

CITY OF ROHNERT PARK, CALIFORNIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013

Prepared by
Finance Department

CITY OF ROHNERT PARK
2013 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-7
Organizational Chart	I-8
List of City Officials	I-9
 FINANCIAL SECTION	
Independent Auditor's Report	F-1
Management's Discussion and Analysis (Required Supplementary Information)	F-4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	F-15
Statement of Activities	F-16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	F-17
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position – Governmental Activities	F-18
Statement of the Revenues, Expenditures, and Changes in Fund Balances (Deficit)	F-19
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-20
Proprietary Funds:	
Statement of Fund Net Position	F-21
Statement of Revenues, Expenses, and Changes in Fund Net Position	F-22
Statement of Cash Flows	F-23
Fiduciary Funds:	
Statement of Fiduciary Net Position	F-24
Statement of Changes in Fiduciary Net Position	F-25
Notes to the Basic Financial Statements	F-26
Required Supplementary Information (unaudited):	
Schedule of Funding Progress	F-66
Budgetary Comparison Schedules:	
General Fund	F-67
Housing Projects Special Revenue Fund	F-71
Public Facilities Finance Fee Special Revenue Fund	F-72
Note to Required Supplementary Information	F-73
Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Other Governmental Funds:	
Description of Other Governmental Funds	F-74

CITY OF ROHNERT PARK
2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT

<u>TABLE OF CONTENTS (CONTINUED)</u>	Page
Supplementary Information (Continued):	
Combining Balance Sheet	F-76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-77
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	F-78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-80
Budgetary Comparison Schedules:	
State Gasoline Tax Special Revenue Fund	F-82
Measure M Traffic Special Revenue Fund	F-83
Prop 1B Special Revenue Fund	F-84
Traffic Signals Fee Special Revenue Fund	F-85
Capital Outlay Fee Special Revenue Fund	F-86
Supplemental Law Enforcement Services Special Revenue Fund	F-87
DIVCA (AB2987) PEG Fees Special Revenue Fund	F-88
Traffic Congestion Relief Special Revenue Fund	F-89
Graton Mitigation Fund	F-90
Graton Mitigation Special Enforcement Activity Fund	F-91
Measure M Fire Benefit Assessment Special Revenue Fund	F-92
Mobile Home Rent Appeals Board Special Revenue Fund	F-93
Copeland Creek Drainage Facility Special Revenue Fund	F-94
Fiduciary Funds	
Combining Statement of Fiduciary Net Position	F-95
Combining Statement of Changes in Fiduciary Net Position	F-96

STATISTICAL SECTION (UNAUDITED)

Net Position by Component – Last Ten Fiscal Years	S-3
Changes in Net Position – Last Ten Fiscal Years	S-4
Program Revenues by Function/Program – Last Ten Fiscal Years	S-6
Fund Balances of Governmental Funds – Last Ten Fiscal Years	S-7
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	S-8
Tax Revenues by Source – Governmental Funds – Last Ten Fiscal Years	S-10
Assessed Value and Estimated Accrual Value of Taxable Property – Last Ten Fiscal Years	S-11
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	S-12
Property Tax Levies and Collections – Last Ten Fiscal Years	S-13
Taxable Sales by Category – Last Ten Calendar Years	S-14
Direct and Overlapping Sales Tax Rates – Last Ten Fiscal Years	S-15
Principal Sales Tax Remitters – Current Year and Nine Years Ago	S-16
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	S-17
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	S-18
Direct and Overlapping Governmental Activities Debt – As of June 30, 2013	S-19
Legal Debt Margin Information – Last Ten Fiscal Years	S-20

**CITY OF ROHNERT PARK
2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

TABLE OF CONTENTS (CONTINUED)

Page

STATISTICAL SECTION (UNAUDITED) (CONTINUED)

Pledged Revenue Coverage – Last Ten Fiscal Years	S-21
Demographic and Economic Statistics – Last Ten Calendar Years	S-22
Principal Employers – Current Year and Four Years Ago	S-23
Full-Time-Equivalent City Government Employees by Function/Program	S-24
Operating Indicators by Function/Program – Last Ten Fiscal Years	S-25
Capital Asset Statistics by Functions/Program – Last Ten Fiscal Years	S-26



January 15, 2014

City Council

Joseph T. Callinan
Mayor

Amy O. Ahanotu
Vice Mayor

Gina Belforte
Jake Mackenzie
Pam Stafford

Council Members

Darrin Jenkins
City Manager

Michelle Marchetta Kenyon
City Attorney

Alexandra M. Barnhill
Assistant City Attorney

JoAnne Buergler
City Clerk

Brian Masterson
Director of Public Safety

John McArthur
*Director of Public Works and
Community Services*

Mark Walsh
Interim Finance Director

Marilyn Ponton
Interim Development Services Director

Members of the City Council:

The Comprehensive Annual Financial Report (CAFR) of the City of Rohnert Park for the fiscal year 2012-13 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 twelfth year that the City has prepared the CAFR using the financial reporting requirements as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments. This GASB Statement requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

THE REPORTING ENTITY

The CAFR includes the funds and account groups of the primary government, which includes several enterprise activities, as well as all of its component units. Component units include legally separate entities for which the primary government is financially accountable and that have substantially the same board as the City or provide services entirely to the City. Accordingly, the Rohnert Park Financing Authority's financial information is blended with the City's information in this report. 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 on US Highway 101. It is home to approximately 41,000 people, Sonoma State University, the Green Music Center and the award winning Foxtail Golf Course. A neighboring government, the Federated Indians of the Graton Rancheria (Tribe) opened a newly constructed casino in November 2013. As one of the first planned communities, Rohnert Park enjoys the benefits of a coordinated system of bike trails and paths, schools and parks, in every neighborhood. More than 50 restaurants including all the best national chains offer diners the flavors they crave. Residents enjoy sweeping views of Sonoma and Taylor Mountains, preserved from development forever. Rohnert Park is just minutes from popular tourism venues including hundreds of local wineries, the Pacific Ocean, and giant redwoods.

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

Sonoma County's economy is beginning to recover. All of the primary sectors are expected to experience modest growth. The unemployment rate fell to 6.7 percent compared to a year ago at 8.9 percent; sales tax revenues are up; hotel occupancy and room rates have increased; and Property tax remains flat although property transfer tax has risen. The growth will be attributable to Sonoma County being an attractive international destination, with close proximity to major Bay Area attractions that are a draw for many tourists.

MAJOR INITIATIVES

For the Year

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

The City implemented Zero Based Budgeting for budget 2012-13 which was a prudent and useful exercise to re-evaluate each line item in the budget. Expenditures were trimmed, vacant positions were frozen and facility maintenance and capital equipment purchases have been postponed. Revenue projections were higher than the previous year as the City benefits from the passage of a Measure E ½ cent sales tax measure that provided \$3.2 million in fiscal year 2013.

The Measure E half-cent sales tax approved by 55.4% of voters in the June 2010 election authorized the City to collect the tax for five years unless an extension was approved by the City Council and voters.

Rohnert Park citizens approved an extension of the half-cent tax collection with a 67.3% "yes" vote for Measure A in the November 2013 election. Measure A removed the five-year sunset provision of Measure E, and allows collection of the additional sales tax unless its expiration date is changed by unanimous vote of the City Council.

The City discontinued its practice of selling surplus property to offset structural budget deficits and is implementing a long-term financial recovery plan which includes reviewing revenue opportunities, looking for ways to provide essential city services, and building the infrastructure needed to attract new residents and businesses.

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

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

The City continues to research and implement technologies that reduce operating costs, such as the server virtualization program that obviates the need for numerous and expensive physical servers. Future plans are to continue to consolidate resources in an effort to control costs and maintain a high level of service.

The Rohnert Park Department of Public Safety serves the citizens of Rohnert Park by performing both Police and Fire functions. The Officers are trained as both police officers and firefighters as an effective way to provide a quick response to either structure fires or a crime event. Upgrades to public safety response systems are continued for FY 13-14, and link Rohnert Parks' safety resources with neighboring public safety response agencies throughout Sonoma County.

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

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

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

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

In addition, the staff at the Spreckels Performing Arts Center is taking innovative steps toward making the city owned and operated facility not only a valuable community asset but a financial asset as well. The new theater performances have been well received by the community and have also recovered all production costs.

The City has also upgraded its freeway signage by installing a state-of-the-art message center through a ground lease agreement with a private advertising firm. This provides advertising opportunities for local business and earns the City a modest amount of rental income.

The Development Services Department manages land and building development from concept to completion; maintains and implements the City's General Plan and Zoning Code; plans and builds Rohnert Park's infrastructure; plans for Rohnert Park's physical and resource needs by working with local, regional and state agencies to ensure that there is enough water supply and sewer treatment for Rohnert Park citizens and businesses now and in the future; and ensures safe structures and physically attractive neighborhoods by enforcing the California Building Standards Code. In FY12/13 automation efforts included extension of web services by offering online permitting services to developers and the public, increased utility payment possibilities. The Department has worked diligently to process land use entitlements and permits for significant land developments this year (Sonoma Mountain Village, Southeast Specific Plan and University District Specific Plan), and the results of this work will be seen in the fiscal year to follow.

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

For the Future

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

Tourism is a key industry in Rohnert Park, contributing significantly to the tax base. The City partners with the Chamber of Commerce and the Sonoma County Tourism Bureau to promote Rohnert Park as a destination. Rohnert Park has seven hotels/motels which provide almost 1,000 rooms, and plan to attract more hotels in the near future. The largest property is the Doubletree Hotel, which offers convention and meeting facilities. The Hampton Inn captures a previously un-met segment of the tourism market.

Rohnert Park offers a number of amenities for the traveler, including two 18-hole golf courses, a Performing Arts Center, and a strong base of dining experiences. The Green Music Center at Sonoma State University includes a world-class concert hall to showcase music and provides education programs year-round. The music center attracts visitors from within the region and nationwide, due to the quality of the concert experience.

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

The GP provides for an average growth rate of 1% with an ultimate build-out of approximately 20,000 housing units, 405 acres of commercial, office and industrial uses, 60 acres of mixed use, and 190 acres of open space over the next twenty years. Legal challenges to the City's General Plan have been resolved in the City's favor and the City is in the midst of Development Agreement discussions with several development groups. Due to recent downward economic trends, construction is not anticipated until 2014.

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

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

Cash Management. The City's goals for cash investing are prioritized to protect the principal invested, make cash available as needed for operations, and earn a return on investment; in that order. Cash is held primarily by the State and County Investment pools, with some operating cash kept in local banking institutions that provide efficient operating opportunities at very-low risk.

The following table illustrates the cash invested by the City as of June 30, 2013, by investment type:

Cash and Investments - June 30, 2013

Sonoma County Investment Pool	\$ 1,918,085
Cash, CD's and money market funds	15,613,561
State Treasurer LAIF	19,244,418
	<hr/>
Total Cash & Investments	<u>\$36,776,064</u>

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

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

OTHER INFORMATION

Independent Audit. Management considers an annual audit by independent certified public accountants a sound and prudent business practice. The accounting firm of Vavrinek, Trine, Day & Co., LLP performed the annual audit for the City for the fiscal year ended June 30, 2013. 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, 2012. This was the thirty-first consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments. The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance Department. Most notably, Ana Kwong, Accounting Supervisor, worked diligently to prepare reports, reconciliations and supporting schedules, and facilities audit completion. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,



Darrin Jenkins
City Manager



Mark J. Walsh, CPA
Interim Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

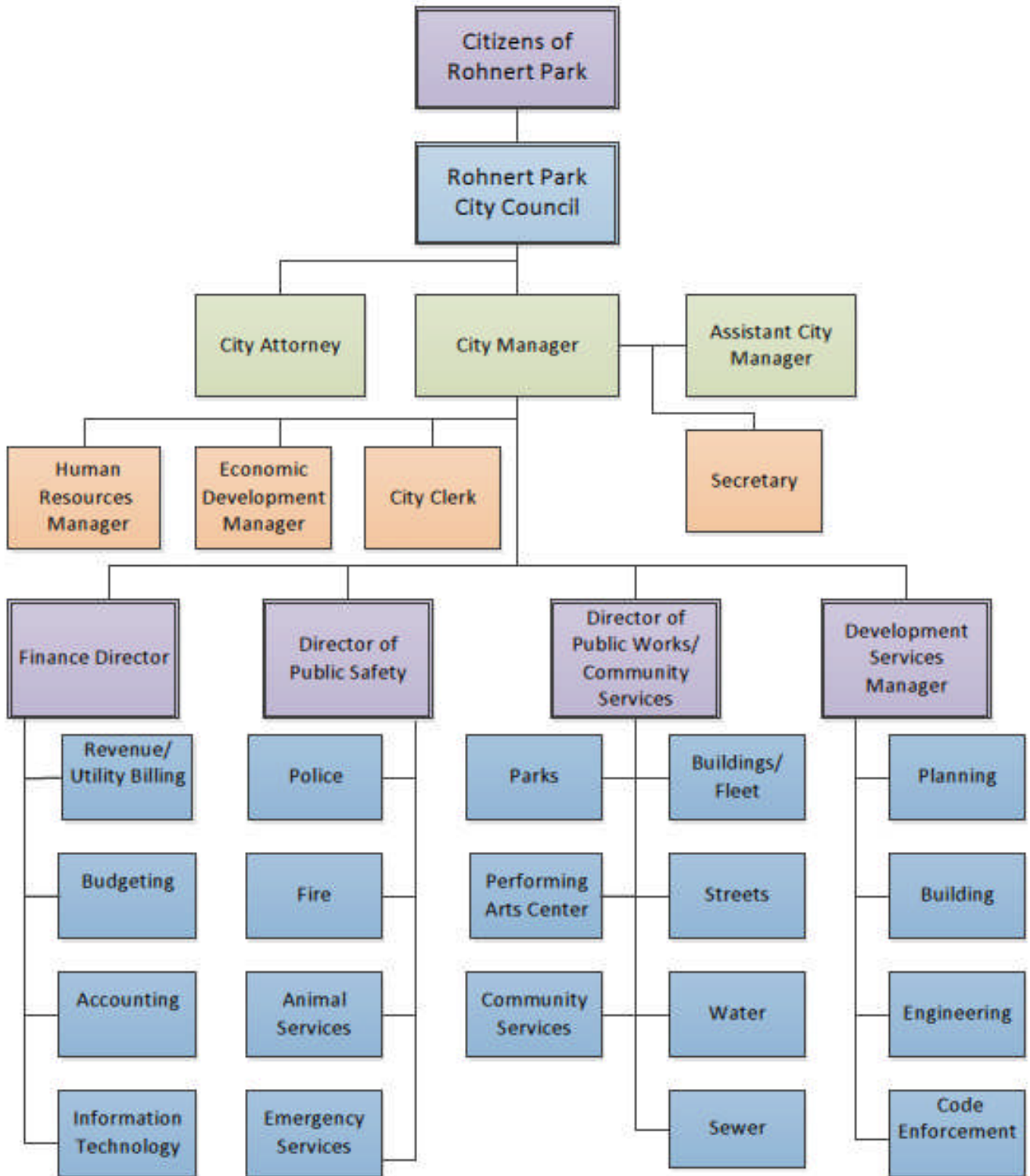
Presented to

**City of Rohnert Park
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



CITY OFFICIALS

City Council:

Pam Stafford, Mayor

Joseph T. Callinan, Vice-Mayor

Jake Mackenzie

Gina Belforte

Amy O. Ahanotu

City Staff:

City Manager.....	Gabriel A. Gonzalez
Assistant City Manager.....	Darrin Jenkins
City Attorney	Michelle Marchetta Kenyon Burke, Williams & Sorensen, LLP
Finance Director.....	Cathy Orme
Director of Public Safety.....	Brian Masterson
Development Services Manager	Marilyn Ponton
Director of Public Works and Community Services.....	John McArthur
City Clerk	JoAnne Buergher

Advisory Commissions or Committees:

- Rohnert Park Association for the Arts
- Parks & Recreation Commission
- Planning Commission
- Mobile Home Parks Rent Appeals Board
- Senior Citizens Advisory Commission
- Sister City(s) Relations Committee
- Bicycle Advisory Committee
- Cultural Arts Commission



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

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rohnert Park (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rohnert Park, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as of June 30, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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, combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Pleasanton, California
January 15, 2014

**CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

As management of the City of Rohnert Park (City) we offer readers of the City's financial statements this overview and analysis of the City's financial activities for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities by \$130,015,798 (net position) at June 30, 2013, an increase of \$18,044,531 or 16.1 percent over the prior fiscal year. Of this amount, \$23,225,583 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors, \$33,166,020 is restricted for specific purposes (restricted net position), and \$73,624,195 is net investment in capital assets.
- For fiscal year 12-13 (FY 12-13) the increase in net position for business-type activities was \$2,917,829; and the increase for governmental activities was \$15,126,702.
- Capital assets increased by \$3,346,473 during FY 12-13, caused primarily by a project to widen Rohnert Park's Wilfred Avenue.
- At June 30, 2013, the City's governmental funds reported combined ending fund balances of \$53,439,934, an increase of \$13,972,567 from June 30, 2012.
- The general fund reported fund balance of \$11,253,101 at June 30, 2013; and reports fund balance in these respective categories:
 - (1) \$2,719,913 is "non-spendable" because money is not going to come in soon enough to support current spending, like the long-term portion of advances receivable, or the current asset will never be cash, like prepaid items.
 - (2) \$2,041,125 is restricted fund balance, representing amounts provided by external parties that are obligated for specific purposes by contract or legislation.
 - (3) \$2,391,104 is assigned by the City Council or City Manager in accordance with policy and/or budgetary directives.
 - (4) \$4,100,959 is unassigned balance, which represents the residual of total fund balance less the aforementioned categories. It is available for consideration in the budget process.

Overall, the increase in net position reported in the citywide financial statements, the increase in capital assets, and the increase in general fund balance all indicate relative financial success for the year. The causes of these positive indicators are explained in the analysis section of this discussion.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements are designed to provide readers with a broad overview of City finances, in a manner similar to a private-sector business. These financial statements provide both long-term and short-term information about the City's overall financial status.

CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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 the City itself (known as the primary government), and a legally separate entity reported as a component unit, the Rohnert Park Financing Authority (the Financing Authority), for which the City is financially accountable.

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

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

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

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects and permanent funds). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund; Housing Projects Special Revenue Fund; Financing Authority; the City Capital Projects; and Public Facility Finance Fee; 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 non-major governmental funds is provided as supplementary information in this report.

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

CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

- *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 funds are reported as fiduciary funds. Since the resources of this fund are not available to support the City's own programs, it is not reflected in the government-wide financial statements. The accounting used for the private-purpose trust fund is similar to that used for proprietary funds.

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

The required supplementary information includes the Pension Schedule of Funding Progress and the City's General Fund and Housing Projects Special Revenue Fund budgetary comparison schedules. The City adopts an annual appropriated budget for its General Fund and Housing Projects Special Revenue Fund, and a budgetary comparison schedule has been provided to demonstrate compliance with this budget.

CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table represents a comparative analysis of the net position of governmental and business-type activities for the years ended June 30, 2013 and June 30, 2012:

	<u>Statement of Net Position</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 65,741,670	\$ 45,366,475	\$ 21,408,337	\$ 21,425,176	\$ 87,150,007	\$ 66,791,651
Capital assets, net	<u>60,067,049</u>	<u>58,154,503</u>	<u>36,000,347</u>	<u>34,566,420</u>	<u>96,067,396</u>	<u>92,720,923</u>
Total assets	<u>125,808,719</u>	<u>103,520,978</u>	<u>57,408,684</u>	<u>55,991,596</u>	<u>183,217,403</u>	<u>159,512,574</u>
Current and other liabilities	10,005,821	4,348,882	11,441,058	12,412,040	21,446,879	16,760,922
Long-term liabilities	<u>15,270,046</u>	<u>13,765,946</u>	<u>16,484,680</u>	<u>17,014,439</u>	<u>31,754,726</u>	<u>30,780,385</u>
Total liabilities	<u>25,275,867</u>	<u>18,114,828</u>	<u>27,925,738</u>	<u>29,426,479</u>	<u>53,201,605</u>	<u>47,541,307</u>
Net position:						
Net investment in capital assets	49,803,902	52,293,588	23,820,293	25,277,232	73,624,195	77,570,820
Restricted	33,166,020	27,482,966	-	-	33,166,020	27,482,966
Unrestricted	<u>17,562,930</u>	<u>5,629,596</u>	<u>5,662,653</u>	<u>1,287,885</u>	<u>23,225,583</u>	<u>6,917,481</u>
Total net position	<u>\$ 100,532,852</u>	<u>\$ 85,406,150</u>	<u>\$ 29,482,946</u>	<u>\$ 26,565,117</u>	<u>\$ 130,015,798</u>	<u>\$ 111,971,267</u>

Analysis of Net position – Net position may serve as a useful indicator of a government's financial position.

