22,471	55,629	61,795	15,115	2,537,723
-	-	22,471	55,629	61,795	15,115	3,586,970
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,471</u>	<u>\$ 55,629</u>	<u>\$ 61,795</u>	<u>\$ 64,485</u>	<u>\$ 3,636,340</u>

CITY OF ROHNERT PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	State Gasoline Tax	Traffic Signals Fee	Capital Outlay Fee	Public Facility Finance Fee
REVENUES				
Measure M assessments	\$ -	\$ -	\$ -	-
Intergovernmental	817,860	-	-	-
Interest and rentals	38,282	39,618	14,589	810
Licenses, permits and fees	-	171,675	155,049	681,816
Donations	-	-	-	-
Total revenues	856,142	211,293	169,638	682,626
EXPENDITURES				
Current:				
General government	10,675	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	845,467	211,293	169,638	682,626
OTHER FINANCING SOURCES (USES)				
Transfers in	200,952	-	9,143	-
Transfers out	(1,298,535)	-	(31,072)	(499,884)
Total other financing sources (uses)	(1,097,583)	-	(21,929)	(499,884)
NET CHANGE IN FUND BALANCES	(252,116)	211,293	147,709	182,742
FUND BALANCES:				
BEGINNING OF THE YEAR	1,301,363	1,397,601	443,368	-
END OF YEAR	\$ 1,049,247	\$ 1,608,894	\$ 591,077	\$ 182,742

Transportation Equity Act	Supplemental Law Enforcement Services	Measure M Fire Benefit Assessment	Mobile Home Rent Appeals Board	F.I.G.R.	Copeland Creek Drainage Facility	Total
-	\$ -	\$ 445,820	\$ -	\$ -	\$ -	\$ 445,820
-	100,000	-	-	-	-	917,860
-	4,873	-	-	-	-	98,172
-	-	-	-	-	975	1,009,515
-	-	-	-	-	-	-
-	104,873	445,820	-	-	975	2,471,367
-	-	-	-	-	-	10,675
-	104,873	445,820	-	-	975	2,460,692
717,000	-	-	257	-	-	927,352
(717,000)	(124,869)	(436,460)	-	(561,895)	-	(3,669,715)
-	(124,869)	(436,460)	257	(561,895)	-	(2,742,363)
-	(19,996)	9,360	257	(561,895)	975	(281,671)
-	19,996	13,111	55,372	623,690	14,140	3,868,641
\$ -	\$ -	\$ 22,471	\$ 55,629	\$ 61,795	\$ 15,115	\$ 3,586,970

CITY OF ROHNERT PARK
BUDGETARY COMPARISON SCHEDULE
STATE GASOLINE TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Interest and rentals	\$ 24,000	\$ 24,000	\$ 38,282	\$ 14,282
Intergovernmental:				
Section 2105, maintenance	260,000	260,000	265,186	5,186
Section 2106, construction	192,000	192,000	194,355	2,355
Section 2107, maintenance	345,000	345,000	352,319	7,319
Section 2107.5, engineering	6,000	6,000	6,000	-
Total revenues	<u>827,000</u>	<u>827,000</u>	<u>856,142</u>	<u>29,142</u>
EXPENDITURES				
Current:				
General government	<u>10,500</u>	<u>10,500</u>	<u>10,675</u>	<u>(175)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>816,500</u>	<u>816,500</u>	<u>845,467</u>	<u>29,317</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	200,952	200,952
Transfers out	<u>(830,000)</u>	<u>(830,000)</u>	<u>(1,298,535)</u>	<u>468,535</u>
Total other financing sources (uses)	<u>(830,000)</u>	<u>(830,000)</u>	<u>(1,097,583)</u>	<u>669,487</u>
NET CHANGE IN FUND BALANCE	<u>\$ (13,500)</u>	<u>\$ (13,500)</u>	<u>(252,116)</u>	<u>\$ 698,804</u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,301,363</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,049,247</u>	

CITY OF ROHNERT PARK
BUDGETARY COMPARISON SCHEDULE
TRAFFIC SIGNALS FEE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Licenses, permits and fees:				
Traffic signals	\$ -	\$ -	\$ 171,675	\$ 171,675
Interest and rentals	-	-	39,618	39,618
Total revenues	-	-	211,293	211,293
OTHER FINANCING USES	-	-	-	-
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>211,293</u>	<u>\$ 211,293</u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,397,601</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,608,894</u>	