For the City, combined net position (government and business-type activities) totaled \$130 million at June 30, 2013, comprised of total assets of \$183.2 million, less total liabilities of \$53.2 million.

Combined net position increased by \$18.0 million during the year, with assets increasing \$23.7 million offset by liability increases of \$5.7 million. Assets increased primarily due to contributions for the Eastside Sewer Trunk and Wilfred Avenue Widening projects discussed further in the funds' analysis section of this discussion. The majority of the liability increase is related to actuarially-determined post-employment medical expenses in excess of cash payments (pay-go).

A portion of the City's net position (17.9%) represents *unrestricted net position* of \$23.2 million, which may be used to meet the City's ongoing obligations to citizens and creditors.

An additional portion of the City's net position of \$33.2 million (25.5%) 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 position, both for the City as a whole, as well as for its separate governmental and business-type activities except that the City Capital Projects Fund has a deficit of \$0.5 million caused by fund expenditures in advance of related reimbursements and transfers that will occur next year.

**CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

The following table indicates the comparative changes in net position for governmental and business-type activities for fiscal year June 30, 2013 and 2012:

	<u>Statement of Activities</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,993,413	\$ 4,186,835	\$ 22,642,636	\$ 23,008,538	\$ 26,636,049	\$ 27,195,373
Operating grants and contributions	15,128,681	2,125,258	-	-	15,128,681	2,125,258
Capital grants and contributions	4,323,246	651,077	769,406	268,029	5,092,652	919,106
General revenues:						
Property taxes	3,517,309	16,106,337	-	-	3,517,309	16,106,337
Franchise taxes	1,682,427	1,695,706	-	-	1,682,427	1,695,706
Other taxes	2,329,689	2,054,213	-	-	2,329,689	2,054,213
State contributions not restricted to specific programs:						
Sales taxes	9,555,854	9,062,981	-	-	9,555,854	9,062,981
Motor vehicle license fees	2,630,122	2,722,876	-	-	2,630,122	2,722,876
Investment income	38,876	962,474	71,242	80,257	110,118	1,042,731
Other	4,348,120	181,941	-	-	4,348,120	181,941
Total revenues	<u>47,547,737</u>	<u>39,749,698</u>	<u>23,483,284</u>	<u>23,356,824</u>	<u>71,031,021</u>	<u>63,106,522</u>
Expenses:						
General government	10,772,401	14,017,267	-	-	10,772,401	14,017,267
Public safety	14,347,850	14,403,785	-	-	14,347,850	14,403,785
Public works	2,840,555	3,530,589	-	-	2,840,555	3,530,589
Parks and recreation	3,085,681	3,266,821	-	-	3,085,681	3,266,821
Cultural Arts Center	704,021	587,931	-	-	704,021	587,931
Interest on long-term debt	499,028	1,920,730	-	-	499,028	1,920,730
Water	-	-	5,929,852	7,095,841	5,929,852	7,095,841
Sewer	-	-	11,768,056	10,659,707	11,768,056	10,659,707
Refuse collection	-	-	3,039,046	5,534,555	3,039,046	5,534,555
Total expenses	<u>32,249,536</u>	<u>37,727,123</u>	<u>20,736,954</u>	<u>23,290,103</u>	<u>52,986,490</u>	<u>61,017,226</u>
Excess (deficiency) before transfers	15,298,201	2,022,575	2,746,330	66,721	18,044,531	2,089,296
Transfers	(171,499)	65,415	171,499	(65,415)	-	-
Extraordinary Item - dissolution of RDA	-	23,719,400	-	-	-	-
Change in net position	<u>15,126,702</u>	<u>25,807,390</u>	<u>2,917,829</u>	<u>1,306</u>	<u>18,044,531</u>	<u>2,089,296</u>
Net position, beginning of year - restated*	<u>85,406,150</u>	<u>59,598,760</u>	<u>26,565,117</u>	<u>26,563,811</u>	<u>111,971,267</u>	<u>86,162,571</u>
Net position, end of year	<u>\$ 100,532,852</u>	<u>\$ 85,406,150</u>	<u>\$ 29,482,946</u>	<u>\$ 26,565,117</u>	<u>\$ 130,015,798</u>	<u>\$ 88,251,867</u>

*See Note 15 for more information

**CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Governmental activities. Governmental activities increased the City's net position by \$15,126,702.

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

- Total governmental activities revenue increased by \$7,798,039 during FY 12-13 due to the net effect of an increase in operating and capital grants and contributions, modest growth in general fund tax-support revenue, and reimbursements for capital project contributions reported as other income; offset by the property tax decline attributed to the dissolution of the City's prior Redevelopment Agency of approximately \$12.5 million.
- The City's governmental activities operating grants and contributions revenue increased by \$13,003,423 due to non-recurring contribution of \$12.8 million from the Federated Indians of the Graton Rancheria (Tribe) for the Eastside Sewer Trunk Project. Capital grants and contributions increased year-over-year due to reimbursements made by the Tribe for the Wilfred Avenue Widening Project.
- General revenues and transfers decreased by \$8,921,045 due to a reduction in property taxes caused by the dissolution of the former Redevelopment Agency; offset by modest gains in other categories of revenues, such as property taxes not related to redevelopment, transient occupancy taxes and sales taxes; and a one-time increase in other revenue to reimburse the City for its costs of the Wilfred Avenue Widening project.
- In May 2011, the City Council approved implementation of a "Fiscal Health Plan" that aligns operating expenditures with ongoing revenues. This plan calls for budget reductions in response to revenue decreases and increased costs of retirement and post-employment medical plans. The City now uses a ten-year forecasting tool to provide vision on long-term financial issues and to point out structural budgetary weaknesses.
- Total expenses decreased by \$5,477,587. Operating expenses were reduced primarily in the areas of General Government, Public Works, and interest on long-term debt. This is a direct result of the City controlling expenditures to alignment with current operating revenue, and increased principal payments on debt.

Business-type activities. Business-type activities increased the City's net position by \$2,917,829. Key factors of this increase are as follows:

- Net position in the Water Fund increased by \$1,831,099 primarily due to a one-time reimbursement for a recycled water system provided by Sonoma County Water Agency.
- The Sewer Fund net position increased by \$1,437,897 as revenues from operations exceeded expenditures. The increase is mainly due to a revised rate structure that sets aside money for future capital replacement.
- The refuse collection net position decreased by \$351,167 primarily due to the shifting of refuse billings back to Rohnert Park Disposal, a non-governmental entity that provides refuse collection services.

**CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$53.4 million, an increase of \$14 million in comparison with the prior year. The fund balance total is categorized as follows: \$13.3 million is *non-spendable*, representing prepaid items and long-term receivables reported as advances loans, and notes; \$31.5 million is restricted by external funding sources; \$2.6 million is committed; \$2.4 million is assigned and \$3.6 million is un-assigned and available for use at the City's direction.

The restricted fund balance's use is limited to the following purposes: a) street projects, \$2.1 million; b) community development projects, \$11.9 million; c) capital projects \$15.1 million; and, d) general government, parks, recreation, and health and safety \$2.4 million.

For FY 12-13 revenues for governmental funds totaled \$47.3 million, while expenditures totaled \$33.1 million, for \$14.2 million in revenues over expenditures. After net transfers out of \$0.2 million, the reported combined change in governmental funds' balances was \$14.0 million.

General Fund.

The General Fund is the chief operating fund of the City. At June 30, 2013 the fund reports balances as follows: \$2.7 million is non-spendable, representing prepaid items and long-term receivables; \$2 million is restricted for housing programs, general government, parks, recreation, and health and safety; and, \$2.4 is assigned to purposes designated by the City Council; and \$4.1 million is unassigned fund balance.

General fund balance increased \$1.4 million due to the revenue and reimbursement increases and expenditure control. Sales and use tax increased by \$0.5 million, and transient occupancy tax increase by \$0.3 million, reflecting a modest economic recovery. Ongoing operating expenditures were flat, reflecting the Council's budgetary directives. Changes to the method for allocating general fund costs to other funds caused increases in operating transfers and expenditures, but had no net impact on general fund balances.

The Housing Projects Special Revenue Fund decreased by \$1.8 million due to debt service requirements and a \$1.0 million payment to the State of California, Department of Finance related to dissolution of the former Redevelopment Agency.

The Public Facility Finance Fee Special Revenue Fund increased by \$12.4 million mainly due to contributions made by the Tribe for the Eastside Sewer Trunk Project.

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

CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

At the end of the fiscal year, the unrestricted net position for the Water Fund was \$6.2 million; the Sewer Fund had an unrestricted net deficit of (\$1.3 million); and the Refuse Collection Fund had unrestricted net position of \$0.7 million.

The total increase in net position for proprietary funds was \$2.9 million from the prior year. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities.

Fiduciary funds. The City's fiduciary funds consist of two private purpose trust funds: the RDA Obligation Retirement Trust Fund; and the Special Enforcement Unit – South. The RDA Obligation Retirement Trust Fund accounts for debt repayment and related tax receipts for the redevelopment agency that was dissolved in FY 11-12. The Special Enforcement Unit – South accounts for seized assets held for other governments. The net position of fiduciary activities increased by \$983,800 primarily related to tax receipts in excess of debt service payments made by the successor agency to the former redevelopment agency.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2012-13 budget highlights are:

- Total operating revenue was budgeted at \$22.1 million, relatively flat to the 2011-12 budget. Actual revenue beat expectations in many categories, with property tax \$334,569 over budget due to residual tax distributions related to RDA dissolution. Sales tax was \$557,267 over budget, and is attributed to increased local sales. Transient occupancy tax was \$502,885 or 29.6% over budget, a positive sign of tourism rebounding. Revenue gains are indicative of the modest economic recovery.
- Total expenditures were budgeted at \$26.2 million, an increase of \$2.9 million over the previous year's amended budget. The City made a concerted effort to reduce departmental operating budgets while maintaining the current level of service, as well as negotiate salary reductions for all employees. Total expenditures were under budget by \$2.2 million for the fiscal year, primarily due to negotiated salary reductions, unfilled and vacancy positions, and tighter controls on materials, supplies and equipment spending.
- Total change in fund balance was budgeted to decrease by \$2.7 million; however, primarily due to expenditures being below budget, total performance of the general fund had a positive variance of \$4.1 million as compared to the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The City's capital assets for its governmental and business-type activities as of June 30, 2013, amounted to \$96 million (net of accumulated depreciation). Reported capital assets categories include land and easements; infrastructure, structures and improvements; equipment; and construction in progress. Major capital asset events during the current fiscal year included the following:

- For government activities, construction in progress increased by a net of \$6.6 million. Projects in progress include:
 - American Recovery Act Street Maintenance \$1.4 million;
 - Specific Plan projects \$1.5 million;
 - Rancho Verde Traffic signal \$0.4 million;

**CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

- Wilfred Widening project \$3.5 million;
- City street overlays \$0.8 million;
- Copeland Creek Bike Path Improvement \$1 million;
- Miscellaneous other projects.

In total, \$6.9 million was spent on open governmental projects, while \$0.3 million of completed projects were transferred to structures and improvements.

- For business-type activities, construction in progress decreased by a net of \$1 million.
- FY 12-13 significant construction expenses for business-type activities include:
 - Water projects, \$1.3 million; Sewer projects, \$2.1 million; and various other projects, \$0.2 million.
- In total \$2.7 million was spent on projects, while \$3.7 million was transferred to improvements.

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

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

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2013	2012	2013	2012	2013	2012	Percent of Change
Land and easements	\$ 6,906,156	\$ 6,906,156	\$ -	\$ -	\$ 6,906,156	\$ 6,906,156	0.0%
Infrastructure, structures and improvements	105,419,217	105,989,163	51,032,157	47,350,923	156,451,374	153,340,086	2.0%
Equipment	13,348,368	13,223,487	3,448,387	3,055,707	16,796,755	16,279,194	3.2%
Construction in progress	11,315,142	4,711,818	3,627,096	4,641,894	14,942,238	-	59.7%
Accumulated depreciation	(76,921,834)	(72,676,121)	(22,107,293)	(20,482,104)	(99,029,127)	(93,158,225)	6.3%
Total	\$ 60,067,049	\$ 58,154,503	\$ 36,000,347	\$ 34,566,420	\$ 96,067,396	\$ 92,720,923	3.6%

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

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

Debt Administration

At June 30, 2013, the City's governmental activities had total long-term debt outstanding of \$4,156,943, excluding compensated absences of \$1,449,103. Debt was comprised of \$3,090,000 in certificates of participation; \$473,095 for lease revenue refunding bonds; and, \$593,848 for capital leases. Long-term debt decreased by \$293,141, due to principal payments made during the year.

At June 30, 2013, the City's business-type activities had long term debt outstanding of \$16,484,681, which was comprised of \$11,210,000 of certificates of participation, and \$5,274,681 of water revenue bonds.

**CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

A City Ordinance imposes a limit on the amount of general obligation bonds the City can have outstanding at any given time. As of June 30, 2013, the City's debt limit (15% of assessed valuation) was \$542 million. At June 30, 2013, the City did not have any debt applicable to the limit outstanding.

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2013	2012	2013	2012	2013	2012	Percent of Change
Certificates of participation	\$3,090,000	\$3,280,000	\$11,210,000	\$11,490,000	\$14,300,000	\$14,770,000	-3.18%
Lease revenue refunding bonds	473,095	465,131	-	-	473,095	\$465,131	1.71%
Water revenue bonds	-	-	5,274,681	5,524,439	5,274,681	\$5,524,439	-4.52%
Capital leases	593,848	704,953	-	-	593,848	\$704,953	-15.76%
Total	<u>\$4,156,943</u>	<u>\$4,450,084</u>	<u>\$16,484,681</u>	<u>\$17,014,439</u>	<u>\$20,641,624</u>	<u>\$21,464,523</u>	<u>-3.83%</u>

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

Economic Factors and Next Year's Budget and Rates

- General fund revenues are expected to increase modestly over the next year. According to the Sonoma County Economic Development Board, Sonoma County has experienced job growth that is above the state and national growth. Although unemployment remains high relative to pre-recession levels, Sonoma County has seen steady decrease in the unemployment rate over the past 2 years. Major construction projects such as the Sonoma Marin Area Rail Transit (SMART) and the Sonoma County Airport expansion are expected to help the ailing construction sector and increase in tourism.
- The City has made concerted efforts to attract visitors, create jobs, and provided recreational activities, as evidenced by projects like the Donald & Maureen Green Music Center and the Graton Resort and Casino which have recently opened and drawn a great deal of public attention.
- The City Council's decision to pursue construction of a \$13 million sewer trunk line on the east side of the City is intended to boost residential housing projects and other projects in future years.
- Transient Occupancy tax increased by 13.5% for FY 12-13, and is projected to maintain that pace in FY13/14.
- Sales tax revenue in Rohnert Park increased by \$492,873, or 5.4% over the prior year, mainly due to half-cent sales tax with Measure E performing well over projection. As sales tax is the largest source of revenue for the Rohnert Park General Fund (38%), the City has developed an economic development plan and focused on implementing facets of the plan during fiscal year 2012-13, which include continuing work on the new development in the specific plan areas, coordinating efforts to fill existing infill and working with the local business community to assist and retain local businesses.

CITY OF ROHNERT PARK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

- To address the structural deficit created by the dramatic decline in revenues, the City continues to work to create a plan and establish a foundation from which we may work towards success with a 10 year financial recovery model, while still delivering the core essential services. The FY13/14 budget demonstrates the City's commitment to continue to endure, yet maintain our core functions and services at the lowest possible cost.
- All of these factors were considered in preparing the City's budget for FY 2013/14.

Request for Information

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

CITY OF ROHNERT PARK

STATEMENT OF NET POSITION JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and investments	\$ 30,433,500	\$ 12,623,667	\$ 43,057,167
Receivables, net of allowance	5,489,741	4,202,047	9,691,788
Prepaid items and other assets	583,228	5,525	588,753
Restricted cash and investments	17,433,439	4,304,626	21,738,065
Internal balances	125,130	(125,130)	-
Loans and notes receivable, net	9,476,957	-	9,476,957
Advances to Successor Agency	2,199,675	-	2,199,675
Deferred costs of issuance	-	397,602	397,602
Capital assets:			
Nondepreciable assets	18,221,298	3,627,096	21,848,394
Depreciable assets, net of accumulated depreciation	41,845,751	32,373,251	74,219,002
Total assets	125,808,719	57,408,684	183,217,403
LIABILITIES			
Accounts payable	4,526,434	924,609	5,451,043
Accrued liabilities	1,165,342	-	1,165,342
Deposits	3,781,665	362,504	4,144,169
Advances from Successor Agency	288,500	10,055,725	10,344,225
Unearned revenue	113,335	-	113,335
Interest payable	130,545	98,220	228,765
Long-term liabilities:			
Net OPEB liability (Note 10)	9,664,000	-	9,664,000
Debt due within one year	1,451,970	554,758	2,006,728
Debt due in more than one year	4,154,076	15,929,922	20,083,998
Total liabilities	25,275,867	27,925,738	53,201,605
NET POSITION			
Net investment in capital assets	49,803,902	23,820,293	73,624,195
Restricted for:			
Housing projects	29,351,266	-	29,351,266
Street projects	2,123,052	-	2,123,052
Capital projects	493,314	-	493,314
Performing Arts Center Endowment	1,198,388	-	1,198,388
Unrestricted	17,562,930	5,662,653	23,225,583
Total net position	\$ 100,532,852	\$ 29,482,946	\$ 130,015,798

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2013

FUNCTION/PROGRAM ACTIVITIES:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 10,772,401	\$ 855,997	\$ 174,087	\$ -	\$ (9,742,317)	\$ -	\$ (9,742,317)
Public safety	14,347,850	661,454	596,267	-	(13,090,129)	-	(13,090,129)
Public works	2,840,555	879,340	1,245,156	4,323,246	3,607,187	-	3,607,187
Parks and recreation	3,085,681	1,192,894	13,113,171	-	11,220,384	-	11,220,384
Cultural Arts Center	704,021	403,728	-	-	(300,293)	-	(300,293)
Interest on long-term debt	499,028	-	-	-	(499,028)	-	(499,028)
Total governmental activities	32,249,536	3,993,413	15,128,681	4,323,246	(8,804,196)	-	(8,804,196)
Business-type activities:							
Water	5,929,852	7,421,931	-	10,681	-	1,502,760	1,502,760
Sewer	11,768,056	12,522,826	-	758,725	-	1,513,495	1,513,495
Refuse Collection	3,039,046	2,697,879	-	-	-	(341,167)	(341,167)
Total business-type activities	20,736,954	22,642,636	-	769,406	-	2,675,088	2,675,088
Total primary government	\$ 52,986,490	\$ 26,636,049	\$ 15,128,681	\$ 5,092,652	(8,804,196)	2,675,088	(6,129,108)
General revenues:							
Property taxes					3,517,309	-	3,517,309
Franchise taxes					1,682,427	-	1,682,427
Transient occupancy taxes					2,202,885	-	2,202,885
Real property transfer taxes					126,804	-	126,804
State contributions not restricted to specific programs:							
Sales taxes					9,555,854	-	9,555,854
Motor vehicle license fees					2,630,122	-	2,630,122
Investment income					38,876	71,242	110,118
Other					4,348,120	-	4,348,120
Transfers					(171,499)	171,499	-
Total general revenues and transfers					23,930,898	242,741	24,173,639
Change in net assets					15,126,702	2,917,829	18,044,531
RESTATEMENT (NOTE 15)					342,359	-	342,359
NET POSITION, BEGINNING OF YEAR,					85,063,791	26,565,117	111,628,908
NET POSITION, END OF YEAR					\$ 100,532,852	\$ 29,482,946	\$ 130,015,798

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General</u>	<u>Housing Projects Special Revenue Fund</u>	<u>Financing Authority</u>	<u>City Capital Projects</u>	<u>Public Facility Finance Fee</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS							
Cash and investments	\$ 9,417,867	\$ 70,716	\$ -	\$ 105,756	13,083,115	\$ 7,557,185	\$ 30,234,639
Receivables, net:							
Taxes	1,189,015	-	-	-	-	-	1,189,015
Accounts	1,582,320	-	-	2,489,279	-	213,466	4,285,065
Accrued interest	15,661	-	-	-	-	-	15,661
Due from other funds	152,422	-	-	-	-	6,635	159,057
Prepaid items and other assets	583,228	-	-	-	-	-	583,228
Restricted cash and investments	-	13,755,283	493,314	3,184,842	-	-	17,433,439
Loans and notes receivable, net	61,685	9,415,272	-	-	-	-	9,476,957
Advances to successor agency	2,199,675	-	-	-	-	-	2,199,675
Total Assets	\$ 15,201,873	\$ 23,241,271	\$ 493,314	\$ 5,779,877	\$ 13,083,115	\$ 7,777,286	\$ 65,576,736
LIABILITIES							
Accounts payable	\$ 1,371,206	\$ 75,000	\$ -	\$ 3,055,419	\$ -	\$ 24,809	\$ 4,526,434
Accrued liabilities	1,165,342	-	-	-	-	-	1,165,342
Due to other funds	1,710	-	-	-	-	32,217	33,927
Deposits	596,823	-	-	3,184,842	-	-	3,781,665
Deferred revenue	525,191	1,815,743	-	-	-	-	2,340,934
Advances from successor agency	288,500	-	-	-	-	-	288,500
Total Liabilities	3,948,772	1,890,743	-	6,240,261	-	57,026	12,136,802
FUND BALANCES (DEFICIT)							
Nonspendable	2,719,913	9,415,272	-	-	-	1,198,388	13,333,573
Restricted	2,041,125	11,935,256	493,314	-	13,083,115	3,922,056	31,474,866
Committed	-	-	-	-	-	2,604,735	2,604,735
Assigned	2,391,104	-	-	-	-	-	2,391,104
Unassigned	4,100,959	-	-	(460,384)	-	(4,919)	3,635,656
Total fund balances (deficit)	11,253,101	21,350,528	493,314	(460,384)	13,083,115	7,720,260	53,439,934
Total liabilities and fund balances	\$ 15,201,873	\$ 23,241,271	\$ 493,314	\$ 5,779,877	\$ 13,083,115	\$ 7,777,286	\$ 65,576,736

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES JUNE 30, 2013

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

Fund balances - total governmental funds		\$ 53,439,934	
Capital assets net of depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		60,067,049	
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 position.		198,861	
Long-term receivables and interest on deferred loans are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis.		2,227,599	
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.		(130,545)	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.			
Unfunded OPEB Liability	\$ (9,664,000)		
Certificates of participation	(3,088,595)		
Lease revenue refunding bonds	(474,500)		
Capital leases	(593,848)		
Compensated absences	(1,449,103)		
		<u>(15,270,046)</u>	
Net position of governmental activities		\$ <u>100,532,852</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, 2013**

	<u>General</u>	<u>Housing Projects Special Revenue</u>	<u>Financing Authority</u>	<u>City Capital Projects</u>	<u>Public Facility Finance Fee</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES							
Taxes	\$ 16,564,950	\$ -	\$ -	\$ -	\$ -	\$ 520,329	\$ 17,085,279
Intergovernmental	3,134,389	-	-	1,442,865	-	1,336,322	5,913,576
Interest and rentals	337,801	5,820	7	-	3,879	26,009	373,516
Charges for current services	1,769,053	-	-	-	-	-	1,769,053
Licenses, permits and fees	1,161,006	-	-	-	13,113,171	132,837	14,407,014
Fines, forfeitures and penalties	200,266	-	-	-	-	-	200,266
Donations and miscellaneous	1,799,075	-	-	3,118,216	-	2,664,000	7,581,291
Total revenues	<u>24,966,540</u>	<u>5,820</u>	<u>7</u>	<u>4,561,081</u>	<u>13,117,050</u>	<u>4,679,497</u>	<u>47,329,995</u>
EXPENDITURES							
Current:							
General government	5,599,919	1,267,110	-	-	-	42,948	6,909,977
Public safety	13,884,510	-	-	-	-	-	13,884,510
Public works	1,242,943	-	-	-	-	-	1,242,943
Parks and recreation	2,300,901	-	-	-	-	-	2,300,901
Cultural arts center	704,021	-	-	-	-	-	704,021
Capital outlay	350,487	-	-	6,815,333	-	-	7,165,820
Debt service:							
Principal	-	-	460,000	-	-	-	460,000
Interest and fiscal charges	-	45,000	375,257	-	-	-	420,257
Total expenditures	<u>24,082,781</u>	<u>1,312,110</u>	<u>835,257</u>	<u>6,815,333</u>	<u>-</u>	<u>42,948</u>	<u>33,088,429</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>883,759</u>	<u>(1,306,290)</u>	<u>(835,250)</u>	<u>(2,254,252)</u>	<u>13,117,050</u>	<u>4,636,549</u>	<u>14,241,566</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	1,038,718	-	646,217	2,758,546	-	561,534	5,005,015
Transfers out	(563,589)	(444,162)	(105,730)	(491,656)	(698,100)	(2,970,777)	(5,274,014)
Total other financing sources (uses)	<u>475,129</u>	<u>(444,162)</u>	<u>540,487</u>	<u>2,266,890</u>	<u>(698,100)</u>	<u>(2,409,243)</u>	<u>(268,999)</u>
NET CHANGE IN FUND BALANCES FUND BALANCES (DEFICIT), BEGINNING OF YEAR RESTATEMENT (NOTE 15) BEGINNING OF YEAR RESTATED	<u>1,358,888</u>	<u>(1,750,452)</u>	<u>(294,763)</u>	<u>12,638</u>	<u>12,418,950</u>	<u>2,227,306</u>	<u>13,972,567</u>
END OF YEAR	<u>\$ 11,253,101</u>	<u>\$ 21,350,528</u>	<u>\$ 493,314</u>	<u>\$ (460,384)</u>	<u>\$ 13,083,115</u>	<u>\$ 7,720,260</u>	<u>\$ 53,439,934</u>

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES-
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

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

Net change in fund balances - total governmental funds		\$ 13,972,567	
<p>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.</p>			
Capital asset additions	\$ 7,517,158		
Capital assets retirement	(1,139,971)		
Depreciation	<u>(4,464,641)</u>	1,912,546	
<p>Revenues recognized in the governmental funds that were earned and recognized in previous years and reported as beginning net position 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.</p>			
			216,381
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>			
Principal repayments:			
Certificates of participation	\$ 190,000		
Lease revenue refunding bonds	27,000		
Capital leases	<u>111,105</u>	328,105	
<p>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.</p>			
Change in unfunded OPEB liability	\$ (1,416,610)		
Change in accrued interest payable	105,970		
Amortization of discount and deferred costs on refunding	(52,846)		
Change in long-term compensated absences	<u>(38,272)</u>	(1,401,758)	
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.</p>			
			<u>98,861</u>
Change in net position of governmental activities			<u>\$ 15,126,702</u>

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013**

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Refuse Collection	Total	Activity Internal Service
ASSETS					
Current assets:					
Cash and investments:					
Operating	\$ 5,267,368	\$ 6,661,443	\$ 694,856	\$ 12,623,667	\$ 198,861
Held for capital improvements	1,523,304	2,781,322	-	4,304,626	-
Total cash and investments	6,790,672	9,442,765	694,856	16,928,293	198,861
Accounts receivable, net	1,872,939	2,316,676	12,432	4,202,047	-
Prepaid	5,525	-	-	5,525	-
Total current assets	8,669,136	11,759,441	707,288	21,135,865	198,861
Noncurrent assets:					
Deferred costs of issuance	137,954	259,648.00	-	397,602	-
Capital assets:					
Structures and improvements	17,355,596	33,676,560	5,509	51,037,665	-
Furniture, fixtures and equipment	1,939,876	1,503,004	-	3,442,880	93,110
Construction in progress	1,504,692	2,122,404	-	3,627,096	-
Total capital assets	20,800,164	37,301,968	5,509	58,107,641	93,110
Less: accumulated depreciation	(11,575,642)	(10,527,232)	(4,420)	(22,107,294)	(93,110)
Net capital assets	9,224,522	26,774,736	1,089	36,000,347	-
Total noncurrent assets	9,362,476	27,034,384	1,089	36,397,949	-
Total assets	18,031,612	38,793,825	708,377	57,533,814	198,861
LIABILITIES					
Current liabilities:					
Accounts payable	604,152	318,317	2,140	924,609	-
Interest payable	54,703	43,517	-	98,220	-
Due to other funds	125,130	-	-	125,130	-
Deposits	259,758	102,746	-	362,504	-
Bonds payable	252,146	302,612	-	554,758	-
Total current liabilities	1,295,889	767,192	2,140	2,065,221	-
Noncurrent liabilities:					
Advances from successor agency	-	10,055,725	-	10,055,725	-
Bonds payable	4,848,098	11,081,824	-	15,929,922	-
Total liabilities	6,143,987	21,904,741	2,140	28,050,868	-
NET POSITION					
Net investment in capital assets	5,647,582	18,171,622	1,089	23,820,293	-
Unrestricted	6,240,043	(1,282,538)	705,148	5,662,653	198,861
Total net position	\$11,887,625	\$16,889,084	\$ 706,237	\$ 29,482,946	\$ 198,861

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Refuse Collection	Total	Internal Service
OPERATING REVENUES:					
Utility service charges	\$ 7,349,255	\$ 12,399,081	2,697,879	\$ 22,446,215	\$ -
Charges for services	-	-	-	-	662,420
Penalties and other	72,676	123,745	-	196,421	-
Total operating revenues	<u>7,421,931</u>	<u>12,522,826</u>	<u>2,697,879</u>	<u>22,642,636</u>	<u>662,420</u>
OPERATING EXPENSES:					
Contractual services	2,644,054	99,146	2,991,944	5,735,144	33,534
Rent and leases	10,022	8,403,906	-	8,413,928	59,151
Payroll and related costs	1,624,479	1,154,059	13,141	2,791,679	246,676
Heat, light and power	198,547	71,528	-	270,075	-
Other	230,534	274,768	17,649	522,951	-
Depreciation	567,128	1,056,956	1,105	1,625,189	-
Repairs, operations and maintenance	190,264	121,798	0	312,062	307,985
Professional services	127,844	9,861	15,134	152,839	-
Supplies	65,404	33,167	73	98,644	14,430
Total operating expenses	<u>5,658,276</u>	<u>11,225,189</u>	<u>3,039,046</u>	<u>19,922,511</u>	<u>661,776</u>
OPERATING INCOME (LOSS)	<u>1,763,655</u>	<u>1,297,637</u>	<u>(341,167)</u>	<u>2,720,125</u>	<u>644</u>
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue					
Investment income	28,255	42,987	-	71,242	717
Interest expense & Other	(271,576)	(542,867)	-	(814,443)	-
Total nonoperating revenues (expenses)	<u>(243,321)</u>	<u>(499,880)</u>	<u>-</u>	<u>(743,201)</u>	<u>717</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS					
	<u>1,520,334</u>	<u>797,757</u>	<u>(341,167)</u>	<u>1,976,924</u>	<u>1,361</u>
Capital contributions	10,681	758,725	-	769,406	-
Transfers In	352,084	228,945	-	581,029	97,500
Transfers out	(52,000)	(347,530)	(10,000)	(409,530)	-
Total contributions and transfers	<u>310,765</u>	<u>640,140</u>	<u>(10,000)</u>	<u>940,905</u>	<u>97,500</u>
CHANGE IN NET POSITION	1,831,099	1,437,897	(351,167)	2,917,829	98,861
NET POSITION, BEGINNING OF YEAR	<u>10,056,526</u>	<u>15,451,187</u>	<u>1,057,404</u>	<u>26,565,117</u>	<u>100,000</u>
NET POSITION, END OF YEAR	<u>\$ 11,887,625</u>	<u>\$ 16,889,084</u>	<u>\$ 706,237</u>	<u>\$ 29,482,946</u>	<u>\$ 198,861</u>

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Refuse Collection	Total	Activity Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ 6,792,014	\$ 11,962,796	\$ 3,443,349	\$22,198,159	\$ 662,420
Cash paid to suppliers for goods and services	(3,307,251)	(9,056,569)	(3,777,196)	(16,141,016)	(661,776)
Cash paid to employees for services	(1,624,479)	(1,154,059)	(13,141)	(2,791,679)	-
Net cash provided by (used in) operating activities	<u>1,860,284</u>	<u>1,752,168</u>	<u>(346,988)</u>	<u>3,265,464</u>	<u>644</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	352,084	228,945	-	581,029	97,500
Transfers out	(52,000)	(347,530)	(10,000)	(409,530)	-
Net cash provided by (used in) noncapital financing activities	<u>300,084</u>	<u>(118,585)</u>	<u>(10,000)</u>	<u>171,499</u>	<u>97,500</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Payment on capital debt	(245,000)	(280,000)	-	(525,000)	-
Interest paid on capital debt	(249,195)	(539,998)	-	(789,193)	-
Acquisition of capital assets	(1,632,153)	(1,426,965)	3	(3,059,115)	-
Contributions from developers and other agencies	10,681	758,725	-	769,406	-
Net cash provided by (used in) capital and related financing activities	<u>(2,115,667)</u>	<u>(1,488,238)</u>	<u>3</u>	<u>(3,603,902)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	<u>28,255</u>	<u>42,987</u>	<u>-</u>	<u>71,242</u>	<u>717</u>
Net cash provided by investing activities	<u>28,255</u>	<u>42,987</u>	<u>-</u>	<u>71,242</u>	<u>717</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	72,956	188,332	(356,985)	(95,697)	98,861
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,717,716</u>	<u>9,254,433</u>	<u>1,051,841</u>	<u>17,023,990</u>	<u>100,000</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 6,790,672</u>	<u>\$ 9,442,765</u>	<u>\$ 694,856</u>	<u>\$16,928,293</u>	<u>\$ 198,861</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 1,763,655	\$ 1,297,637	\$ (341,167)	\$ 2,720,125	\$ 644
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	567,128	1,056,956	1,105	1,625,189	-
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	(796,804)	(234,973)	800,388	(231,389)	-
Decrease (increase) in prepaid	(5,525)	-	-	(5,525)	-
Increase (decrease) in accounts payable	34,288	(42,395)	(752,396)	(760,503)	-
Increase (decrease) in due to other funds	125,130	-	-	125,130	-
Increase (decrease) in deposits	172,412	(325,057)	(54,918)	(207,563)	-
Net cash provided by (used in) operating activities	<u>\$ 1,860,284</u>	<u>\$ 1,752,168</u>	<u>\$ (346,988)</u>	<u>\$ 3,265,464</u>	<u>\$ 644</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Amortization of premiums (discounts)	\$ (2,853)	\$ 7,612	\$ -	\$ 4,759	\$ -

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2013

	<u>Total Trust Funds</u>
ASSETS	
Cash and investments	\$ 4,787,879
Receivables:	
Accrued interest	86
Deferred Charges	1,269,948
Restricted cash & investments	8,065,562
Advance to successor agency	10,344,225
Nondepreciable capital assets	4,934,146
Depreciable capital assets	<u>14,646,646</u>
 Total assets	 <u>44,048,492</u>
LIABILITIES	
Accounts payable	24,587
Accrued liabilities	987,823
Advance from successor agency	2,199,675
Long-term debt	
Due in one year	1,504,363
Due in more than one year	<u>62,038,660</u>
Total liabilities	<u>66,755,108</u>
NET POSITION	
Total net position (deficit) held in trust	<u>\$ (22,706,616)</u>

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Total Trust Funds</u>
ADDITIONS	
Taxes	\$ 5,381,261
Interest and rentals	45,450
Donations	<u>66,630</u>
Total additions	<u>5,493,341</u>
DEDUCTIONS	
Current:	
Program expenses	2,068,134
Law enforcement costs	16,139
Principal	1,271,453
Interest and fiscal charges	<u>1,153,815</u>
Total deductions	<u>4,509,541</u>
CHANGE IN NET POSITION	983,800
NET POSITION, BEGINNING OF THE YEAR	<u>(23,690,416)</u>
NET POSITION (DEFICIT), END OF YEAR	<u><u>\$ (22,706,616)</u></u>

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, 2013

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 unit. The component unit discussed below is included in the City's reporting entity because of the significance of their operational or financial relationship with the City. The blended component unit, although a legally separate entity, is in substance, part of the City's operations and so data from these units is combined with data of the primary government. The City's blended component unit has a June 30 year-end.

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

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

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

Basis of Presentation

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

The City reports the following major governmental funds:

- General Fund is the general operating fund of the City. It accounts for all financial resources traditionally associated with governments, which are not required to be accounted for in another fund.
- Housing Projects Special Revenue Fund accounts the activities from the previous Community Development Commission Housing Projects Special Revenue Fund effective February 1, 2012. It is used to account for the restricted or committed revenue and expenditures of a portion of the City's Low Income Housing activities.
- Financing Authority Debt Service Fund accounts for capital items financed by certificates of participation.
- City Capital Projects Fund accounts for resources used for the acquisition of capital facilities, except for those capital facilities financed by enterprise funds, special assessment resources or Community Development Commission resources.
- Public Facility Finance Fee Fund accounts for the financial activities related to the approved Public Facilities Finance Plan (Facilities Plan). The Facilities Plan's purpose is to manage the costs of capital facilities, maintenance and services that are impacted by new development.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The City reports the following major enterprise funds:

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

The City reports the following additional fund types:

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

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

- Government-wide financial statements are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

- 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 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.

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

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

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

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

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

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

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

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

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

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

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

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

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

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Deficits

At June 30, 2013, the City Capital Projects fund had a deficit fund balance of (\$460,384) due to capital expenditures exceeding its revenues. The deficit will be reimbursed in the future by the developer fees, Assessment District proceeds and State and Federal Grants. In addition, Graton Mitigation Special Enforcement Activity Fund had a deficit fund balance of (\$4,919), which will be resolved in fiscal year 13-14 by receipts in excess of expenditures.

3. CASH AND INVESTMENTS

The City maintains a cash and investments pool that is available for use by all funds, except the Successor Agency. In addition, cash is separately held by several of the City's funds. Cash and investments are comprised of the following amounts as shown on the Statement of Net Position:

Primary government:	
Unrestricted	\$ 43,057,167
Restricted	<u>21,738,065</u>
Total cash and investments	<u><u>\$ 64,795,232</u></u>
Cash and investments as of June 30, 2013 consist	
of the followings:	
Deposits with financial institutions	\$ 28,019,168
Investments	<u>36,776,064</u>
	<u><u>\$ 64,795,232</u></u>

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At June 30, 2013 the carrying value of the City's deposits and cash on hand was \$10,879,741. The City is not exposed to such risks as all deposits are insured or collateralized.

Investments

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

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Credit risk

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

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

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City has an investment policy of lengthening its maturities when rates are falling and shortening its maturities when rates are rising as a means of managing its exposure to fair value losses and to take advantage of advantageous interest rates. The City has about 91% of its investments in maturities of less than 1 year in order to take advantage of anticipated rising interest rates.

As of June 30, 2013, the City's investments consisted of the following:

Investment Type	Fair Value	Maturities			Credit Rating
		Less than 1 year	1-3 years	More than 3 years	
Certificates of Deposit	\$ 829,021	\$ 829,021	\$ -	\$ -	Not Rated
Certificates of Deposit	199,000	-	199,000	-	Not Rated
State and Local Agency Investment Fund	19,244,418	19,244,418	-	-	Not Rated
Sonoma County Investment Pool	1,918,085	-	1,918,085	-	Not Rated
Money Market Funds	14,585,540	14,585,540	-	-	AAAm
	<u>\$ 36,776,064</u>	<u>\$ 34,658,979</u>	<u>\$ 2,117,085</u>	<u>-</u>	

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

As of June 30, 2013, the City's investment in LAIF was \$19,224,418, which has a weighted average maturity of 278 days. The total amount invested by all public agencies in LAIF at that date is approximately \$21.2 billion. The City's proportionate share of structured notes and asset-backed securities held by the LAIF was \$376,799 or 1.96% of the City's investment in LAIF. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool. The City's investment in LAIF is unrated for credit risk.