CITY OF ROHNERT PARK
BUDGETARY COMPARISON SCHEDULE
CAPITAL OUTLAY FEE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Licenses, permits and fees:	\$ -	\$ -	\$ 155,049	\$ 155,049
Interest and rentals	-	-	14,589	14,589
Total revenues	-	-	169,638	169,638
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	9,143	9,143
Transfers out	(469,000)	(469,000)	(31,072)	437,928
Total other financing sources (uses)	(469,000)	(469,000)	(21,929)	447,071
NET CHANGE IN FUND BALANCE	<u>\$ (469,000)</u>	<u>\$ (469,000)</u>	147,709	<u>\$ 616,709</u>
FUND BALANCE, BEGINNING OF YEAR			<u>443,368</u>	
FUND BALANCE, END OF YEAR			<u>\$ 591,077</u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
PUBLIC FACILITIES FINANCE FEE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Licenses, permits and fees:	\$ 1,703,982	\$ 1,703,982	\$ 681,816	\$ (1,022,166)
Interest and rentals	-	-	810	810
Total revenues	<u>1,703,982</u>	<u>1,703,982</u>	<u>682,626</u>	<u>(1,021,356)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>(499,884)</u>	<u>(499,884)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(499,884)</u>	<u>(499,884)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,703,982</u>	<u>\$ 1,703,982</u>	<u>182,742</u>	<u>\$ (1,521,240)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE, END OF YEAR			<u>\$ 182,742</u>	

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION EQUITY ACT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Licenses, permits and fees:	\$ -	\$ -	\$ -	\$ -
Interest and rentals	-	-	-	-
Total revenues	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	717,000	717,000
Transfers out	-	-	(717,000)	(717,000)
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR			-	
FUND BALANCE, END OF YEAR			<u>\$ -</u>	

CITY OF ROHNERT PARK
BUDGETARY COMPARISON SCHEDULE
LOCAL LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Interest and rentals				\$ -
Intergovernmental	15,000	15,000	-	(15,000)
Total revenues	15,000	15,000	-	(15,000)
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				
Total other financing sources (uses)				
NET CHANGE IN FUND BALANCE	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ (15,000)</u>
FUND BALANCE, BEGINNING OF YEAR			-	
FUND BALANCE, END OF YEAR			<u>\$ -</u>	

CITY OF ROHNERT PARK
BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2005

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Interest and rentals	\$ -	\$ -	\$ 4,872	\$ 4,872
Intergovernmental	100,000	100,000	100,000	-
Total revenues	100,000	100,000	104,872	4,872
OTHER FINANCING USES				
Transfers out	(100,000)	(100,000)	(124,869)	(24,869)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(19,997)	\$ (19,997)
FUND BALANCE, BEGINNING OF YEAR			19,997	
FUND BALANCE, END OF YEAR			\$ -	

CITY OF ROHNERT PARK
 BUDGETARY COMPARISON SCHEDULE
 TRAFFIC CONGESTION RELIEF (AB2928) SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2005

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

CITY OF ROHNERT PARK
 BUDGETARY COMPARISON SCHEDULE
 MEASURE M FIRE BENEFIT ASSESSMENT SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2005

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Measure M assessments	\$ 440,700	\$ 440,700	\$ 445,820	\$ 5,120
OTHER FINANCING USES				
Transfers out	(440,700)	(440,700)	(436,460)	4,240
NET CHANGE IN FUND BALANCE	\$ -	\$ -	9,360	\$ 9,360
FUND BALANCE, BEGINNING OF YEAR			13,111	
FUND BALANCE, END OF YEAR			\$ 22,471	

CITY OF ROHNERT PARK
BUDGETARY COMPARISON SCHEDULE
MOBILE HOME RENT APPEALS BOARD SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Licenses, permits and fees:	\$ 38,000	\$ 38,000	\$ 257	\$ (37,743)
NET CHANGE IN FUND BALANCE	<u>\$ 38,000</u>	<u>\$ 38,000</u>	257	<u>\$ (37,743)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>55,372</u>	
FUND BALANCE, END OF YEAR			<u>\$ 55,629</u>	