As of June 30, 2013, the City's investment in the County's Pool was \$1,918,085, which has a weighted average maturity of 1,102 days. The total amount invested by the County's Pool at that date is approximately \$1.5 billion. The County's Pool is subject to regulatory oversight by the Treasury Oversight Committee. The value of the pool shares in the County Pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool. The City's investment in the County Pool is unrated for credit risk.

4. LOANS AND NOTES RECEIVABLE, NET

In August 2003, the City entered into an amendment to a ground lease dated May 29, 2001 with Rohnert Park Golf, L.P. (Tenant), whereby the tenant leases certain property and improvements from the City. The City made a one-time advance totaling \$355,000 to the Tenant for the purpose of making improvements to the golf course, and ongoing capital contributions to the Tenant as defined in the agreement. At June 30, 2013, the outstanding balance owed to the City was \$61,685, and principal payments of the advance are paid in equal monthly installments over 10 years. Interest is earned by the City on the unpaid principal portion at a rate of 5% per annum.

The Commission (the former RDA Housing Projects Special Revenue Fund which is now the Housing Project Special Revenue Fund effective February 1, 2012) extends various developer loans, first-time homebuyer loans, and rehabilitation loans to property owners for the rehabilitation and improvements of commercial buildings and residential homes, and other loans for families and individuals of low/moderate income. The Housing Project Special Revenue Fund has a secured interest in the properties for which the loans were made. Management has established an allowance for bad debts in the amount of \$2,639,592 based on historical payment history on forgivable loans. This allowance represents 90% of the 1998 First-Time Homebuyers loans (\$103,500), 100% of the Sonoma County Rehabilitation loans (\$639,742) and 100% of the Sonoma Mountain Business Cluster Loan of \$500,000, all of which are forgivable, as well as 100% of the accrued interest on two of the Burbank notes (120 Santa Alicia Drive and 781 East Cotati Avenue) totaling \$835,900. Additionally, the Commission has established an allowance of \$549,900 related to accrued interest on the Muirfield loan. Interest amounting to \$1,815,743 on the Commission's other loans and notes receivable is reported as deferred revenue in the fund financial statements.

On September 13, 2005, the Commission entered into an Affordable Housing and Loan Agreement with Burbank Housing to develop a 56-unit affordable housing project on a City-owned City Hall Drive site. The Commission purchased the site from the City and assisted Burbank with the financing and pre-development costs. Burbank purchased the land from the Commission for \$1,335,000 (the amount paid by the Commission to the City for the property). The term of the loan agreement is a non-recourse loan in the amount of \$4,015,000, which will accrue interest at the rate of 2% per annum and is deferred for 55 years. Principal and accrued interest totaling \$4,629,905 related to this loan is included in loans and notes receivable on the accompanying financial statements.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

On May 23, 2006, the Commission entered into an Affordable Housing and Loan Agreement with Vida Nueva Partners for the development of the Vida Nueva Affordable Housing Project, which includes twenty-four (24) very-low income permanent supportive housing units (carrying 55-year affordability restrictions), a community building, laundry facilities, a management office and activity and counseling rooms. The Commission purchased the site from the City at the appraised value of \$1,630,000 to be financed over a three-year period beginning in fiscal 2006-07. The final installment payment from the Commission was paid in the fiscal year. The City's basis in the land was \$390,000. The loan agreement provided for the Commission to loan \$1,675,000 to Vida Nueva Partners at an accrued interest rate of 2% per annum, with the principal and accrued interest deferred for 55 years. Principal and accrued interest totaling \$1,780,218 related to this loan is included in loans and notes receivable on the accompanying financial statements. Vida Nueva Partners purchased the site from the Commission for \$810,000 during the fiscal year ended June 30, 2008.

In December 2007, the Commission loaned \$500,000, with interest accruing at 3% simple interest per annum, to the Sonoma Mountain Business Cluster (Incubator) to pay a portion of the cost for tenant improvements at the former Agilent site. The loan terms call for continued operation of the incubator, increased occupancy and eventually job creation. The loan provides that as long as the improvements are made as specified in the agreement and continues to operate the Incubator, and is not in default of any terms of the loan, the loan and accrued interest will be forgiven ten years from the date business incubator is open for business. As of June 30, 2013, the Incubator was not in default of any terms of the loan. The Commission has recorded an allowance against the full amount of the loan.

On December 12, 2007, the Commission executed a loan agreement to Rainbow-Copeland Creek LLC for improvements to Copeland Creek Apartments (an all senior affordable housing complex) for \$1.2 million. The funds were primarily used for energy efficient improvements at the complex. The loan accrues interest at a rate of 1% per annum, with the principal and accrued interest deferred for 55 years, as defined in the agreement. Principal and accrued interest totaling \$1,266,609 related to this loan is included in loans and notes receivable on the accompanying financial statements.

On January 27, 1998, the Commission entered into a note agreement with Muirfield Apartments for supportive housing for persons with disabilities and low income persons. The note represents an advance of funds by the Commission to Muirfield Apartments for the pre-development and development expenses in the amount of \$611,000 accruing 6% per annum, simple interest. Interest shall accrue and be paid concurrently with principal on or before June 30, 2039, but in no event before the maturity date of the Housing Urban Development (HUD) mortgage note. During the term of the Note, Muirfield Apartments may request and the Commission, at its option, may cancel this note or extend the terms of the note. The Commission has recorded an allowance against the accrued interest portion of this loan totaling \$549,900 at June 30, 2013.

On July 1, 1995, the Commission and Burbank Housing Development Corp. executed a loan agreement in the amount of \$260,000. The loan was for pre-development costs for the property at 120 Santa Alicia Drive for residential low income housing. The note accrues 3% per annum simple interest and is to be paid concurrently with principal on or before September 1, 2023. During the term of the Note, Burbank Housing Development may request and the Commission, at its option, may cancel this note or extend the terms of the note. The Commission has recorded an allowance against the accrued interest portion of this loan totaling \$154,700 at June 30, 2013.

On August 23, 1991, the Commission entered into a non-recourse promissory note in the amount of \$390,000 with Burbank Housing Development Corp. for the construction of 50 low income rental housing units at 781 East Cotati Avenue. The note bears interest at 8% simple interest per annum and is due on or before August 23, 2021. During the term of the Note, Burbank Housing Development may request and the Commission, at its option, may cancel this note or extend the terms of the note. The Commission has recorded an allowance against the accrued interest portion of this loan totaling \$681,200 at June 30, 2013.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

On April 2007, the Commission was awarded \$600,000 of funding for an owner occupied rehabilitation loan program through the CalHome program which is administered by California Department of Housing and Community Development (“HCD”). The Sonoma County Community Development Commission (“SCCDC”) was also awarded \$600,000 of CalHome funding and will be administering our CalHome program. The loans are deferred payment loans that have a 30 year term with 3% simple interest. As SCCDC request funds, the City draws against the awarded money. As of June 2013, the City recorded \$479,112 CalHome loans.

5. DEFERRED REVENUE

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

At June 30, 2013, the unavailable and unearned revenues reported were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Governmental activities:			
Major funds:			
General Fund:			
Courseco loan receivable	\$ 61,684	\$ -	\$ 61,684
Parks and recreation and other advances	170,172	113,335	283,507
RP Refuse contract extension fee	180,000	-	180,000
Housing Projects Fund:			
Housing loans	<u>1,815,743</u>	<u>-</u>	<u>1,815,743</u>
Total governmental activities	<u>\$2,227,599</u>	<u>\$ 113,335</u>	<u>\$ 2,340,934</u>

CITY OF ROHNERT PARK

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

6. ADVANCE (DUE) TO/FROM OTHER FUNDS

Advance (Due) To/From - The composition of these balances as of June 30, 2013 was as follows:

<u>Fund reporting receivable</u>	<u>Fund reporting payable</u>	<u>Amount</u>
Due to/from other funds:		
General Fund	Supplemental Law Enforcement Services	\$ 27,298
General Fund	Water Enterprise Fund	125,123
Graton Mitigation Fund	General Fund	1,710
Graton Mitigation Fund	Graton Mitigation Special Enforcement Activity	4,919
Graton Mitigation Fund	Water Enterprise Fund	<u>7</u>
		<u>\$ 159,057</u>
 Advances to/from other funds:		
General Fund	RDA Obligation Retirement Trust	\$ 2,075,000
General Fund	RDA Obligation Retirement Trust	124,675
RDA Obligation Retirement Trust	General Fund	288,500
RDA Obligation Retirement Trust	Sewer Enterprise Fund	<u>10,055,725</u>
		<u>\$ 12,543,900</u>

The General Fund paid for expenditures on behalf of the Supplemental Law Enforcement Services and Water Enterprise Funds in the amounts of \$27,298 and 125,123, respectively, which were reimbursed during the next year.

The Graton Mitigation Fund paid expenditures on behalf of the General, Graton Mitigation Special Enforcement Activity, and Water Enterprise Funds in the amounts of \$1,710, \$4,919 and 7, respectively, which were reimbursed during the next year.

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

The City's General Fund advanced \$4,200,000 to the RDA Obligation Retirement Trust Fund in order to construct a performing arts center. The loan is being repaid annually through installments payments of principal plus interest from property tax increment. As of June 30, 2013, the General Fund advance is \$2,075,000. Another advance in the amount of \$124,675 is for the expense paid by General fund until the RPTTF money comes in.

On May 22, 2007 (amended August 26, 2008), the RDA Obligation Retirement Trust Fund (former Community Development Commission) entered into a reimbursement agreement with the City whereby the Commission would fund 88% of the project cost of the Eastside Sewer Main Phase 1 Improvement, which is the portion of the project that lies within the project area, in advance of the City receiving the money through public facilities finance fees. The Commission is funding this project from the 2007R Tax Allocation Bond proceeds, and pursuant to the terms of the reimbursement agreement, the maximum amount to be funded by the Commission is \$12,144,000. As of June 30, 2013, it had advanced \$10,055,725 to the Sewer Fund for this project.

CITY OF ROHNERT PARK

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Interfund Transfers - The composition of interfund transfers during the year ended June 30, 2013 was as follows:

<u>Fund Reporting Transfer In</u>	<u>Fund Reporting Transfer Out</u>	<u>Amount</u>
General Fund	Performing Arts Center Endowment	\$ 26,224 ^a
	Enterprise Fund	10,000 ^b
	Nonmajor Governmental Funds	915,974 ^a
	Special Revenue Fund	51,565 ^a
	City Capital Projects Fund	<u>34,955 ^c</u>
		<u>1,038,718</u>
Financing Authority Fund	General Fund	202,056 ^d
	RSA Debt Service Funds	<u>444,161 ^d</u>
		<u>646,217</u>
City Capital Projects Fund	Nonmajor Governmental Funds	2,083,745 ^c
	Public Facility Finance Fee Fund	419,101 ^c
	General Fund	<u>255,700 ^c</u>
		<u>2,758,546</u>
Performing Arts Center Endowment	City Capital Projects Fund	2,481 ^c
Nonmajor Governmental Funds	General Fund	105,833 ^e
	City Capital Projects Fund	<u>453,220 ^c</u>
		<u>559,053</u>
Water Enterprise Fund	Sewer Enterprise Fund	302,030 ^g
	Public Facility Finance Fee Fund	<u>50,054 ^h</u>
		<u>352,084</u>
Sewer Enterprise Fund	City Capital Projects Fund	228,945 ^c
Internal Service Fund	Water Enterprise Fund	52,000 ^f
	Sewer Enterprise Fund	<u>45,500 ^f</u>
		<u>97,500</u>
Total		<u>\$ 5,683,544</u>

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The purpose for the interfund transfers during the fiscal year ended June 30, 2013 is as follows:

- (a) Repay the General Fund for programs funded through other sources
- (b) Reimburse the General Fund for staffing cost of Code Enforcement Officer
- (c) Reimburse the funds for overfunding capital projects
- (d) These transfers are made for the payment of debt service
- (e) Reclassification revenue to special revenue fund
- (f) Contribution made to vehicle replacement fund
- (g) To correct the CIP balance in each enterprise fund
- (h) To fund project #1109 Dowdell Avenue Extension

CITY OF ROHNERT PARK

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
<u>Governmental activities</u>				
<i>Capital assets, not being depreciated;</i>				
Land	\$ 6,906,156	\$ -	\$ -	\$ 6,906,156
Construction in progress	4,711,818	6,884,998	(281,674)	11,315,142
Total capital assets, not being depreciated	<u>11,617,974</u>	<u>6,884,998</u>	<u>(281,674)</u>	<u>18,221,298</u>
 <i>Capital assets, being depreciated</i>				
Infrastructure, structures and improvements	105,989,163	281,674	(851,620)	105,419,217
Equipment	13,223,487	350,486	(225,605)	13,348,368
Total capital assets, being depreciated	<u>119,212,650</u>	<u>632,160</u>	<u>(1,077,225)</u>	<u>118,767,585</u>
 <i>Less accumulated depreciation for:</i>				
Infrastructure, structures and improvements	(60,459,432)	(3,859,641)	-	(64,319,073)
Equipment	(12,216,689)	(605,000)	218,928	(12,602,761)
Total accumulated depreciation	<u>(72,676,121)</u>	<u>(4,464,641)</u>	<u>218,928</u>	<u>(76,921,834)</u>
Total capital assets, being depreciated, net	<u>46,536,529</u>	<u>(3,832,481)</u>	<u>(858,297)</u>	<u>41,845,751</u>
Governmental activities capital assets, net	<u>\$ 58,154,503</u>	<u>\$ 3,052,517</u>	<u>\$ (1,139,971)</u>	<u>\$ 60,067,049</u>

(continued)

CITY OF ROHNERT PARK

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
<u>Business-type activities</u>				
<i>Capital assets, not being depreciated</i>				
Construction in progress	\$ 4,641,894	\$ 2,666,436	\$ (3,681,234)	\$ 3,627,096
<i>Capital assets, being depreciated</i>				
Structures and improvements	47,350,923	3,681,234	-	51,032,157
Equipment	3,055,707	392,680	-	3,448,387
Total capital assets, being depreciated	50,406,630	4,073,914	-	54,480,544
Less accumulated depreciation for:				
Structures and improvements	(18,510,371)	(1,422,209)	-	(19,932,580)
Equipment	(1,971,733)	(202,980)	-	(2,174,713)
Total accumulated depreciation	(20,482,104)	(1,625,189)	-	(22,107,293)
Total capital assets, being depreciated, net	29,924,526	2,448,725	-	32,373,251
Business-type activities capital assets, net	\$ 34,566,420	\$ 5,115,161	\$ (3,681,234)	\$ 36,000,347

(concluded)

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Construction in progress for governmental activities at June 30, 2013 is comprised of the following:

	Expended to June 30, 2013
City Projects:	
Specific Plans Developments	\$ 1,530,379
Water Supply Assessment Project	1,309,647
Rancho Verde Traffic Signal	364,718
Wilfred Widening	3,509,747
Arlen Dr & E. Cotati Ave Overlays	761,805
American Recovery Act	1,428,048
Copeland Crk Bike Path Reconst	968,017
Various Streets Preventative Improvement	919,030
Public Safety Main Roof Replacement	363,800
Various other projects	159,951
	<hr/>
	\$ 11,315,142
	<hr/> <hr/>

During current year, the City completed governmental activities projects totaling \$281,674 that were transferred from construction in progress to improvements.

Construction in progress for business-type activities at June 30, 2013 is comprised of the following:

	Expended to June 30, 2013
Water System Distribution Improvement	\$ 161,672
Water Tank #8 Project	38,890
Sewer Interceptor Phase II	394,588
Eastside Trunk Sewer Phase II	270,493
Alta Ave & Almond Street Rehab	1,566,043
Adrian Water/Sewer Rehab	699,000
Casino Waste Water	324,801
Various other projects	171,610
	<hr/>
Total	\$ 3,627,096
	<hr/> <hr/>

The City completed \$3,681,234 business-type activities projects during the fiscal year that were transferred from construction in progress to structures and improvements.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,618,909
Public safety	463,340
Public works	1,597,612
Parks and recreation	<u>784,780</u>
Total depreciation expense – governmental functions	<u>\$ 4,464,641</u>

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

Water	\$ 567,128
Sewer	1,056,956
Refuse	<u>1,105</u>
Total depreciation expense – business-type functions	<u>\$ 1,625,189</u>

8. LONG-TERM LIABILITIES

The City’s long-term debt payable at June 30, 2013 is as follows:

	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2013</u>
Governmental Activities					
(a) 1999 Certificates of Participation:					
Capital Facilities Project	2025	3.60-5.00%	\$120,000-330,000	\$ 5,055,000	\$ 3,090,000
(b) 2003 Lease Revenue Refunding Bonds:					
Master Equipment Lease Project and Public Safety Facility	2026	2.50-4.80%	\$24,000-47,000	695,000	474,500
(c) Capital leases					
	2020	4.43%	\$71,034-114,839	1,175,965	593,848
Total Governmental Activities					<u>4,158,348</u>
Business-Type Activities					
(e) 2002 Water Revenue Bonds					
	2023	2.00-4.50%	\$80,000-145,000	2,090,000	1,210,000
(d) 2005 Sewer System Revenue Certificates of Participation					
Capital Facilities Project	2036	3.00-5.00%	\$230,000-775,000	13,000,000	11,210,000
(e) 2005 Water Revenue Bonds					
	2031	2.50-4.50%	\$120,000-305,000	5,000,000	3,935,000
Total Business-Type Activities					<u>16,355,000</u>
Total governmental and business-type activities – bonds, certificates of participation, and capital leases.					<u>\$ 20,513,348</u>

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

Governmental Activities:

1999 Certificates of Participation

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

2003 Lease Revenue Refunding Bonds

On July 1, 2003 the Financing Authority issued the Rohnert Park Financing Authority Lease, Series 2003 (“2003 LRBs”) to refinance the Refunding Certificates of Participation (Rohnert Park Public Safety Facility Project-the Series 1994 Certificates) outstanding principal amount of \$5,780,000 and the Certificates of Participation (Master Equipment Lease Program- Series 1999 Certificates) outstanding principal balance of \$785,000, and to provide for deposit of a surety bond in a reserve fund and to pay certain costs of issuance. The 2003 LRBs are payable from and secured by base rental payments to be made by the City under the lease between the City and the Financing Authority for the lease of the Department of Public Safety Main Station, which houses the City’s Department of Safety which provides police and fire services in the City. The pledge of future revenues ends upon final payment scheduled to occur in 2026. In fiscal year 2013, revenues pledged totaled \$497,176 and the required debt service was \$492,704.

Business-Type Activities:

2005 Sewer System Revenue Certificates of Participation

On May 27, 2005, the City entered into an installment sale agreement with the Rohnert Park Financing Authority for Sewer System Revenue Certificates of Participation, Series 2005 (Certificates) in the amount of \$13,000,000. Proceeds of the Certificates are being used for a) financing certain improvements, betterments, renovations and expansions of facilities within the Sewer System of the City b) paying capitalized interest with respect to the Certificates to June 1, 2006, c) providing for the deposit of a reserve fund surety bond and d) paying costs of delivery of the Certificates. The Certificates will mature in the year 2036 and carry interest rates ranging from 3.00% - 5.00%. There is a sufficient cash reserve in the sewer fund of \$2.8 million to cover both the operating expenses and debt service of \$817,205 for fiscal year 2013. The City reviewed sewer rates and determine what rate increases are necessary to maintain the systems and provide sufficient reserves. The City also formed a stakeholder group consisting of sixteen community members to assist the City with the task of increasing the sewer rates to a sufficient base to cover sewer operations. The new sewer rates were implemented July 1, 2011.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

2002 and 2005 California Statewide Communities Development Authority Water Revenue Bonds

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

On May 1, 2005, the City issued Series 2005A (Bonds) in the amount of \$5,000,000 under the program. Proceeds of the Bonds were used to finance the acquisition and construction of water and wastewater public capital improvements. The Bonds will mature in 2031 and carry interest rates from 2.5% to 4.5%. The City entered into an Installment Purchase Agreement with the Authority that provides that all system net revenues are pledged to the payment of the installment payments until maturity.

In fiscal year 2013, system net revenues available to fund the 2002 and 2005 Water Revenue Bonds totaled \$403,731 and debt service was \$467,951.

The following is a summary of changes to long-term liabilities for the year ended June 30, 2013:

	Balance July 1, 2012	Additions/ Accretions	Retirements	Balance June 30, 2013	Amount due Within One Year
Governmental activities:					
Certificates of participation	\$ 3,280,000	\$ -	\$ 190,000	\$ 3,090,000	\$ 195,000
Lease revenue refunding bonds	501,500	-	27,000	474,500	28,000
Capital leases	704,953	-	111,105	593,848	79,354
Total long-term debt	4,486,453	-	328,105	4,158,348	302,354
Original issue discount	(36,369)	-	(34,964)	(1,405)	(130)
Compensated absences	1,410,831	1,188,018	1,149,746	1,449,103	1,149,746
Total governmental activities LT debt	<u>\$ 5,860,915</u>	<u>\$ 1,188,018</u>	<u>\$ 1,442,887</u>	<u>\$ 5,606,046</u>	<u>\$ 1,451,970</u>
Business-type activities:					
Water revenue bonds	\$ 5,390,000	\$ -	\$ 245,000	\$ 5,145,000	\$ 255,000
Sewer revenue certificates of participation	11,490,000	-	280,000	11,210,000	295,000
Original issue premium	182,050	-	7,612	174,438	7,612
Original issue discount	(47,611)	-	(2,853)	(44,758)	(2,854)
Total business-type activities LT debt	<u>\$ 17,014,439</u>	<u>\$ -</u>	<u>\$ 529,759</u>	<u>\$ 16,484,680</u>	<u>\$ 554,758</u>

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Fiscal Year Ending June 30:	Certificates of Participation		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 195,000	\$ 148,318	\$ 28,000	\$ 20,833
2015	205,000	139,215	29,000	19,753
2016	215,000	129,125	30,500	18,582
2017	225,000	118,125	31,500	17,326
2018	235,000	106,625	33,000	15,999
2019 – 2023	1,370,000	338,750	187,500	55,136
2024 – 2027	645,000	32,625	135,000	9,809
Total	\$ 3,090,000	\$ 1,012,783	\$ 474,500	\$ 157,438

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
2014	\$ 255,000	\$ 214,401	\$ 295,000	\$ 522,205
2015	265,000	205,179	305,000	511,518
2016	275,000	195,034	315,000	500,143
2017	285,000	183,999	325,000	487,888
2018	290,000	172,499	340,000	475,138
2019– 2023	1,665,000	659,601	1,930,000	2,153,263
2024 – 2028	1,230,000	339,978	2,415,000	1,655,625
2029 – 2033	880,000	60,525	3,065,000	1,006,000
2034 – 2036	-	-	2,220,000	220,375
Total	\$5,145,000	\$2,031,216	\$ 11,210,000	\$ 7,532,155

Legal Debt Limit

As of June 30, 2013, the City's legal debt limit (15% of valuation subject to taxation) was \$542,024,000. As of June 30, 2013, 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, Willdan Financial Services performed calculations of excess investment earnings on various bonds and financings and at June 30, 2013, the City has no liability.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Conduit Debt

The City has issued a Multifamily Housing Revenue Bond and four Mobile Home Park Revenue Bonds to provide funds to builders for the construction of a multifamily housing project and two mobile home park projects. The bonds are payable solely from the revenue collected by the builders of the projects. The City is not obligated in any manner for repayment of the indebtedness. Accordingly, the liabilities are not reported in the City's basic financial statements. The 2001 Series A and B (Las Casitas De Sonoma) were paid off during the year.

The aggregate principal amount payable for the two series of bonds as of June 30, 2013 is as follows:

Mobile Home Park Revenue Bonds Series 2003A (Rancho Feliz MHP)	\$11,670,000
Mobile Home Park Revenue Bonds Series 2003B (Rancho Feliz MHP)	\$3,155,000

Capital Leases

The City has entered into a long-term capital lease agreement with a financing agency 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, 2013:

Fiscal Year ending June 30:	Principal	Interest
2014	\$ 79,354	\$ 24,715
2015	83,989	21,106
2016	88,876	17,287
2017	98,502	13,205
2018	108,706	8,588
2019-2023	134,421	3,757
Total	<u>\$ 593,848</u>	<u>\$ 88,658</u>

Payment for capital lease obligations are made from various revenue sources recorded in the General Fund and transferred to another fund for debt service payment. At June 30, 2013, equipment under the capital leases of \$3,527,991 is included in the statement of net position.

9. EMPLOYEES' RETIREMENT PLAN

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

CITY OF ROHNERT PARK

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Funding Policy – Effective August 1, 2011 the employees contribute 100% of the required members contribution, safety (9%) and miscellaneous first/second tier (8%) and miscellaneous third tier (7%) of their annual covered salary to the Fund. The City is required to contribute at an actuarially determined rate. The actuarial methods and assumptions used are those adopted by the Fund’s Board of Administration. The required employer contribution rates for fiscal year ended June 30, 2013 were 44.552% for safety employees and 24.554% 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, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases from 3.55% to 14.45% depending on age, service and type of employment. Both (a) and (b) include an inflation component of 3%. Initial unfunded liabilities are amortized over a closed period that depends on the plan’s date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. The actuarial value of City’s assets was determined using a 15 year smoothed market technique.

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

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percentage Contributed</u>
6/30/11	\$ 2,202	100
6/30/12	2,192	100
6/30/13	2,216	100

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

<u>Fiscal Year Ended</u>	<u>Annual Cost (APC)</u>	<u>Percentage of APC</u>	<u>Net Pension Obligation</u>
6/30/11	\$ 1,163	100	-
6/30/12	1,356	100	-
6/30/13	1,498	100	-

CITY OF ROHNERT PARK

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Benefits to retirees \$12,840 per retiree for the fiscal year ended June 30, 2013 (a total of \$1,415,358, including implied subsidy amounts) for the year. The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount which was determined as part of a July 1, 2011 actuarial valuation and updated to July 1, 2012 in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City has elected to amortize the unfunded actuarial accrued liability over 30 years from July 1, 2010 using a level dollar, closed amortization period. The ARC is subject to change with each actuarial valuation performed every two years.

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

Annual required Contributions (ARC)	\$ 3,610
Interest on beginning net OPEB Obligation	321
Adjustment to ARC *	<u>(498)</u>
Total OPEB Cost	3,433
Contributions made by the City	<u>(2,016)</u>
Increase in net OPEB Obligation	1,417
Net OPEB obligations, beginning of the year	<u>8,247</u>
Net OPEB obligations, end of the year	<u><u>\$ 9,664</u></u>

* Adjustment reflects a reduction of \$74,000 for 2011-12 contribution and revision to ARC.

Net OPEB Obligation is allocated across the governmental and enterprise funds based on their proportionate current retiree healthcare expenses. The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the two preceding years were as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Benefit Payments Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/11	\$ 3,775	\$ 1,612	42.60%	\$ 7,930
06/30/12	2,492	2,174	87.24%	8,247
06/30/13	3,433	2,016	58.72%	9,664

The funded status of the OPEB Plan as of June 30, 2013 (the latest plan valuation date) is as follows (in thousands):

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll	UAAL as a Percentage of Covered Payroll [(b)-(a)/(c)]
7/1/2012	\$ 1,654	\$ 41,857	\$ 40,203	3.95%	\$ 14,299	281.16%

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the Actuarial Accrued Liability (AAL) is the Entry Age Normal Cost Method. The actuarial assumptions used in calculating the fiscal year 2012/13 Annual Required Contribution (ARC) include a 6.5 percent prefunding discount rate and 4.0 percent pay-as-you-go discount rate, covered payroll increases of 3.25 percent per year, an inflation rate of 3.0 percent per year, and a medical increase trend rate starting at 8.5 percent per year, and decreasing gradually over a 7 year period to an ultimate rate of 5.75 percent per year. The economic assumptions used in calculating the 6/30/13 funded status are the same except that the medical increase rates are 8.5% decreasing gradually to the ultimate rate of 5.75% In calculating the 201/13 Annual Required Contribution (ARC), unfunded actuarial accrued liabilities (UAAL) are being amortized as a level dollar amount over a closed 26 year period.

Funded Status and Funding Progress

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

11. FUND BALANCE / NET POSITION

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

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

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

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Portions of unassigned fund balance may be assigned to indicate tentative plans for financial resource utilization in a future period, such as for special purpose or capital projects. Such plans or intent are subject to change, have not been legally authorized and may not result in expenditures. As of June 30, 2013, nonspendable, restricted, committed and assigned fund balances were as follows:

	General	Housing Projects Special Revenue	Financing Authority	City Capital Projects	Public Facility Finance Fee	Other Governmental	Total Governmental Funds
Nonspendable:							
Advances	\$ 2,075,000	\$ 9,415,272	\$ -	\$ -	\$ -	\$ -	\$ 11,490,272
Prepaid and other assets	583,228	-	-	-	-	-	583,228
Notes Receivable	61,685	-	-	-	-	-	61,685
Performing Arts Center Endowment	-	-	-	-	-	1,198,388	1,198,388
Total nonspendable	<u>2,719,913</u>	<u>9,415,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,198,388</u>	<u>13,333,573</u>
Restricted for:							
Housing programs	80,196	-	-	-	-	-	80,196
Street projects	-	-	-	-	-	2,123,054	2,123,054
Community Development Projects	-	11,935,256	-	-	-	-	11,935,256
Capital projects	-	-	493,314	-	13,083,115	1,534,501	15,110,930
Technology	-	-	-	-	-	222,139	222,139
Donations	165,881	-	-	-	-	-	165,881
Traffic Safety	365,855	-	-	-	-	-	365,855
Animal Shelter	123,114	-	-	-	-	-	123,114
Public Safety	126,135	-	-	-	-	31,894	158,029
Vehicle Abatement	300,155	-	-	-	-	-	300,155
Refundable Deposits	825,608	-	-	-	-	-	825,608
Other purpose	54,181	-	-	-	-	10,467	64,648
	<u>2,041,125</u>	<u>11,935,256</u>	<u>493,314</u>	<u>-</u>	<u>13,083,115</u>	<u>3,922,056</u>	<u>31,474,866</u>
Committed for:							
Casino Mitigation	-	-	-	-	-	2,604,735	2,604,735
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,604,735</u>	<u>2,604,735</u>
Assigned for:							
Capital projects	616,000	-	-	-	-	-	616,000
Carryover of appropriations	154,660	-	-	-	-	-	154,660
Claims liability	1,320,444	-	-	-	-	-	1,320,444
OPEB Obligation	300,000	-	-	-	-	-	300,000
	<u>2,391,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,391,104</u>
Unassigned	4,100,959	-	-	(460,384)	-	(4,919)	3,635,656
Total fund balance	<u>\$ 11,253,101</u>	<u>\$ 21,350,528</u>	<u>\$ 493,314</u>	<u>\$ (460,384)</u>	<u>\$ 13,083,115</u>	<u>\$ 7,720,260</u>	<u>\$ 53,439,934</u>

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

- Net investment in capital assets – 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 position – consists of net position 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 position – all other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

12. RISK MANAGEMENT

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

The City’s deductibles and maximum coverage follows:

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

The City contributes its pro-rata share of anticipated losses to a pool administered by REMIF. Should actual losses among participants be greater than the anticipated losses, the City will be assessed its pro-rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the City will be refunded its pro-rata share of the excess. The City paid insurance premiums and deductibles of \$1,173,813 and received REMIF refunds of \$50,332 during the year ended June 30, 2013. 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, 2013 the amount of these IBNR liabilities was \$43,364. This liability is the City's best estimate based on available information.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Changes in the reported liability resulted from the following:

Liability at June 30, 2011 (reported in accrued liabilities)	\$ 94,013
Current year claim deductibles and changes in estimates	158,351
Net payments	<u>(190,395)</u>
Liability at June 30, 2012 (reported in accrued liabilities)	61,969
Current year claim deductibles and changes in estimates	119,131
Net payments	<u>(63,458)</u>
Liability at June 30, 2013 (reported in accrued liabilities)	<u>\$ 117,642</u>

At June 30, 2013, management assigned \$1,320,444 of fund balance in the General Fund for future claims liabilities.

13. COMMITMENTS AND CONTINGENCIES

The city is directly and indirectly involved in various suits relating principally to claims arising from construction contracts, personal injury, and property damage. In the opinion of the City Attorney and City Management, potential claims against the City resulting from such litigation, not covered by insurance, would not materially affect the basic financial statements of the City. As a result, no liability has been accrued by the City relating to these environment matters as of June 30, 2013.

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

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

14. LEASES

The City has entered into an operating lease contract whereby the City leases golf courses to a third party. The lease commenced July 1, 2012. The term of the lease is for twenty years, with an optional extension of ten years.

The future minimum rentals to be received from the aforementioned operating lease as of June 30, 2013 are as follows (in thousands):

<u>Fiscal Year Ending June 30,</u>	
2014	\$ 75,524
2015	77,685
2016	80,511
2017	83,410
2018	86,384
2019-2023	479,321
2024-2028	566,183
2029-2032	523,428
	<u>\$ 1,972,446</u>

15. RESTATEMENT TO PRIOR PERIOD BALANCES

The City determined that \$342,359 was incorrectly reported in the General Fund as a liability. The past practice was that this account was for "set aside" future dental insurance premiums and thus the amount was not an actual liability. As such, the beginning General fund balance and the beginning net position as of July 1, 2012 were restated to reflect that adjustment.

CITY OF ROHNERT PARK

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

16. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

Effective January 31, 2012, all Redevelopment Agencies in California were dissolved. Certain assets of the former Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and all remaining former Redevelopment Agency assets and liabilities were distributed to the Successor Agency.

A. Successor Agency Cash and Investments

Cash and investments as of June 30, 2013 are classified in the accompany financial statements as follows

Statement of fiduciary net position:

Cash and investments	\$ 4,630,111
Cash and investments - restricted	8,065,562
Total cash and investment	<u>\$ 12,695,673</u>

Cash and investments as of June 30, 2013 consist
of the following:

Deposit with financial institutions	\$ 4,630,111
Investments	8,065,562
Total cash and investment	<u>\$ 12,695,673</u>

CITY OF ROHNERT PARK

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

B. Successor Agency Capital Assets

The Successor Agency's capital assets as of June 30, 2013 as follows:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
<i>Capital assets, not being depreciated;</i>				
Land	\$ 4,934,146	\$ -	\$ -	\$ 4,934,146
Total capital assets, not being depreciated	4,934,146	-	-	4,934,146
<i>Capital assets, being depreciated</i>				
Infrastructure, structures and improvements	29,702,695	-	-	29,702,695
Equipment	805,264	-	-	805,264
Total capital assets, being depreciated	30,507,959	-	-	30,507,959
<i>Less accumulated depreciation for:</i>				
Infrastructure, structures and improvements	(13,937,439)	(1,118,610)	-	(15,056,049)
Equipment	(805,264)	-	-	(805,264)
Total accumulated depreciation	(14,742,703)	(1,118,610)	-	(15,861,313)
Total capital assets, being depreciated, net	15,765,256	(1,118,610)	-	14,646,646
capital assets, net	\$ 20,699,402	\$ (1,118,610)	-	\$ 19,580,792

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

E. Successor Agency Long-Term Debt

The Successor Agency's long-term debt payable at June 30, 2013 as follows:

	Final Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2013
Redevelopment Project (includes accreted interest) - 1999	2036	3.60-5.30%	154,386 - 553,597	11,936,651	\$ 16,297,023
Master Equipment Lease Project and Public Safety Facility - 2003	2026	2.50-4.80%	216,000 - 423,000	6,255,000	4,270,500
Redevelopment Project - 2001	2021	3.50-5.25%	55,000 - 810,000	8,200,000	5,940,000
Redevelopment Project - 2007R	2038	3.60 - 5.00%	290,000 - 3,465,000	34,680,000	20,395,000
Housing - 2007H	2038	3.50 - 5.00%	25,000 - 1,790,000	26,760,000	15,880,000
Total					<u>\$ 62,782,523</u>

1999 Tax Allocation Bonds

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

2001 Tax Allocation Bonds

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

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

2003 Lease Revenue Refunding Bonds

On July 1, 2003 the Financing Authority issued the Rohnert Park Financing Authority Lease, Series 2003 ("2003 LRBs") to refinance the Refunding Certificates of Participation (Rohnert Park Public Safety Facility Project-the Series 1994 Certificates) outstanding principal amount of \$5,780,000 and the Certificates of Participation (Master Equipment Lease Program- Series 1999 Certificates) outstanding principal balance of \$785,000, and to provide for deposit of a surety bond in a reserve fund and to pay certain costs of issuance. The 2003 LRBs are payable from and secured by base rental payments to be made by the City under the lease between the City and the Financing Authority for the lease of the Department of Public Safety Main Station, which houses the City's Department of Safety which provides police and fire services in the City. The pledge of future revenues ends upon final payment scheduled to occur in 2025. In fiscal 2013, revenues pledged totaled \$493,512 and the required debt service was \$488,373.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

2007 Tax Allocation Bonds

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

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

In fiscal year 2013, pledged revenues for the 1999 TABs, 2001 TABs, and 2007 Redevelopment Project Bonds totaled \$2,325,287, and required debt service was \$2,325,287, as follows: 1999 TABs - \$395,000; 2001 TABs - \$956,368 and 2007 Redevelopment Project Bonds - \$973,919. The 2007 Housing Bonds are special obligations of the CDC and payable from and secured by the housing set-aside amount. Revenues pledged in fiscal year 2013 for the 2007 Housing Bonds were \$853,281, and the required debt service was \$853,281.

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

	Balance June 30, 2012	Additions/ Accretions	Retirements	Balance June 30, 2013	Amount due Within One Year
Lease revenue refunding bonds	\$ 4,513,500	\$ -	\$ 243,000	\$ 4,270,500	\$ 252,000
Tax allocation bonds	50,950,999	-	1,028,453	49,922,546	1,051,007
Accreted interest on capital appreciation bonds	7,799,039	790,438	-	8,589,477	198,993
Total long-term debt	63,263,538	790,438	1,271,453	62,782,523	1,502,000
Original issue premium	1,181,611	-	30,330	1,151,281	30,330
Original issue discount	(319,011)	(19,462)	(8,308)	(330,165)	(8,308)
Deferred amount on refunding	(80,275)	-	(19,659)	(60,616)	(19,659)
Total	<u>\$ 64,045,863</u>	<u>\$ 770,976</u>	<u>\$ 1,273,816</u>	<u>\$ 63,543,023</u>	<u>\$ 1,504,363</u>

CITY OF ROHNERT PARK

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Debt Service Requirement

Future debt service requirements for the outstanding long-term debt are as follows:

Fiscal Year ending June 30:	Lease Revenue Bonds		Tax Allocation Bonds		
	Principal	Interest	Principal	Interest	Accreted Interest
2014	\$ 252,000	\$ 187,499	\$ 1,051,007	\$ 1,929,727	\$ 198,993
2015	261,000	177,780	1,073,944	1,892,713	211,056
2016	274,500	167,234	1,988,682	1,831,150	221,318
2017	283,500	155,932	2,163,830	1,747,225	231,170
2018	297,000	143,994	2,439,386	1,650,325	240,614
2019– 2023	1,687,500	496,221	11,312,763	6,868,990	4,242,237
2024 – 2028	1,215,000	88,279	11,053,292	4,992,012	6,536,708
2029 – 2033	-	-	9,925,758	2,833,423	7,059,242
2034 – 2038	-	-	8,913,884	1,220,595	4,441,115
Total	<u>\$4,270,500</u>	<u>\$1,416,939</u>	<u>\$ 49,922,546</u>	<u>\$ 24,966,160</u>	<u>\$ 23,382,453</u>

17. EXCESS EXPENDITURES OVER APPROPRIATIONS

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

Major Fund:

Housing Projects Special Revenue Fund in the amount of \$1,312,110, which was unbudgeted and covered by current year revenues.

Non-major Funds:

State Gasoline Tax Special Revenue Fund in the amount of \$19,855, which was unbudgeted and covered by current year revenues.

Graton Mitigation Special Revenue Fund in the amount of \$18,174, which was unbudgeted and covered by existing fund balance.

Graton Mitigation Special Enforcement Activity Special Revenue Fund in the amount of \$4,919 which was unbudgeted.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

17. NEW GASB PRONOUNCEMENTS

Implementation of New Pronouncements

The City has adopted the following statements issued by the Governmental Accounting Standards Board (GASB) Statements during the fiscal year ended June 30, 2013:

GASB Statement No 62

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

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

This Statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, eliminating the election for enterprise funds and business-type activities to apply post-November 30, 1989, FASB statements and interpretations that do not conflict with or contradict GASB pronouncements. However, governments can apply post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The City has implemented the provisions of this Statement as of June 30, 2013, which did not have any significant impact on the financial statements.