CITY OF ROHNERT PARK
BUDGETARY COMPARISON SCHEDULE
F.I.G.R. FUND
FOR THE YEAR ENDED JUNE 30, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Donations	\$ -	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(561,895)	(561,895)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(561,895)</u>	<u>\$ (561,895)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>623,690</u>	
FUND BALANCE, END OF YEAR			<u>\$ 61,795</u>	

**BUDGETARY COMPARISON SCHEDULE
 COPELAND CREEK DRAINAGE FACILITY SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2005**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses, permits and fees:	\$ -	\$ -	\$ 975	\$ 975
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	975	<u>\$ 975</u>
FUND BALANCE, BEGINNING OF YEAR			<u>14,140</u>	
FUND BALANCE, END OF YEAR			<u>\$ 15,115</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, 2005

	Community Development Debt Service Fund	General Debt Service	Totals
REVENUES			
Interest and rentals	\$ 26,488	\$ -	\$ 26,488
EXPENDITURES			
Debt service:			
Principal	900,000	139,815	1,039,815
Interest and fiscal charges	406,670	20,728	427,398
Total expenditures	1,306,670	160,543	1,467,213
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,280,182)	(160,543)	(1,440,725)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,292,627	160,543	1,453,170
Total other financing sources (uses)	1,292,627	160,543	1,453,170
NET CHANGE IN FUND BALANCES	12,445	-	12,445
FUND BALANCE, BEGINNING OF YEAR	1,760,416	-	1,760,416
FUND BALANCE, END OF YEAR	\$ 1,772,861	\$ -	\$ 1,772,861

CITY OF ROHNERT PARK

GENERAL FIXED ASSETS - BY SOURCES

JUNE 30, 2005

	<u>CITY</u>	<u>CDA</u>	<u>TOTAL</u>
GENERAL FIXED ASSETS:			
Land , Structures & Improvements	\$ 82,953,278	\$ 25,960,696	\$ 108,913,974
Equipment	11,877,178	840,147	12,717,325
Construction in progress	3,166,416	113,816	3,280,232
Total General Fixed Assets	<u>\$ 97,996,872</u>	<u>\$ 26,914,659</u>	<u>\$ 124,911,531</u>
INVESTMENT IN GENERAL FIXED ASSETS FROM:			
Capital projects fund:			
General obligation bonds	151,689	-	151,689
Tax allocation bonds	-	19,069,043	19,069,043
Certificates of Participation	-	-	-
Special Assessments	17,710,774	-	17,710,774
Federal grants	3,907,978	-	3,907,978
State grants	2,028,692	-	2,028,692
County grants	736,232	-	736,232
Revenues from other agencies	182,271	2,385,616	2,567,887
Revenues:			
Loans from city general fund to CDA	-	5,460,000	5,460,000
General Fund	32,592,773	-	32,592,773
Special revenue fund	35,210,190	-	35,210,190
Donations	4,200,328	-	4,200,328
Assets acquired prior to July 1, 1966	1,275,945	-	1,275,945
	<u>\$ 97,996,872</u>	<u>\$ 26,914,659</u>	<u>\$ 124,911,531</u>

CITY OF ROHNERT PARK

GENERAL FIXED ASSETS - BY FUNCTIONS AND ACTIVITIES

JUNE 30, 2005

<u>CLASSIFICATION</u>	<u>Land Structure & Improve. City-810/610</u>	<u>Land Structure & Improve. CDA-930</u>
GENERAL GOVERNMENT		
Control:		
Legislative	\$ -	\$ -
Executive	-	-
Total Control	<u>-</u>	<u>-</u>
STAFF AGENCIES:		
Rent Appeals Board		
Finance		
Law		
Planning	15,257	
Administrative Services	160,302	
Gen. Govt Building	139,856	
Community Promotion	390,000	2,431,402
Total Staff Agencies	<u>705,415</u>	<u>2,431,402</u>
Total General Government	<u>705,415</u>	<u>2,431,402</u>
PUBLIC SAFETY:		
Police Protection	7,406,348	1,345,669
Fire Protection		
Total Public Safety	<u>7,406,348</u>	<u>1,345,669</u>
HIGHWAYS	<u>53,149,809</u>	<u>4,476,501</u>
LIBRARIES	<u>2,396</u>	<u>8,111,293</u>
RECREATION	<u>21,838,852</u>	<u>9,446,288</u>
Total General Fixed Assets Allocated To Function	<u>\$ 83,102,820</u>	<u>\$ 25,811,153</u>
CONSTRUCTION IN PROG.		
Total General Fixed Assets		