GASB Statement No. 63

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The provisions of Statement 63 are effective for financial statements for periods beginning after December 15, 2011. The City has implemented the provisions of this Statement as of June 30, 2013.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

New Pronouncements Effective in the Future

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

Statement No. 65

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

Statement No. 66

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

Statement No. 67

In June, 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans – amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local government pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regards to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This pronouncement is effective for financial statements periods after June 15, 2013. Early implementation is encouraged. The City has not yet determined whether this Statement change will have an effect on the financial statements.

Statement No. 68

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

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NEW GASB PRONOUNCEMENTS (Continued)

Statement No. 69

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

Statement No. 70

In April 2013, GASB issued GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. The City is required to implement the provisions of this Statement in fiscal year ending June 30, 2015. The City has not determined its effect on the financial statements.

Statement No. 71

Pension Transition for Contributions Made Subsequent to the Measurement Date — The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68.

18. SUBSEQUENT EVENT

The "advances to successor agency" reported in the general fund include \$2,075,000 owed to the City by the Successor Agency to the Community Development Commission of the City of Rohnert Park ("Successor Agency") under a loan agreement originally executed in June 1988. Payments on the loan are subject to administrative approval processes in accord with the Redevelopment Dissolution Law.

On September 16, 2013 the Oversight Board (Oversight Board) to the Successor Agency determined that the loan was for legitimate redevelopment purposes, as is required for repayment under Health and Safety Code Section 34191.4(b)(2)(A); and issued its Resolution Number OSB 2013-05 in support of loan repayment.

On November 1, 2013, after review of the Oversight Board's resolution, the State of California Department of Finance (DOF) provided the City with a notice of approval of the Oversight Board's action, and cited qualifications for loan repayment in accordance with the Health and Safety Code (HSC) section 34191.4.

- Repayment is limited to increases in future residual tax distributions to taxing entities.
- HSC section 34191.4(b)(2) requires the interest be calculated from loan origination at the Local Agency Investment Fund (LAIF) rate. The LAIF is a pooled cash investment fund that agencies within the State of California, use for short term cash custody and investment.

CITY OF ROHNERT PARK

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

- 20% of loan repayment proceeds shall be transferred to the Low and Moderate Income Housing Asset Fund.

The City has not received recalculation instructions from DOF, and has not made adjustments for amounts owed for the advance at June 30, 2013. The entire amount owed under the advance is classified as “non-spendable,” in accordance with GASB No. 54.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROHNERT PARK

**SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2013**

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

	(A)	(B)	(C)	(D)	(E)	(F)
Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability [(B) - (A)]	Funded Ratio [(A) / (B)]	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll [(C)/(E)]
6/30/10	\$ 53,153	\$ 65,556	\$ 12,403	81.1%	\$ 6,844	181.2%
6/30/11	55,347	67,818	12,471	81.6%	6,895	180.9%
6/30/12	56,812	69,160	12,348	82.1%	6,420	192.3%

Funding Progress for the OPEB Plan

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll	UAAL as a Percentage of Covered Payroll [(b)-(a)/(c)]
7/1/2010	\$ -	\$ 43,032	\$ 43,032	0%	\$ 12,080	356.23%
7/1/2011	1,200	40,741	39,541	2.95%	13,740	287.78%
7/1/2012	1,654	41,857	40,203	3.95%	14,299	281.16%

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes:				
Property	\$ 2,662,411	\$ 2,662,411	\$ 2,996,980	\$ 334,569
Real property transfer	75,000	75,000	126,804	51,804
Transient occupancy	1,700,000	1,700,000	2,202,885	502,885
Sales and use	8,998,587	8,998,587	9,555,854	557,267
Franchises	1,430,000	1,430,000	1,682,427	252,427
	<u>14,865,998</u>	<u>14,865,998</u>	<u>16,564,950</u>	<u>1,698,952</u>
Total taxes				
Licenses, permits and fees:				
Business licenses	478,000	478,000	464,467	(13,533)
Animal licenses	65,000	65,000	45,686	(19,314)
Building permits	220,500	220,500	231,265	10,765
Plan check	292,000	292,000	419,588	127,588
	<u>1,055,500</u>	<u>1,055,500</u>	<u>1,161,006</u>	<u>105,506</u>
Total licenses, permits and fees				
Fines, forfeitures and penalties:				
Vehicle code	90,000	90,000	132,330	42,330
Parking fines	52,000	52,000	50,048	(1,952)
Impound fees	12,000	12,000	13,022	1,022
Other court	4,130	4,130	4,866	736
	<u>158,130</u>	<u>158,130</u>	<u>200,266</u>	<u>42,136</u>
Total fines, forfeitures and penalties:				
Interest and rentals:				
Investment earnings	120,000	120,000	2,444	(117,556)
Rent - golf courses	175,000	175,000	76,955	(98,045)
Rent - other	490,705	490,705	258,402	(232,303)
	<u>785,705</u>	<u>785,705</u>	<u>337,801</u>	<u>(447,904)</u>
Total interest and rentals				
Intergovernmental:				
State motor vehicle in-lieu tax	2,901,406	2,901,406	2,630,122	(271,284)
Public Safety Augmentation Fund	190,000	190,000	220,151	30,151
Grants	61,000	61,000	221,430	160,430
Reimbursements	40,000	40,000	54,686	14,686
Other	-	-	8,000	8,000
	<u>3,192,406</u>	<u>3,192,406</u>	<u>3,134,389</u>	<u>(58,017)</u>
Subtotal				

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

(Continued)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES (Continued)				
Charges for current services:				
Zoning and subdivision fees	70,000	70,000	107,433	37,433
General plan maintenance fee	14,000	14,000	25,695	11,695
Sales of maps and lists	1,000	1,000	464	(536)
Special public safety services	40,000	40,000	25,097	(14,903)
Vehicle abatement revenue	20,000	20,000	105,812	85,812
Animal shelter fees	65,000	65,000	110,328	45,328
Alcohol Education Fee	25,000	25,000	41,428	16,428
Engineering fees	110,000	110,000	228,487	118,487
Library ground maintenance	8,370	8,370	8,370	-
Recreation:				
Recreation centers	1,000,500	1,000,500	907,866	(92,634)
Swimming pools	137,500	137,500	159,579	22,079
Community Events	60,000	60,000	48,494	(11,506)
Subtotal	<u>1,551,370</u>	<u>1,551,370</u>	<u>1,769,053</u>	<u>217,683</u>
Donations and miscellaneous:				
Performing Arts Center	432,000	432,000	403,728	(28,272)
Refuse administration	-	-	166,087	166,087
Donations	-	-	260,036	260,036
Miscellaneous	100,000	100,000	969,224	869,224
Subtotal	<u>532,000</u>	<u>532,000</u>	<u>1,799,075</u>	<u>1,267,075</u>
Total revenues	<u>22,141,109</u>	<u>22,141,109</u>	<u>24,966,540</u>	<u>2,825,431</u>

(continued)

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

(Continued)				Variance with Final Budget
EXPENDITURES	Original Budget	Final Budget	Actual Amount	Positive (Negative)
Current:				
General government:				
City Council	76,492	76,492	74,429	2,063
City Manager	734,374	735,260	581,275	153,985
Finance and accounting	524,926	524,926	482,200	42,726
Information Services	744,573	744,573	662,420	82,153
Legal services	425,000	425,000	579,695	(154,695)
Development Services	1,054,267	1,015,916	788,683	227,233
Human Resource	385,835	385,835	347,121	38,714
Rent appeals board	43,697	43,697	74,228	(30,531)
City Office building	558,330	558,330	202,482	355,848
City Office annex	45,365	45,365	19,994	25,371
Property tax administration fee	118,000	118,000	42,324	75,676
General government- nondepartmental	95,700	95,700	235,933	(140,233)
Nondepartmental- employee benefits	1,715,253	1,715,253	1,509,135	206,118
Subtotal	<u>6,521,812</u>	<u>6,484,347</u>	<u>5,599,919</u>	<u>884,428</u>
Public safety:				
Personnel	12,407,229	12,407,229	11,468,491	938,738
Police protection	1,558,637	1,716,607	1,594,380	122,227
Fire protection	305,400	245,400	140,562	104,838
Civil defense	4,000	4,000	1,393	2,607
Animal control	394,303	394,303	398,679	(4,376)
Animal shelter	33,300	33,300	32,543	757
Main station	214,876	214,876	200,042	14,834
North station	22,346	22,346	18,903	3,443
South station	11,356	11,356	11,517	(161)
Booking fees	-	-	-	-
Sexual assault examination fees	21,600	21,600	18,000	3,600
Subtotal	<u>14,973,047</u>	<u>15,071,017</u>	<u>13,884,510</u>	<u>1,186,507</u>

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

(Continued)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	(continued) Variance with Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Current:				
Public works:				
General	374,961	374,961	321,796	53,165
Maintenance of streets/bikepaths	826,404	821,404	842,416	(21,012)
Storm drains and drainage	89,770	89,770	78,731	11,039
Subtotal	<u>1,291,135</u>	<u>1,286,135</u>	<u>1,242,943</u>	<u>43,192</u>
Parks and recreation:				
Parks maintenance-general	888,701	893,701	783,312	110,389
Recreation centers	1,212,896	1,212,896	1,132,341	80,555
Swimming pools	313,686	313,686	326,903	(13,217)
Recreation administration and programs	10,000	25,000	30,988	(5,988)
Golf courses	6,893	6,893	6,800	93
Library	20,747	20,747	20,557	190
Subtotal	<u>2,452,923</u>	<u>2,472,923</u>	<u>2,300,901</u>	<u>172,022</u>
Cultured Arts Center				
Performing Arts Center	604,831	652,131	704,021	(51,890)
Capital outlay	319,270	319,270	350,487	(31,217)
Subtotal	<u>26,163,018</u>	<u>26,285,823</u>	<u>24,082,781</u>	<u>2,203,042</u>
EXCESS/DEFICIENCY OF REVENUES OVER/UNDER EXPENDITURES	<u>(4,021,909)</u>	<u>(4,144,714)</u>	<u>883,759</u>	<u>5,028,473</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,543,989	1,543,989	1,038,718	(505,271)
Transfers out	(109,500)	(109,500)	(563,589)	(454,089)
Total other financing sources (uses)	<u>1,434,489</u>	<u>1,434,489</u>	<u>475,129</u>	<u>(959,360)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,587,420)</u>	<u>\$ (2,710,225)</u>	1,358,888	<u>\$ 4,069,113</u>
FUND BALANCE, BEGINNING OF YEAR			9,551,854	
RESTATEMENT (NOTE 15)			<u>342,359</u>	
FUND BALANCE, BEGINNING OF YEAR RESTATED			9,894,213	
FUND BALANCE, END OF YEAR			<u>\$ 11,253,101</u>	

See note to required supplementary information.

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
HOUSING PROJECTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Interest and rentals	\$ -	\$ -	5,820	\$ 5,820
Total revenues	<u>-</u>	<u>-</u>	<u>5,820</u>	<u>5,820</u>
EXPENDITURES				
Current:				
General government	-	-	1,267,110	(1,267,110)
Debt Service	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>(45,000)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>1,312,110</u>	<u>(1,312,110)</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	(1,306,290)	(1,306,290)
OTHER FINANCING USES				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(444,162)</u>	<u>(444,162)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(444,162)</u>	<u>(444,162)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(1,750,452)	<u>\$ (1,750,452)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>23,100,980</u>	
FUND BALANCE, END OF YEAR			<u>\$ 21,350,528</u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
PUBLIC FACILITY FINANCE FEE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<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:	\$ 20,130	\$ 20,130	\$ 13,113,171	\$ 13,093,041
Interest and rentals	4,959	4,959	3,879	(1,080)
Total revenues	25,089	25,089	13,117,050	13,091,961
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(698,100)	(698,100)
NET CHANGE IN FUND BALANCE	<u>\$ 25,089</u>	<u>\$ 25,089</u>	12,418,950	<u>\$ 12,393,861</u>
FUND BALANCE, BEGINNING OF YEAR			<u>664,165</u>	
FUND BALANCE, END OF YEAR			<u>\$ 13,083,115</u>	

CITY OF ROHNERT PARK

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Budgets and Budgetary Accounting

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

Annual budgets for the City General Fund, Housing Projects Special Revenue Fund, State Gasoline Tax Special Revenue Fund, Measure M Traffic Fund, Prop 1B Special Revenue Fund, Traffic Signals Fee Special Revenue Fund, Capital Outlay Fee Special Revenue Fund, Supplemental Law Enforcement Services Special Revenue Fund, , DIVCA PEG Fee (AB 2987) Special Revenue Fund, Traffic Congestion Relief (AB2928) Special Revenue Fund, Graton Mitigation Special Revenue Fund, Graton Mitigation Special Enforcement Activity Special Revenue Fund, Measure M Fire Benefit Assessment Special Revenue Fund, Mobile Home Rent Appeals Board Special Revenue Fund, and 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 and are required to be disclosed per GAAP.

Encumbrance accounting, under which purchase orders, contracts, and other commitments of expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the budgetary process. No encumbrances were outstanding at June 30, 2013.

This page is intentionally left blank

OTHER SUPPLEMENTARY INFORMATION

CITY OF ROHNERT PARK

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION OF OTHER GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

Prop IB Fund - From revenues received from the States issued general obligation bond proceeds to City for maintenance and improvements of local transportation facilities.

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

Capital Outlay Fee 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.

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

DIVCA PEG Fee (AB 2987) Fund - Accounts for activities related to public, educational and governmental access channels, as mandated by Assembly Bill 2987.

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

Graton Mitigation Special Revenue Fund - Accounts for activity related to the memorandum of understanding between the Federated Indians of the Graton Rancheria (Tribe) and the City of Rohnert Park, California (City). The City and the Tribe reached agreement on mutual acts and related funding to mitigate the impact of casino operations on the City.

Graton Mitigation Special Enforcement Activity Fund - Accounts for special law enforcement activity funded through a memorandum of understanding between the Federated Indians of the Graton Rancheria and the City of Rohnert Park.

Measure M Fire Benefit Assessment 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 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.

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

CITY OF ROHNERT PARK

OTHER SUPPLEMENTARY INFORMATION DESCRIPTION OF OTHER GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NONMAJOR PERMANENT FUND

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

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

CITY OF ROHNERT PARK

**COMBINING BALANCE SHEET
OTHER NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Nonmajor Special Revenue Funds	Performing Arts Center Endowment Permanent Fund	Total
ASSETS			
Cash and investments	\$ 6,358,797	\$ 1,198,388	\$ 7,557,185
Receivables:			
Accounts	213,466	-	213,466
Due from other funds	6,635	-	6,635.00
	<u>6,635</u>	<u>-</u>	<u>6,635.00</u>
Total assets	<u>\$ 6,578,898</u>	<u>\$ 1,198,388</u>	<u>\$ 7,777,286</u>
LIABILITIES			
Accounts payable	\$ 24,809	\$ -	\$ 24,809
Deferred revenue	32,217	-	32,217
	<u>32,217</u>	<u>-</u>	<u>32,217</u>
Total liabilities	<u>57,026</u>	<u>-</u>	<u>57,026</u>
FUND BALANCES			
Nonspendable			
Permanent fund principal	-	1,198,388	1,198,388
Restricted			
Street projects	2,123,052	-	2,123,052
Capital projects	1,534,501	-	1,534,501
Public Safety	31,894	-	31,894
Technology	222,138	-	222,138
Other projects	10,471	-	10,471
Committed	2,604,735	-	2,604,735
Unrestricted	(4,919)	-	(4,919)
	<u>6,521,872</u>	<u>1,198,388</u>	<u>7,720,260</u>
Total fund balances	<u>6,521,872</u>	<u>1,198,388</u>	<u>7,720,260</u>
Total liabilities and fund balances	<u>\$ 6,578,898</u>	<u>\$ 1,198,388</u>	<u>\$ 7,777,286</u>

CITY OF ROHNERT PARK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Nonmajor Special Revenue Funds	Performing Arts Center Endowment Permanent Fund	Total Other Governmental Funds
REVENUES			
Taxes	\$ 520,329	\$ -	\$ 520,329
Intergovernmental	1,336,322	-	1,336,322
Interest and rentals	19,504	6,505	26,009
Licenses, permits and fees	132,837	-	132,837
Donations	2,664,000	-	2,664,000
	<u>4,672,992</u>	<u>6,505</u>	<u>4,679,497</u>
EXPENDITURES			
Current:			
General government	42,948	-	42,948
	<u>42,948</u>	<u>-</u>	<u>42,948</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	<u>4,630,044</u>	<u>6,505</u>	<u>4,636,549</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	559,053	2,481	561,534
Transfers out	(2,894,328)	(76,449)	(2,970,777)
	<u>(2,335,275)</u>	<u>(73,968)</u>	<u>(2,409,243)</u>
NET CHANGE IN FUND BALANCES			
	2,294,769	(67,463)	2,227,306
FUND BALANCES: BEGINNING OF THE YEAR			
	<u>4,227,103</u>	<u>1,265,851</u>	<u>5,492,954</u>
END OF YEAR			
	<u>\$ 6,521,872</u>	<u>\$ 1,198,388</u>	<u>\$ 7,720,260</u>

CITY OF ROHNERT PARK

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013**

	State Gasoline Tax	Measure M Traffic	Prop 1B	Traffic Signals Fee	Capital Outlay Fee	Supplemental Law Enforcement Services	DIVCA PEG Fee (AB2987)
ASSETS							
Cash and investments	\$ 1,730,555	\$ 238,255	\$ 42	\$ 1,260,045	\$ 219,877	\$ -	194,537
Receivables (net of allowance for uncollectibles):							
Accounts	86,937	67,305	-	-	-	27,298	27,601
Due from other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 1,817,492</u>	<u>\$ 305,560</u>	<u>\$ 42</u>	<u>\$ 1,260,045</u>	<u>\$ 219,877</u>	<u>\$ 27,298</u>	<u>\$ 222,138</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	27,298	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,298</u>	<u>-</u>
FUND BALANCES (DEFICIT)							
Restricted	1,817,492	305,560	42	1,260,045	219,877	-	222,138
Committed	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>1,817,492</u>	<u>305,560</u>	<u>42</u>	<u>1,260,045</u>	<u>219,877</u>	<u>-</u>	<u>222,138</u>
Total liabilities and fund balances	<u>\$ 1,817,492</u>	<u>\$ 305,560</u>	<u>\$ 42</u>	<u>\$ 1,260,045</u>	<u>\$ 219,877</u>	<u>\$ 27,298</u>	<u>\$ 222,138</u>

(continued)

CITY OF ROHNERT PARK

**COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013**

	<u>Traffic Congestion Relief (AB2928)</u>	<u>Graton Mitigation</u>	<u>Graton Mitigation Special Enforcement Activity</u>	<u>Measure M Fire Benefit Assessment</u>	<u>Mobile Home Rent Appeals Board</u>	<u>Copeland Creek Drainage Facility</u>	<u>Total</u>
ASSETS							
Cash and investments	\$ -	\$ 2,622,909	\$ -	\$ 27,569	\$ 10,471	\$ 54,537	\$ 6,358,797
Receivables (net of allowance for uncollectibles):							
Accounts	-	-	-	4,325	-	-	213,466
Due from other funds	-	6,635	-	-	-	-	6,635
	<u>-</u>	<u>6,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,635</u>
Total assets	<u>\$ -</u>	<u>\$ 2,629,544</u>	<u>\$ -</u>	<u>\$ 31,894</u>	<u>\$ 10,471</u>	<u>\$ 54,537</u>	<u>\$ 6,578,898</u>
LIABILITIES							
Accounts payable	\$ -	\$ 24,809	\$ -	\$ -	\$ -	\$ -	\$ 24,809
Due to other funds	-	-	4,919	-	-	-	32,217
	<u>-</u>	<u>-</u>	<u>4,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,217</u>
Total liabilities	<u>-</u>	<u>24,809</u>	<u>4,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,026</u>
FUND BALANCES (DEFICIT)							
Restricted	-	-	-	31,894	10,471	54,537	3,922,056
Committed	-	2,604,735	-	-	-	-	2,604,735
Unassigned	-	-	(4,919)	-	-	-	(4,919)
	<u>-</u>	<u>-</u>	<u>(4,919)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,919)</u>
Total fund balances	<u>-</u>	<u>2,604,735</u>	<u>(4,919)</u>	<u>31,894</u>	<u>10,471</u>	<u>54,537</u>	<u>6,521,872</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 2,629,544</u>	<u>\$ -</u>	<u>\$ 31,894</u>	<u>\$ 10,471</u>	<u>\$ 54,537</u>	<u>\$ 6,578,898</u>

(concluded)

CITY OF ROHNERT PARK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>State Gasoline Tax</u>	<u>Measure M Traffic</u>	<u>Prop 1B</u>	<u>Traffic Signals Fee</u>	<u>Capital Outlay Fee</u>	<u>Supplemental Law Enforcement Services</u>	<u>DIVCA PEG Fee</u>
REVENUES							
Measure M assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	992,755	243,567	-	-	-	100,000	-
Interest and rentals	6,496	2,315	-	7,995	1,050	185	531
Licenses, permits and fees	-	-	-	-	-	-	132,837
Donations	-	-	-	-	-	-	-
Total revenues	999,251	245,882	-	7,995	1,050	100,185	133,368
EXPENDITURES							
Current:							
General government	19,855	-	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	979,396	245,882	-	7,995	1,050	100,185	133,368
OTHER FINANCING SOURCES (USES)							
Transfers in	398,683	-	-	-	-	-	105,833
Transfers out	(1,244,151)	(437,431)	-	(509,182)	-	(109,974)	(17,063)
Total other financing sources (uses)	(845,468)	(437,431)	-	(509,182)	-	(109,974)	88,770
NET CHANGE IN FUND BALANCES	133,928	(191,549)	-	(501,187)	1,050	(9,789)	222,138
FUND BALANCE BEGINNING OF THE YEAR	1,683,564	497,109	42	1,761,232	218,827	9,789	-
FUND BALANCE END OF YEAR	\$ 1,817,492	\$ 305,560	\$ 42	\$ 1,260,045	\$ 219,877	\$ -	\$ 222,138

(continued)

CITY OF ROHNERT PARK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE (CONTINUED)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Traffic Congestion Relief (AB2928)</u>	<u>Graton Mitigation</u>	<u>Graton Mitigation Special Enforcement Activitiv</u>	<u>Measure M Fire Benefit Assessment</u>	<u>Mobile Home Rent Appeals Board</u>	<u>Copeland Creek Drainage Facility</u>	<u>Total</u>
REVENUES							
Measure M assessments	\$ -	\$ -	\$ -	\$ 520,329	\$ -	\$ -	\$ 520,329
Intergovernmental	-	-	-	-	-	-	1,336,322
Interest and rentals	-	932	-	-	-	-	19,504
Licenses, permits and fees	-	-	-	-	-	-	132,837
Donations	-	2,664,000	-	-	-	-	2,664,000
Total revenues	-	2,664,932	-	520,329	-	-	4,672,992
EXPENDITURES							
Current:							
General government	-	18,174	4,919	-	-	-	42,948
EXCESS OF REVENUES OVER EXPENDITURES	-	2,646,758	(4,919)	520,329	-	-	4,630,044
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	54,537	559,053
Transfers out	(2)	(42,023)	-	(500,000)	(34,502)	-	(2,894,328)
Total other financing sources (uses)	(2)	(42,023)	-	(500,000)	(34,502)	54,537	(2,335,275)
NET CHANGE IN FUND BALANCES	(2)	2,604,735	(4,919)	20,329	(34,502)	54,537	2,294,769
FUND BALANCE BEGINNING OF THE YEAR	2	-	-	11,565	44,973	-	4,227,103
FUND BALANCE END OF YEAR	-	2,604,735	(4,919)	31,894	10,471	54,537	6,521,872

(concluded)

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
STATE GASOLINE TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Interest and rentals	\$ 7,589	\$ -	\$ 6,496	\$ 6,496
Intergovernmental:				
Section 2105, maintenance	209,762	209,762	187,772	(21,990)
Section 2106, construction	145,098	145,098	150,347	5,249
Section 2107, maintenance	301,038	301,038	309,544	8,506
Section 2107.5, engineering	6,000	6,000	6,000	-
R & T 360 Prop 42 Swap	471,070	471,070	339,092	(131,978)
Total revenues	<u>1,140,557</u>	<u>1,132,968</u>	<u>999,251</u>	<u>(133,717)</u>
EXPENDITURES				
Current:				
General government	<u>-</u>	<u>-</u>	<u>19,855</u>	<u>(19,855)</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,140,557	1,132,968	979,396	(153,572)
OTHER FINANCING USES				
Transfers in	(1,140,557)	-	398,683	398,683
Transfers out	<u>-</u>	<u>-</u>	<u>(1,244,151)</u>	<u>(1,244,151)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 1,132,968</u>	133,928	<u>\$ (999,040)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,683,564</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,817,492</u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
MEASURE M TRAFFIC SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<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:				
Measure M Streets Allocation	\$ 208,762	\$ 208,762	243,567	\$ 34,805
Interest and rentals	<u>2,532</u>	<u>2,532</u>	<u>2,315</u>	<u>(217)</u>
Total revenues	211,294	211,294	245,882	34,588
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(437,431)</u>	<u>(437,431)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 211,294</u>	<u>\$ 211,294</u>	(191,549)	<u>\$ (402,843)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>497,109</u>	
FUND BALANCE, END OF YEAR			<u>\$ 305,560</u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
PROP 1B SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<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	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>-</u>	<u>\$ (2,500)</u>
Total revenues	2,500	2,500	-	(2,500)
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,500</u>	<u>\$ 2,500</u>	-	<u>\$ (2,500)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>42</u>	
FUND BALANCE, END OF YEAR			<u>\$ 42</u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SIGNALS FEE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<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	<u>\$ 13,482</u>	<u>\$ 13,482</u>	<u>\$ 7,995</u>	<u>\$ (5,487)</u>
Total revenues	13,482	13,482	7,995	(5,487)
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(509,182)</u>	<u>(509,182)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 13,482</u>	<u>\$ 13,482</u>	(501,187)	<u>\$ (514,669)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,761,232</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,260,045</u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
CAPITAL OUTLAY FEE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Interest and rentals	\$ 1,574	\$ 1,574	\$ 1,050	\$ (524)
Total revenues	1,574	1,574	1,050	(524)
OTHER FINANCING USES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ 1,574</u>	<u>\$ 1,574</u>	1,050	<u>\$ (524)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>218,827</u>	
FUND BALANCE, END OF YEAR			<u>\$ 219,877</u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENTAL LAW ENFORCEMENT SERVICES
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Interest and rentals	\$ -	\$ -	\$ 185	\$ 185
Intergovernmental	100,000	100,000	100,000	-
Total revenues	100,000	100,000	100,185	185
OTHER FINANCING USES				
Transfers out	-	-	(109,974)	(109,974)
NET CHANGE IN FUND BALANCE	<u>\$ 100,000</u>	<u>\$ 100,000</u>	(9,789)	<u>\$ (109,789)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>9,789</u>	
FUND BALANCE, END OF YEAR			<u>\$ -</u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
 DIVCA (AB2987) PEG FEES SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2013**

	<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:	\$ -	\$ -	\$ 132,837	\$ 132,837
Interest Income	-	-	531	531
Total revenues	-	-	133,368	133,368
OTHER FINANCING USES				
Transfers in			105,833	105,833
Transfers out	-	-	(17,063)	(17,063)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	222,138	<u>\$ 222,138</u>
FUND BALANCE, BEGINNING OF YEAR			-	
FUND BALANCE, END OF YEAR			<u>\$ 222,138</u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC CONGESTION RELIEF (AB2928) SPECIAL FUND REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2013**

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

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
GRATON MITIGATION FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Donations	\$ -	\$ -	\$ 2,664,000	\$ 2,664,000
Interest Income	-	-	932	932
Total revenues	-	-	2,664,932	2,664,932
EXPENDITURES				
Current:				
General government	-	-	18,174	(18,174)
EXCESS OF REVENUES OVER EXPENDITURES				
	-	-	2,646,758	2,646,758
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(42,023)	(42,023)
Total other financing sources (uses)	-	-	(42,023)	(42,023)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	2,604,735	<u>\$ 2,604,735</u>
FUND BALANCE, BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE, END OF YEAR			<u>\$ 2,604,735</u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
 GRATON MITIGATION SPECIAL ENFORCEMENT
 ACTIVITY FUND
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Donations	\$ -	\$ -	-	\$ -
Interest Income	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
General government	-	-	4,919	(4,919)
EXCESS OF REVENUES OVER EXPENDITURES	-	-	(4,919)	(4,919)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(4,919)	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR			-	
FUND BALANCE, END OF YEAR			<u>\$ (4,919)</u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
 MEASURE M FIRE BENEFIT ASSESSMENT SPECIAL REFUND FUND
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Measure M assessments	\$ 500,000	\$ 500,000	\$ 520,329	\$ 20,329
OTHER FINANCING USES				
Transfers out	-	-	(500,000)	(500,000)
NET CHANGE IN FUND BALANCE	<u>\$ 500,000</u>	<u>\$ 500,000</u>	20,329	<u>\$ (479,671)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>11,565</u>	
FUND BALANCE, END OF YEAR			<u>\$ 31,894</u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
 MOBILE HOME RENT APPEALS BOARD SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
OTHER FINANCING USES				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	<u>-</u>	<u>-</u>	<u>(34,502)</u>	<u>(34,502)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(34,502)	<u>\$ (34,502)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>44,973</u>	
FUND BALANCE, END OF YEAR			<u>\$ 10,471</u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
 COPELAND CREEK DRAINAGE FACILITY
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2013**

	<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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING USES				
Transfers in	-	-	54,537	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	54,537	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE, END OF YEAR			<u>\$ 54,537</u>	

CITY OF ROHNERT PARK

FIDUCIARY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013

	<u>Special Enforcement Unit - South</u>	<u>RDA Obligation Retirement Trust Fund</u>	<u>Total Private Purpose Trust Funds</u>
ASSETS			
Cash and investments	\$ 157,768	\$ 4,630,111	\$ 4,787,879
Receivables:			
Accrued interest	-	86	86
Deferred Charges	-	1,269,948	1,269,948
Restricted cash & investments	-	8,065,562	8,065,562
Advance to successor agency	-	10,344,225	10,344,225
Nondepreciable capital assets	-	4,934,146	4,934,146
Depreciable capital assets	-	14,646,646	14,646,646
Total assets	<u>157,768</u>	<u>43,890,724</u>	<u>44,048,492</u>
LIABILITIES			
Accounts payable	9,292	15,295	24,587
Accrued liabilities	-	987,823	987,823
Advance from successor agency	-	2,199,675	2,199,675
Long-term debt			
Due in one year	-	1,504,363	1,504,363
Due in more than one year	-	62,038,660	62,038,660
Total liabilities	<u>9,292</u>	<u>66,745,816</u>	<u>66,755,108</u>
NET POSITION			
Total net assets (deficit) held in trust	<u>\$ 148,476</u>	<u>\$ (22,855,092)</u>	<u>\$ (22,706,616)</u>

CITY OF ROHNERT PARK

**FIDUCIARY FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY
 NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Special Enforcement Unit - South</u>	<u>RDA Obligation Retirement Trust Fund</u>	<u>Total Private Purpose Trust Funds</u>
ADDITIONS			
Taxes	\$ -	\$ 5,381,261	\$ 5,381,261
Interest and rentals	15,895	29,555	45,450
Other		66,630	66,630
	<u>15,895</u>	<u>5,477,446</u>	<u>5,493,341</u>
DEDUCTIONS			
Current:			
Program expenses	-	2,068,134	2,068,134
Law enforcement costs	16,139	-	16,139
Debt service:			
Principal		1,271,453	1,271,453
Interest and fiscal charges	-	1,153,815	1,153,815
	<u>16,139</u>	<u>4,493,402</u>	<u>4,509,541</u>
CHANGE IN NET POSITION	(244)	984,044	983,800
NET POSITION, BEGINNING OF THE YEAR	<u>148,720</u>	<u>(23,839,136)</u>	<u>(23,690,416)</u>
NET POSITION (DEFICIT), END OF YEAR	<u>\$ 148,476</u>	<u>\$ (22,855,092)</u>	<u>\$ (22,706,616)</u>

This page is intentionally left blank

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	S-3
<i>These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.</i>	
Revenue Capacity	S-6
<i>These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.</i>	
Debt Capacity	S-17
<i>These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	S-22
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	S-25
<i>These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.</i>	

City of Rohnert Park
Net Position by Component (Unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities										
Net investment in capital assets	\$ 49,803,902	\$ 52,293,588	\$25,958,726	\$ 45,009,673	\$ 46,572,533	\$ 56,608,019	\$ 36,112,457	\$28,259,799	\$30,487,238	\$ 24,399,786
Restricted	33,166,020	27,482,966	17,346,572	2,418,812	13,873,842	5,730,424	11,318,076	5,955,759	8,551,078	8,569,188
Unrestricted	17,562,930	5,629,596	16,293,462	16,995,866	13,927,933	17,318,920	19,471,114	29,407,530	23,317,496	33,121,656
Total governmental activities net position	<u>\$ 100,532,852</u>	<u>\$ 85,406,150</u>	<u>\$59,598,760</u>	<u>\$ 64,424,351</u>	<u>\$ 74,374,308</u>	<u>\$ 79,657,363</u>	<u>\$ 66,901,647</u>	<u>\$63,623,088</u>	<u>\$62,355,812</u>	<u>\$ 66,090,630</u>
Business-type activities										
Net investment in capital assets	\$ 23,820,293	\$ 25,277,232	\$25,501,383	\$ 27,364,564	\$ 17,081,819	\$ 25,538,667	\$ 17,709,497	\$ 14,867,127	\$ 16,741,255	\$ 9,464,157
Unrestricted	5,662,653	1,287,885	1,062,428	2,435,608	14,654,310	6,682,325	11,737,893	11,641,400	7,886,726	15,200,557
Total business-type activities net position	<u>\$ 29,482,946</u>	<u>\$ 26,565,117</u>	<u>\$26,563,811</u>	<u>\$ 29,800,172</u>	<u>\$ 31,736,129</u>	<u>\$ 32,220,992</u>	<u>\$ 29,447,390</u>	<u>\$26,508,527</u>	<u>\$24,627,981</u>	<u>\$ 24,664,714</u>
Primary government										
Net investment in capital assets	\$ 73,624,195	\$ 77,570,820	\$51,460,109	\$ 72,374,237	\$ 63,654,352	\$ 82,146,686	\$ 53,821,954	\$43,126,926	\$47,228,493	\$ 33,863,943
Restricted	33,166,020	27,482,966	17,346,572	2,418,812	13,873,842	5,730,424	11,318,076	5,955,759	8,551,078	8,569,188
Unrestricted	23,225,583	6,917,481	17,355,890	19,431,474	28,582,243	24,001,245	31,209,007	41,048,930	31,204,222	48,322,213
Total primary government net position	<u>\$ 130,015,798</u>	<u>\$ 111,971,267</u>	<u>\$86,162,571</u>	<u>\$ 94,224,523</u>	<u>\$ 106,110,437</u>	<u>\$ 111,878,355</u>	<u>\$ 96,349,037</u>	<u>\$90,131,615</u>	<u>\$86,983,793</u>	<u>\$ 90,755,344</u>

Source: City Finance Department

City of Rohnert Park
Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental activities:										
General government	\$ 10,772,401	\$ 14,017,267	\$ 16,306,249	\$ 18,388,212	\$ 16,036,110	\$ 12,955,293	\$ 12,926,332	\$ 11,455,704	11,762,224	8,280,697
Public Safety	14,347,850	14,403,785	15,455,097	16,930,100	19,823,047	20,758,556	17,349,211	16,703,386	15,087,248	13,459,313
Public Works	2,840,555	3,530,589	3,416,002	4,228,872	4,050,312	4,421,182	4,522,563	4,220,758	4,408,673	4,369,470
Parks and recreation	3,085,681	3,266,821	3,659,993	3,650,692	4,687,184	4,979,212	4,198,572	4,167,196	3,968,774	3,834,955
Other	704,021	587,931	417,011	646,355	841,126	902,319	889,073	1,504,207	1,411,055	1,043,298
Interest on long-term debt	499,028	1,920,730	3,856,319	5,939,204	4,586,047	4,629,601	2,690,598	2,038,944	2,060,965	1,991,137
Total governmental activities expenses	<u>32,249,536</u>	<u>37,727,123</u>	<u>43,110,671</u>	<u>49,783,435</u>	<u>50,023,826</u>	<u>48,646,163</u>	<u>42,576,349</u>	<u>40,090,195</u>	<u>38,698,939</u>	<u>32,978,870</u>
Business-type activities:										
Water	5,929,852	7,095,841	6,791,475	5,702,115	6,306,127	7,122,292	6,690,385	6,454,568	5,650,092	5,593,980
Sewer	11,768,056	10,659,707	12,071,585	11,252,707	11,318,825	9,830,647	10,085,147	9,697,231	8,851,372	7,465,887
Refuse Collection	3,039,046	5,534,555	5,330,582	5,547,595	5,390,186	5,344,215	5,181,643	4,548,674	4,321,260	3,505,939
Total business-type activities expenses	<u>20,736,954</u>	<u>23,290,103</u>	<u>24,193,642</u>	<u>22,502,417</u>	<u>23,015,138</u>	<u>22,297,154</u>	<u>21,957,175</u>	<u>20,700,473</u>	<u>18,822,724</u>	<u>16,565,806</u>
Total primary government expenses	<u>\$ 52,986,490</u>	<u>\$ 61,017,226</u>	<u>\$ 67,304,314</u>	<u>\$ 72,285,852</u>	<u>\$ 73,038,964</u>	<u>\$ 70,943,317</u>	<u>\$ 64,533,524</u>	<u>\$ 60,790,668</u>	<u>\$ 57,521,663</u>	<u>\$ 49,544,676</u>
Program Revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
General government	\$ 855,997	\$ 1,339,978	\$ 1,076,171	\$ 1,076,152	\$ 1,137,111	\$ 978,440	\$ 1,221,652	\$ 1,476,260	\$ 539,150	\$ 341,098
Public safety	661,454	407,871	592,952	621,490	623,483	592,567	517,742	450,057	508,709	1,240,792
Public works	879,340	703,948	474,124	388,237	859,348	1,697,041	2,836,987	2,542,293	2,316,181	1,522,550
Parks and recreation	1,192,894	1,337,034	1,319,042	1,187,022	1,156,550	1,791,969	1,618,401	1,640,881	1,287,849	1,181,314
Other	403,728	398,004	301,631	386,317	448,970	-	-	1,429	-	-
Operating grants and contributions	15,128,681	2,125,258	2,441,258	2,796,402	3,366,714	2,572,995	2,344,534	2,719,200	2,234,947	3,286,244
Capital grants and contributions	4,323,246	651,077	1,492,542	2,257,720	1,480,622	1,991,493	1,492,565	546,563	514,534	714,594
Total governmental activities program revenues	<u>23,445,340</u>	<u>6,963,170</u>	<u>7,697,720</u>	<u>8,713,340</u>	<u>9,072,798</u>	<u>9,624,505</u>	<u>10,031,881</u>	<u>9,376,683</u>	<u>7,401,370</u>	<u>8,286,592</u>
Business-type activities:										
Charges for services:										
Water	7,421,931	6,631,136	6,466,678	6,384,464	6,630,287	6,341,560	6,433,014	6,406,197	4,933,151	4,622,425
Sewer	12,522,826	10,934,425	8,407,237	8,117,101	10,304,507	12,370,603	12,007,771	9,955,355	8,402,521	7,474,704
Refuse Collection	2,697,879	5,442,977	5,526,939	5,635,222	5,554,993	5,454,193	5,240,389	4,723,623	3,919,872	3,722,449
Capital grants and contributions	769,406	268,029	192,260	235,742	214,617	566,411	1,829,074	1,186,735	1,028,338	3,348,132
Total business-type activities program revenues	<u>23,412,042</u>	<u>23,276,567</u>	<u>20,593,114</u>	<u>20,372,529</u>	<u>22,704,404</u>	<u>24,732,767</u>	<u>25,510,248</u>	<u>22,271,910</u>	<u>18,283,882</u>	<u>19,167,710</u>
Total primary government program revenues	<u>\$ 46,857,382</u>	<u>\$ 30,239,737</u>	<u>\$ 28,290,834</u>	<u>\$ 29,085,869</u>	<u>\$ 31,777,202</u>	<u>\$ 34,357,272</u>	<u>\$ 35,542,129</u>	<u>\$ 31,648,593</u>	<u>\$ 25,685,252</u>	<u>\$ 27,454,302</u>