Land Structure & Improve. Total	Equipment	Total Cost
\$ -	\$ 5,946	\$ 5,946
-	47,784	47,784
-	53,730	53,730
-	770	770
-	36,069	36,069
-	-	-
15,257	131,030	146,286
160,302	62,028	222,330
139,856	200,372	340,229
2,821,402	781,571	3,602,973
3,136,818	1,211,840	4,348,657
3,136,818	1,265,570	4,402,387
8,752,017	5,683,892	14,435,909
-	2,342,466	2,342,466
8,752,017	8,026,358	16,778,375
57,626,309	1,299,911	58,926,221
8,113,689	34,746	8,148,435
31,285,140	2,090,741	33,375,881
\$ 108,913,974	\$ 12,717,325	121,631,299
		3,280,232
		\$ 124,911,531

CITY OF ROHNERT PARK

GENERAL FIXED ASSETS BY FUNCTIONS AND ACTIVITIES

JUNE 30, 2005

	GENERAL FIXED ASSETS 6/30/04	ADDITIONS	RETIREMENTS
GENERAL GOVERNMENT:			
Control:			
Legislative	\$ 5,946	\$ -	\$ -
Executive	47,854	-	70
Total Control	53,800	-	70
Staff Agencies:			
Rent Appeals Board	770	-	-
Finance	33,601	2,857	388
Law	-	-	-
Planning	121,643	24,643	-
Administrative Services	219,048	3,582	300
General Government Building	339,570	659	-
Community Promotion	3,571,726	31,246	-
	-	-	-
Total Staff Agencies	4,286,358	62,987	688
Total General Government	4,340,158	62,987	758
PUBLIC SAFETY:			
Police Protection	12,536,664	400,678	35,822
Fire Protection	2,188,234	187,616	33,384
Total Public Safety	14,724,898	588,294	69,206
HIGHWAYS	57,212,475	487,171	8,613
LIBRARIES	8,148,435	-	-
RECREATION	33,618,184	117,432	1,176,377
TOTAL GENERAL FIXED ASSETS ALLOCATED TO FUNCTION	\$ 118,044,150	\$ 1,255,883	\$ 1,254,954
CONSTRUCTION IN PROGRESS	4,990,881	1,875,571	
TOTAL GENERAL FIXED ASSETS	\$ 122,548,511	\$ 3,131,454	\$ 1,254,954

GENERAL FIXED ASSETS	
Transfers	6/30/05
\$ -	5,946
-	47,784
	53,730
-	770
-	36,070
-	-
-	146,286
-	222,330
-	340,229
-	3,602,972
-	-
-	4,348,657
	4,402,387
1,534,389	14,435,909
-	2,342,466
1,534,389	16,778,375
1,235,188	58,926,221
-	8,148,435
816,642	33,375,881
\$ 3,586,220	\$ 121,631,299
(3,586,220)	3,280,232
\$ (0)	\$ 124,911,531

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CITY OF ROHNERT PARK

GENERAL FUND EXPENDITURES BY FUNCTION LAST TEN FISCAL YEARS

Fiscal Year	General Government	Public Safety	Public Works	Parks & Recreation	Capital Outlay	Other	Total
1995/96	1,255,870	7,401,918	2,099,947	2,548,219	372,668	655,938	14,334,560
1996/97	2,128,618	7,605,166	2,032,420	2,394,832	265,269	686,366	15,112,671
1997/98	2,364,598	8,549,301	2,013,775	2,463,617	1,237,460	734,375	17,363,126
1998/99	2,897,824	9,255,627	2,221,362	2,858,730	1,090,403	870,526	19,194,472
1999/00	2,712,719	10,144,499	2,375,015	2,908,449	983,719	898,683	20,023,084
2000/01	2,696,055	10,252,230	2,449,578	2,993,507	448,221	1,516,093	20,355,684
2001/02	2,452,632	10,833,756	2,478,932	3,018,190	426,978	1,028,505	20,238,993
2002/03	2,962,821	11,181,015	2,442,193	2,840,386	245,021	1,076,101	20,747,537
2003/04	2,508,900	12,601,586	1,852,071	2,419,160	732,219	997,196	21,111,132
2004/05	3,147,488	14,346,107	1,962,617	2,611,590	1,222,624	1,090,182	24,380,608

Source: City of Rohnert Park, Finance Department

CITY OF ROHNERT PARK

**GENERAL FUND REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes	Licenses, Permits, & Fees	Fines, Forfeitures & Penalties	Interest & Rentals	Intergovern- mental	Charges for Current Services	Donations and Miscellaneous	Total
1995/96	8,026,937	676,152	81,302	1,961,206	1,842,662	1,256,575	351,912	14,196,746
1996/97	7,627,622	888,564	79,125	2,275,225	1,919,800	1,389,366	1,160,439	15,340,141
1997/98	8,572,819	1,153,138	80,100	2,380,738	2,140,595	1,392,132	741,504	16,461,026
1998/99	9,594,108	928,010	170,365	2,343,430	2,024,724	1,427,009	496,169	16,983,815
1999/00	9,788,301	674,776	177,724	2,470,714	2,597,466	1,465,655	503,714	17,678,350
2000/01	11,266,786	997,894	180,389	2,249,867	3,016,086	1,574,574	564,161	19,849,757
2001/02	10,919,979	935,481	186,611	1,889,595	3,392,873	1,699,307	7,901,574	26,925,420
2002/03	11,305,385	1,004,267	185,717	1,496,411	2,991,252	1,787,822	2,231,096	21,001,950
2003/04	12,710,726	1,456,885	174,551	1,549,740	2,388,120	1,746,713	787,279	20,814,014
2004/05	12,658,859	1,074,210	181,727	1,213,530	3,302,554	1,409,153	919,059	20,759,092

Source: City of Rohnert Park, Finance Department

CITY OF ROHNERT PARK

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

<u>Fiscal Year</u>	<u>Tax Rate (2)</u>	<u>Tax Allocation</u>	<u>Tax Apportionment</u>	<u>Delinquent Tax</u>	<u>Percent Delinquent</u>
1995/96	1.00	1,871,500	1,778,608	92,892	5.0%
1996/97	1.00	1,837,899	1,824,296	13,603	0.7%
1997/98	1.00	1,881,393	1,865,496	15,897	0.8%
1998/99	1.00	1,922,145	1,881,670	40,475	2.1%
1999/00	1.00	1,985,000	1,975,045	9,955	0.5%
2000/01	1.00	2,049,232	2,046,938	2,294	0.1%
2001/02	1.00	2,099,148	2,093,456	5,692	0.3%
2002/03	1.00	2,298,857	2,291,796	7,061	0.3%
2003/04	1.00	2,303,177	2,295,714	7,463	0.3%
2004/05	1.00	2,747,507	2,739,642	7,865	0.3%

Notes:

(1) Excludes State Reimbursed Exemptions and Municipal Improvement Districts

(2) Per \$100 assessed valuation

Source: City of Rohnert Park, Finance Department

CITY OF ROHNERT PARK

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

Fiscal Year	Real Property		Personal Property	
	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value
1995/96	1,984,749,069	1,984,749,069	101,322,698	101,322,698
1996/97	1,978,435,313	1,978,435,313	77,122,589	77,122,589
1997/98	2,041,965,294	2,041,965,294	91,772,419	91,772,419
1998/99	2,082,881,566	2,082,881,566	87,173,077	87,173,077
1999/00	2,196,710,103	2,196,710,103	91,545,622	91,545,622
2000/01	2,346,079,416	2,346,079,416	117,648,959	117,648,959
2001/02	2,828,337,396	2,828,337,396	143,079,690	143,079,690
2002/03	3,029,993,866	3,029,993,866	157,710,883	157,710,883
2003/04	3,251,295,184	3,251,295,184	147,006,336	147,006,336
2004/05	3,512,326,313	3,512,326,313	146,552,908	147,006,336

Note:

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

Source: Sonoma County Assessor's Office

Total		Ratio of Total Assessed To Total Estimated Actual Value
Assessed Value (1)	Estimated Actual Value	
2,086,071,767	2,086,071,767	100.0%
2,055,557,902	2,055,557,902	100.0%
2,133,737,713	2,133,737,713	100.0%
2,170,054,643	2,170,054,643	100.0%
2,288,255,725	2,288,255,725	100.0%
2,463,728,375	2,463,728,375	100.0%
2,971,417,086	2,971,417,086	100.0%
3,187,704,749	3,187,704,749	100.0%
3,398,301,520	3,398,301,520	100.0%
3,658,879,221	3,658,879,221	100.0%

CITY OF ROHNERT PARK

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

<u>Fiscal Year</u>	<u>City</u>	<u>Countywide Tax (2)</u>	<u>School District</u>	<u>Miscellaneous Special Districts</u>	<u>Total</u>
1995/96	(1)	1.0000	0.1380	0.0060	1.14
1996/97	(1)	1.0000	0.1360	0.0060	1.14
1997/98	(1)	1.0000	0.1321	0.0060	1.14
1998/99	(1)	1.0000	0.1321	0.0060	1.14
1999/00	(1)	1.0000	0.1321	0.0060	1.14
2000/01	(1)	1.0000	0.1321	0.0070	1.14
2001/02	(1)	1.0000	0.1321	0.0070	1.14
2002/03	(1)	1.0000	0.1571	0.0070	1.16
2003/04	(1)	1.0000	0.1450	0.0070	1.15
2004/05	(1)	1.0000	0.1300	0.0070	1.14

Notes:

(1) Information not applicable

(2) Per \$100 assessed valuation

Source: County of Sonoma / Auditor-Controller

CITY OF ROHNERT PARK

SPECIAL ASSESSMENTS COLLECTIONS LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Current Assessments Billed</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collections to Amount Due</u>	<u>Total Outstanding Delinquent Assessments</u>
1995/96	884,014	884,014	100.0	-
1996/97	688,549	688,549	100.0	-
1997/98	706,983	698,086	98.7	8,897
1998/99	698,325	696,999	99.8	1,326
1999/00	666,362	666,228	100.0	134
2000/01	645,721	643,509	99.7	2,212
2001/02	590,718	589,817	99.8	901
2002/03	432,315	425,254	98.4	7,061
2003/04	321,026	321,026	100.0	-
2004/05	331,938	331,938	100.0	-

Source: City of Rohnert Park, Finance Department

CITY OF ROHNERT PARK

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

Fiscal Year	Population (2)	Total Assessed Value(3)	Legal Debt Limit (1)	General Bonded Debt	Percentage of General Bonded Debt to Assessed Value	General Bonded Debt Per Capita
1994/95	39,214	2,030,468,474	304,570,271	-	-	-
1995/96	38,372	2,086,071,767	312,910,765	-	-	-
1996/97	38,707	2,055,557,902	308,333,685	-	-	-
1997/98	39,567	2,133,737,713	320,060,657	-	-	-
1998/99	40,032	2,170,054,643	325,508,196	-	-	-
1999/00	39,952	2,288,255,735	343,238,359	-	-	-
2000/01	42,236	2,463,728,375	369,559,256	-	-	-
2001/02	42,650	2,971,417,086	445,712,563	-	-	-
2002/03	42,198	3,187,704,749	478,155,712	-	-	-
2003/04	42,150	3,251,294,911	487,694,237	-	-	-
2004/05	42,445	3,512,326,313	526,848,947	-	-	-

Note:

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

Sources:

(2) State Department of Population Research

(3) County of Sonoma

CITY OF ROHNERT PARK

**COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2005**

ASSESSED VALUE

LEGAL DEBT LIMIT (15% of full cash value of property subject to taxation) 3,512,326,313

LESS OUTSTANDING BONDED DEBT 526,848,947

LEGAL DEBT MARGIN \$ 4,039,175,260

Source: City of Rohnert Park, Finance Department

CITY OF ROHNERT PARK

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT

GENERAL OBLIGATION DEBT

JUNE 30, 2005

<u>JURISDICTION</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to Rohnert Park</u>	<u>City of Rohnert Park Share of Debt</u>
COTATI - ROHNERT PARK UNIFIED SCHOOL DISTRICT	\$ 61,603,516	83.8862%	\$ 51,676,845

Source: Dept-Sonoma Controller's Office

CITY OF ROHNERT PARK

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

Fiscal Year	Principal	Interest	Total Debt Service	General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
1995/96	-	-	-	14,321,898	0.0%
1996/97	-	-	-	14,334,560	0.0%
1997/98	-	-	-	15,112,671	0.0%
1998/99	-	-	-	17,363,126	0.0%
1999/00	-	-	-	20,085,078	0.0%
2000/01	-	-	-	20,355,684	0.0%
2001/02	-	-	-	21,271,971	0.0%
2002/03	-	-	-	20,747,537	0.0%
2003/04	-	-	-	21,111,132	0.0%
2004/05	-	-	-	24,380,608	0.0%

Source: City of Rohnert Park, Finance Department

CITY OF ROHNERT PARK

SCHEDULE OF REVENUE BOND COVERAGE LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues (1)	Expenses and Operating Transfers Out (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1994/95	5,464,419	5,565,054	(100,635)	-	-	-	N/A
1995/96	5,377,368	5,152,813	224,555	-	-	-	N/A
1996/97	5,602,339	5,751,300	(148,961)	-	-	-	N/A
1997/98	5,837,965	6,546,886	(708,921)	-	-	-	N/A
1998/99	6,334,931	6,935,904	(600,973)	-	-	-	N/A
1999/00	6,440,442	6,311,085	129,357	-	-	-	N/A
2000/01	6,797,865	7,131,034	(333,169)	-	-	-	N/A
2001/02	7,888,862	10,222,929	(2,334,067)	-	-	-	N/A
2002/03	8,876,847	8,692,297	184,550	-	-	-	N/A
2003/04	9,273,316	7,465,888	1,807,428	-	-	-	N/A
2004/05	11,277,042	7,983,068	3,293,974	-	-	-	N/A

Notes:

(1) City's Sewer Enterprise Fund

Source: City of Rohnert Park, Finance Department

CITY OF ROHNERT PARK

DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate (2)</u>
1995/96	39,214	(1)	(1)	7,740	5.3
1996/97	38,372	(1)	(1)	7,711	4.6
1997/98	39,567	(1)	(1)	7,983	3.8
1998/99	40,032	(1)	(1)	7,756	3.2
1999/00	39,952	(1)	(1)	8,033	3.1
2000/01	42,236	(1)	(1)	7,829	3.3
2001/02	42,650	(1)	(1)	7,836	4.7
2002/03	42,198	(1)	(1)	7,678	4.8
2003/04	42,127	(1)	(1)	7,482	5.3
2004/05	42,445	(1)	(1)	7,260	4.1

Notes:

(1) Information not available

(2) Information represents Rohnert Park rate

Sources:

Population - State Department of Finance

School Enrollment - California Department of Education

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

CITY OF ROHNERT PARK

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

Fiscal Year	Commercial Construction (3)		Residential Construction (3)		Bank Deposits (2)
	Number of Permits	Value	Number of Permits	Value	
1995/96	8	10,150,109	20	15,320,072	336,702,000
1996/97	4	17,540,334	197	28,801,465	348,046,000
1997/98	163	21,101,196	460	32,717,013	334,639,000
1998/99	132	14,929,985	686	24,378,195	(1)
1999/00	145	7,713,633	567	5,275,210	355,406,000
2000/01	187	30,778,346	613	5,052,207	1,049,982,000
2001/02	278	17,793,503	468	7,885,744	408,695,000
2002/03	165	13,196,409	636	8,065,052	457,556,000
2003/04	125	11,281,694	525	59,730,436	451,430,000
2004/05	108	13,360,206	628	17,894,469	468,310,000

Notes:

(1) Information not available

Sources:

(2) FDIC

(3) City of Rohnert Park, Building Inspection Department

(4) Rohnert Park, Finance Dept.

Property Value (4)

Commercial	Residential	Nontaxable
310,185,054	1,674,564,015	69,596,618
327,725,388	1,650,709,925	66,616,749
348,826,584	1,696,612,925	67,142,136
363,756,569	1,704,489,377	77,850,820
371,470,202	1,825,239,901	78,035,962
402,248,548	1,947,692,928	81,075,642
420,042,051	1,961,462,044	82,224,280
433,238,460	2,452,866,186	85,312,440
444,520,154	2,657,036,590	86,148,005
457,880,360	2,851,307,744	89,113,416

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CITY OF ROHNERT PARK

PRINCIPAL TAXPAYERS FOR THE YEAR ENDED JUNE 30, 2005

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004/05 Full Cash Value</u>	<u>Percentage of Total Assessed Value</u>
Sonoma Green LLC	Manufacturing, Light Industrial	\$ 93,160,890	2.74%
Park Ridge Apartments	Apartment	40,078,392	1.18%
Knickerbocker Properties, Inc.	Apartment	24,079,653	0.71%
Press Democrat	Newspaper Publishing	22,869,328	0.67%
Crossbrook Apartments	Apartment	22,654,197	0.67%
DoubleTree Hotel	Hotel/Convention Center	21,470,512	0.63%
State Farm Insurance	Insurance	20,940,065	0.62%
Costco Wholesale Corporation	Wholesale Distribution	20,068,544	0.59%
GI Realty Trust	Manufacturing, Light Industrial	16,210,416	0.48%
Millenium Housing Corporation	Manufactured Homes	15,912,847	0.47%
Bishop & Bishop Land	Commercial, Multiple Uses	14,166,571	0.42%
		<u>\$ 311,611,415</u>	<u>9.17%</u>
Total Assessed Valuation		<u>\$ 3,398,301,520</u>	

Source: County of Sonoma Assessor's Office

CITY OF ROHNERT PARK

SCHEDULE OF INSURANCE AND SURETY BONDS IN FORCE FOR THE YEAR ENDED JUNE 30, 2005

Name of Company	Policy Number	Expiration Date
Liability		
Redwood Empire Municipal Insurance fund	-	July 1, 2005
California Joint Powers Risk Management	-	July 1, 2005
American Reinsurance	9391720	July 1, 2005
American Reinsurance	9391646	July 1, 2005
USAIG	360 AC-28694	March 31, 2005
Property		
Discovery Property & Casualty	D0003Z00030	July 1, 2006
Federal Insurance Company	(CHUBB)660-74-94	July 1, 2005
Workers' Compensation		
Continental	W128587841A	July 1, 2005
Boiler and Machinery		
Hartford Steam Boiler Insurance Co.	FBP4909988	July 1, 2005
Automobile Physical Damage		
Fireman's Fund	S 95 MXX 80828850	July 1, 2005
Bonds		
Fidelity & Deposit Company of Maryland	CCP0044417	October 1, 2005 October 1, 2005 October 1, 2005 October 1, 2005

Source: City of Rohnert Park, Finance Department

<u>Details of Coverage</u>	<u>Liability Limits</u>
Bodily injury, property damage, errors and omissions, personal injury	\$500,000 XS \$5,000
Second layer of liability coverage	\$4,500,000 XS \$500,000
Third layer of liability coverage	\$10,000,000 XS \$15,000,000
Fourth layer of liability coverage	\$10,000,000 XS \$5,000,001
Non-owned aircraft	\$5,000,000/No S.I.R.
All risk (excluding earthquake and flood)	\$4,975,000 XS \$25,000 S.I.R.
All risk (excludes terrorism, mold, & computer virus)	\$195,000,000 XS 5,000,000%
Employers' liability - All other state mandatory requirements	Statutory XS \$1,000,000 S.I.R. \$2,000,000 XS \$1,000,000 S.I.R.
Mechanical breakdown to boiler and other pressure vessels - fixed rate	\$19,995,000 XS \$5,000 S.I.R.
Damage to vehicles off premises	\$1,490,000 XS 10,000 S.I.R.
Honesty blanket bond and forgery coverage	\$1,975,000 XS \$25,000 S.I.R.
Treasurer/C.E.O. Honesty Blanket Bond	\$990,000 - \$10,000 REMIF
Faithful Performance/Failure to Properly Supervise	\$975,000 XS \$25,000 S.I.R.
Public Employee Blanket Bond	\$1,975,000 XS \$25,000 S.I.R.

CITY OF ROHNERT PARK

MISCELLANEOUS STATISTICAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2005

Date of incorporation	August 28, 1962
Form of government	Council (5)/Manager
Area	6.8 sq. miles
Miles of streets	85.12
Number of street lights	2,794
Fire protection:	
Number of stations	3
Number of firefighters and officers	61.00
Police protection:	
Number of stations	3
Number of police officers	61.00
Education (elementary only):	
Attendance centers	15
Number of classrooms	148
Number of teachers	161
Number of students	3,269
Municipal water department:	
Number of connections	8,347
Average daily consumption (millions of gallons)	4.44
Miles of water mains	115.70
Sewers:	
Sanitary sewers (miles)	77.00
Storm sewers	32.00
Building permits issued	736
Recreation and culture:	
Number of parks	13
Number of libraries	1
Number of volumes	74,868
Employees:	
Classified service	177
Exempt	1

Source: City of Rohnert Park, Finance Department