(continued)

City of Rohnert Park
Changes in Net Position (Unaudited)
Last Ten Fiscal Years (Continued)
(accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net (Expense)/Revenue										
Governmental activities	\$ (8,804,196)	\$ (30,763,953)	\$ (35,412,951)	\$ (41,070,095)	\$ (40,951,028)	\$ (39,021,658)	\$ (32,544,468)	\$ (30,713,512)	\$ (31,297,569)	\$ (24,692,278)
Business-type activities	<u>2,675,088</u>	<u>(13,536)</u>	<u>(3,600,528)</u>	<u>(2,129,888)</u>	<u>(310,734)</u>	<u>2,435,613</u>	<u>3,553,073</u>	<u>1,571,437</u>	<u>(538,842)</u>	<u>2,601,904</u>
Total primary government net expense	<u>\$ (6,129,108)</u>	<u>\$ (30,777,489)</u>	<u>\$ (39,013,479)</u>	<u>\$ (43,199,983)</u>	<u>\$ (41,261,762)</u>	<u>\$ (36,586,045)</u>	<u>\$ (28,991,395)</u>	<u>\$ (29,142,075)</u>	<u>\$ (31,836,411)</u>	<u>\$ (22,090,374)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 3,517,309	\$ 16,106,337	\$ 15,595,902	\$ 16,632,581	\$ 16,989,860	\$ 17,054,597	\$ 16,928,529	\$ 15,504,905	\$ 13,810,490	\$ 12,900,727
Franchise taxes	1,682,427	1,695,706	1,500,461	1,700,371	1,411,622	1,440,749	1,428,827	1,308,839	1,263,721	1,725,402
Sales taxes	9,555,854	9,062,981	8,237,144	5,735,600	6,172,593	7,236,048	7,707,375	7,386,925	6,953,294	6,834,708
Motor vehicle license fees	2,630,122	2,722,876	2,908,809	2,947,584	3,042,186	3,142,034	3,074,869	2,572,107	2,804,619	1,968,325
Other taxes	2,329,689	2,054,212	1,816,893	1,574,857	1,812,696	2,016,907	1,606,108	1,855,821	931,074	1,776,800
Rental Income	-	-	-	-	31,823	-	-	-	-	803,898
Investment earnings	38,876	962,474	1,605,298	2,538,119	3,726,188	4,792,727	3,155,613	1,964,903	1,064,234	1,126,080
Gain (Loss) on sale of capital assets	-	-	-	(159,537)	997,720	4,778,278	-	1,109,814	974,079	2,779,073
Gain (Loss) on retirement of bonds	-	-	-	-	759,614	-	-	-	-	-
Other	4,348,120	181,941	415,518	176,370	197,023	311,425	217,520	-	-	-
Transfers	(171,499)	65,415	(255,089)	(25,807)	526,648	573,812	294,438	-	-	-
Extraordinary item - dissolution of RDA	-	23,719,400	-	-	-	-	-	277,474	(238,760)	114,633
Total governmental activities	<u>23,930,898</u>	<u>56,571,343</u>	<u>31,824,937</u>	<u>31,120,138</u>	<u>35,667,973</u>	<u>41,346,577</u>	<u>34,413,279</u>	<u>31,980,788</u>	<u>27,562,751</u>	<u>30,029,646</u>
Business-type activities:										
Investment earnings	71,242	80,257	109,076	168,124	352,519	458,866	426,769	586,583	263,349	146,546
Transfers	<u>171,499</u>	<u>(65,415)</u>	<u>255,089</u>	<u>25,807</u>	<u>(526,648)</u>	<u>(518,348)</u>	<u>(294,438)</u>	<u>(277,474)</u>	<u>238,760</u>	<u>(114,633)</u>
Total business-type activities	<u>242,741</u>	<u>14,842</u>	<u>364,165</u>	<u>193,931</u>	<u>(174,129)</u>	<u>(59,482)</u>	<u>132,331</u>	<u>309,109</u>	<u>502,109</u>	<u>31,913</u>
Total primary government	<u>\$ 24,173,639</u>	<u>\$ 56,586,185</u>	<u>\$ 32,189,102</u>	<u>\$ 31,314,069</u>	<u>\$ 35,493,844</u>	<u>\$ 41,287,095</u>	<u>\$ 34,545,610</u>	<u>\$ 32,289,897</u>	<u>\$ 28,064,860</u>	<u>\$ 30,061,559</u>
Change in Net Position										
Governmental activities	\$ 15,126,702	\$ 25,807,390	\$ (3,588,014)	\$ (9,949,957)	\$ (5,283,055)	\$ 2,324,919	\$ 1,868,811	\$ 1,267,276	\$ (3,734,818)	\$ 5,337,368
Business-type activities	<u>2,917,829</u>	<u>1,306</u>	<u>(3,236,363)</u>	<u>(1,935,957)</u>	<u>(484,863)</u>	<u>2,376,131</u>	<u>3,685,404</u>	<u>1,880,546</u>	<u>(36,733)</u>	<u>2,633,817</u>
Total primary government	<u>\$ 18,044,531</u>	<u>\$ 25,808,696</u>	<u>\$ (6,824,377)</u>	<u>\$ (11,885,914)</u>	<u>\$ (5,767,918)</u>	<u>\$ 4,701,050</u>	<u>\$ 5,554,215</u>	<u>\$ 3,147,822</u>	<u>\$ (3,771,551)</u>	<u>\$ 7,971,185</u>

(concluded)

Source: City Finance Department

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

	Fiscal Year									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Function/Program										
Governmental activities:										
General government	\$ 1,030,084	\$ 1,636,799	\$ 1,147,579	\$ 1,230,469	\$ 1,842,155	\$ 3,416,683	\$ 4,104,573	\$ 2,683,313	\$ 2,710,589	\$ 2,667,970
Public safety	1,257,721	1,008,050	910,988	1,626,916	1,477,094	858,919	748,521	729,783	727,990	1,448,729
Public works	6,447,742	2,583,283	4,018,480	1,519,461	4,081,609	2,887,783	3,117,622	3,412,799	2,461,662	1,632,181
Parks and recreation	14,306,065	1,337,034	1,319,042	1,691,952	1,156,550	1,791,969	1,618,401	1,655,338	1,287,849	1,181,314
Other	<u>403,728</u>	<u>398,004</u>	<u>301,631</u>	<u>386,822</u>	<u>515,390</u>	<u>669,151</u>	<u>442,764</u>	<u>895,450</u>	<u>213,280</u>	<u>1,356,398</u>
Subtotal governmental activities	<u>23,445,340</u>	<u>6,963,170</u>	<u>7,697,720</u>	<u>6,455,620</u>	<u>9,072,798</u>	<u>9,624,505</u>	<u>10,031,881</u>	<u>9,376,683</u>	<u>7,401,370</u>	<u>8,286,592</u>
Business-type activities:										
Water	7,432,612	6,775,045	6,466,678	6,384,464	6,794,666	6,388,188	6,330,481	6,530,394	5,187,983	4,987,705
Wastewater	13,281,551	11,058,545	8,599,497	8,352,843	10,354,745	12,890,386	13,590,308	11,017,893	9,176,027	10,457,556
Refuse	<u>2,697,879</u>	<u>5,442,977</u>	<u>5,526,939</u>	<u>5,635,222</u>	<u>5,554,993</u>	<u>5,454,193</u>	<u>5,240,389</u>	<u>4,723,623</u>	<u>3,919,872</u>	<u>3,722,449</u>
Subtotal business-type activities	<u>23,412,042</u>	<u>23,276,567</u>	<u>20,593,114</u>	<u>20,372,529</u>	<u>22,704,404</u>	<u>24,732,767</u>	<u>25,161,178</u>	<u>22,271,910</u>	<u>18,283,882</u>	<u>19,167,710</u>
Total primary government	<u>\$ 46,857,382</u>	<u>\$ 30,239,737</u>	<u>\$ 28,290,834</u>	<u>\$ 26,828,149</u>	<u>\$ 31,777,202</u>	<u>\$ 34,357,272</u>	<u>\$ 35,193,059</u>	<u>\$ 31,648,593</u>	<u>\$ 25,685,252</u>	<u>\$ 27,454,302</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
(1) Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 2,382,742	\$ 2,360,946	\$ 2,719,913
(1) Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	927,747	2,429,224	2,041,125
(1) Committed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,592,593	-	-
(1) Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,567,135	3,553,613	2,391,104
(1) Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	1,208,071	4,100,959
Reserved	\$ 2,626,791	\$ 2,943,767	\$ 2,805,375	\$ 3,904,011	\$ 3,233,155	\$ 2,578,952	\$ 2,466,224	-	-	-
Unreserved	15,782,442	15,385,235	15,225,455	13,083,633	13,186,254	9,589,701	6,871,421	-	-	-
Total general fund	<u>\$18,409,233</u>	<u>\$ 18,329,002</u>	<u>\$ 18,030,830</u>	<u>\$ 16,987,644</u>	<u>\$ 16,419,409</u>	<u>\$ 12,168,653</u>	<u>\$ 9,337,645</u>	<u>\$ 8,470,217</u>	<u>\$ 9,551,854</u>	<u>\$ 11,253,101</u>
All Other Governmental Funds										
(1) Nonspendable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 20,231,490	\$ 10,519,393	\$ 10,613,660
(1) Restricted	N/A	N/A	N/A	N/A	N/A	N/A	N/A	26,492,563	16,816,229	29,433,741
(1) Committed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,895,378	2,710,553	2,604,735
(1) Assigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	-	-
(1) Unassigned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(311,900)	(473,022)	(465,303)
Reserved	\$11,986,252	\$ 11,807,568	\$ 13,321,727	\$ 73,308,593	\$ 68,299,779	\$ 56,532,084	\$ 62,746,031	-	-	-
Unreserved, reported in:										
Special revenue funds	2,567,278	2,537,723	3,730,841	4,520,308	2,910,150	3,249,461	3,237,597	-	-	-
Capital projects funds	7,106,995	7,607,850	6,653,690	8,154,368	6,034,588	5,013,206	(600,372)	-	-	-
Total all other governmental funds	<u>\$21,660,525</u>	<u>\$ 21,953,141</u>	<u>\$ 23,706,258</u>	<u>\$ 85,983,269</u>	<u>\$ 77,244,517</u>	<u>\$ 64,794,751</u>	<u>\$ 65,383,256</u>	<u>\$ 49,307,531</u>	<u>\$ 29,573,153</u>	<u>\$ 42,186,833</u>

Source: City Finance Department

(1) New Fund Balance categories under GASB 54

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes (see Schedule 6)	\$ 23,265,761	\$ 23,729,707	\$ 26,055,840	\$ 28,010,839	\$ 27,748,301	\$ 26,386,771	\$ 25,643,409	\$ 27,150,400	\$ 28,919,237	\$ 17,085,279
Intergovernmental	4,677,326	4,697,723	4,385,363	6,470,275	6,789,040	7,251,897	5,607,308	6,114,398	5,506,724	5,913,576
Interest and rentals	1,934,571	1,726,379	2,214,033	3,434,813	4,669,700	4,208,902	3,045,486	2,146,774	1,462,569	373,516
Charges for services	1,746,714	1,708,557	2,461,399	2,312,537	2,531,523	1,812,427	1,823,791	1,952,202	1,649,569	1,769,053
Licenses, permits and fees	2,376,101	2,083,725	1,796,443	2,550,850	1,816,859	837,678	870,585	888,402	1,129,495	14,407,014
Special assessment collection	160,866	327,225	306,495	210,435	-	-	-	-	-	-
Fines, forfeitures and penalties	174,550	181,727	216,368	197,134	159,701	212,849	193,392	146,940	184,386	200,266
Donations and miscellaneous	1,496,736	1,023,983	1,656,272	1,241,335	1,780,818	1,512,347	1,148,005	518,210	876,716	7,581,291
Total revenues	35,832,625	35,479,026	39,092,213	44,428,218	45,495,942	42,222,871	38,331,976	38,917,327	39,728,697	47,329,995
Expenditures										
General government	8,230,662	11,480,332	11,184,075	12,654,518	12,694,183	12,731,601	15,592,370	13,914,331	12,969,980	6,909,977
Public safety	12,601,586	14,346,107	15,442,477	16,126,814	19,414,226	18,978,007	16,117,857	14,687,084	13,788,261	13,884,510
Public works	1,852,072	1,962,617	1,841,831	2,085,443	2,255,776	1,715,606	1,643,398	656,651	726,480	1,242,943
Parks and recreation	2,419,161	2,611,590	2,875,257	2,983,531	3,248,052	3,062,625	2,266,260	2,270,907	2,312,924	2,300,901
Other	997,196	1,094,895	1,187,748	889,073	902,319	841,126	646,355	417,011	587,931	704,021

(continued)

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Capital outlay	\$ 3,114,073	\$ 3,098,196	\$ 5,065,505	\$ 7,324,188	\$ 13,940,133	\$ 11,268,721	\$ 3,523,917	\$ 174,963	\$ 1,748,317	\$ 7,165,820
Debt service										
Interest	1,242,520	1,179,094	1,196,955	1,188,507	3,345,671	3,924,833	3,254,018	3,028,229	2,463,746	420,257
Cost of issuance	-	-	-	1,316,741	-	-	-	-	-	-
Principal	<u>1,731,907</u>	<u>1,694,815</u>	<u>1,896,222</u>	<u>2,039,651</u>	<u>3,734,038</u>	<u>11,682,136</u>	<u>16,043,885</u>	<u>1,604,925</u>	<u>1,188,430</u>	<u>460,000</u>
Total expenditures	<u>32,189,177</u>	<u>37,467,646</u>	<u>40,690,070</u>	<u>46,608,466</u>	<u>59,534,398</u>	<u>64,204,655</u>	<u>59,088,060</u>	<u>36,754,101</u>	<u>35,786,069</u>	<u>33,088,429</u>
Excess of revenues over (under) expenditures	<u>3,643,448</u>	<u>(1,988,620)</u>	<u>(1,597,857)</u>	<u>(2,180,248)</u>	<u>(14,038,456)</u>	<u>(21,981,784)</u>	<u>(20,756,084)</u>	<u>2,163,226</u>	<u>3,942,628</u>	<u>14,241,566</u>
Other Financing Sources (Uses)										
Issuance of debt	6,950,000	-	-	61,440,000	-	-	-	-	-	-
Discount on debt	-	-	-	(391,516)	-	-	-	-	-	-
Premium on debt	-	-	-	1,344,163	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	759,614	-	-	-	-
Cost of defeasance	-	-	-	-	-	-	-	-	-	-
Payments to escrow agent	(7,078,675)	-	-	-	-	-	-	-	-	-
Proceeds from the sale of capital assets	3,269,170	1,263,800	1,956,704	-	5,201,717	3,995,000	1,255,263	-	-	-
Lease proceeds	-	1,175,965	818,624	-	-	-	-	-	-	-
Transfers in	7,056,503	9,150,655	9,245,675	12,377,738	21,953,933	24,118,981	24,626,604	10,206,357	30,274,573	5,005,015
Transfers out	<u>(6,941,870)</u>	<u>(9,389,415)</u>	<u>(8,968,201)</u>	<u>(12,083,300)</u>	<u>(21,380,121)</u>	<u>(23,592,333)</u>	<u>(24,652,411)</u>	<u>(10,461,446)</u>	<u>(30,309,158)</u>	<u>(5,274,014)</u>
Total other financing sources (uses)	<u>3,255,128</u>	<u>2,201,005</u>	<u>3,052,802</u>	<u>62,687,085</u>	<u>5,775,529</u>	<u>5,281,262</u>	<u>1,229,456</u>	<u>(255,089)</u>	<u>(34,585)</u>	<u>(268,999)</u>
Net change in fund balances	<u>\$ 6,898,576</u>	<u>\$ 212,385</u>	<u>\$ 1,454,945</u>	<u>\$ 60,506,837</u>	<u>\$ (8,262,927)</u>	<u>\$ (16,700,522)</u>	<u>\$ (19,526,628)</u>	<u>\$ 1,908,137</u>	<u>\$ 3,908,042</u>	<u>\$ 13,972,567</u>
Debt service as a percentage of noncapital expenditures	10.2%	8.4%	8.7%	11.6%	15.5%	29.5%	34.7%	12.7%	10.7%	3.4%

Source: City Finance Department

(concluded)

**City of Rohnert Park
Tax Revenues by Source, Governmental Funds (Unaudited)
Last Ten Fiscal Years**

Fiscal Year	Property	(a) Sales & Use	(b) Franchise	Real Property Occupancy	Transfer	Total
2004	\$ 2,517,925	\$ 6,834,708	\$ 1,725,403	\$ 1,367,259	\$ 265,430	\$ 12,710,725
2005	2,739,642	6,953,294	1,263,721	1,451,781	250,421	12,658,859
2006	3,127,448	7,386,925	1,308,839	1,601,587	253,584	13,678,383
2007	3,167,241	7,707,375	1,428,827	1,771,527	174,581	14,249,551
2008	3,199,831	7,236,048	1,440,749	1,899,362	117,545	13,893,535
2009	3,029,029	6,172,593	1,411,622	1,722,049	90,647	12,425,940
2010	2,845,643	5,735,600	1,700,371	1,574,857	84,087	11,940,558
2011	2,679,110	8,237,144	1,500,461	1,747,659	69,234	14,233,608
2012	3,252,056	9,062,981	1,695,706	1,940,536	113,677	16,064,956
2013	3,517,309	9,555,854	1,682,427	2,202,885	126,804	17,085,279
Change 2004–2013	39.7%	39.8%	-2.5%	61.1%	-52.2%	42.1%

Notes:

(a) The City direct tax rate of 0.50% (Rohnert Park Essential City Services Temporary Funding Measure E) was approved by Rohnert Park citizens on June 8, 2010 and went into effect on October 1, 2010.

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

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

Fiscal Year	Real Property Assessed/Market Value	Personal Property Assessed/Market Value	Total Assessed/Market Value	Percentage of Change in Market Value	City's Portion of Direct Basic Tax Rate
2004	\$ 3,187,705	not available	\$ 3,187,705	not available	7.838%
2005	3,256,849	132,125	3,388,974	6.31%	7.773%
2006	3,496,707	153,029	3,649,736	7.69%	7.612%
2007	3,685,609	187,036	3,872,645	6.11%	7.501%
2008	3,957,436	121,053	4,078,489	5.32%	7.320%
2009	3,921,550	116,899	4,038,449	-0.98%	7.092%
2010	3,782,228	118,715	3,900,943	-3.40%	6.934%
2011	3,605,471	114,596	3,720,067	-4.64%	6.754%
2012	3,611,567	107,759	3,719,326	-0.02%	6.884%
2013	3,509,762	103,730	3,613,492	-2.85%	6.687%

Notes:

(a) 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 general obligation debt has been approved by voters. Assessed value is calculated at 100 percent of market value as defined by Article XIII A and may be adjusted no more than two percent per year unless the property is improved, sold or transferred. Because of this method of assessment, the City does not have a reasonable basis for estimating the actual value of taxable property and this information is not presented above.

(b) 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. The City's portion of the Direct Basic Tax Rate is the AB-8 (Prop 13) legislated amounts.

Source: Sonoma County Auditor-Controller

**City of Rohnert Park
Direct and Overlapping Property Tax Rates (Unaudited)
Last Ten Fiscal Years**

(rate per \$1,000 of assessed value)

Fiscal Year	Basic Direct Rate (b)	Overlapping Rates (a)					Total	Total Tax Rate (c)
		Rohnert Park Cotati School District	Warm Springs Dam	Santa Rosa Junior College	Santa Rosa High School	Bellvue School District		
2004	1.00	0.11	0.007	0.025	0.054	0.025	0.2212	1.2212
2005	1.00	0.11	0.007	0.025	0.054	0.025	0.2212	1.2212
2006	1.00	0.11	0.007	0.025	0.054	0.025	0.2212	1.2212
2007	1.00	0.11	0.007	0.025	0.054	0.250	0.4462	1.4462
2008	1.00	0.11	0.007	0.025	0.053	0.240	0.4350	1.4350
2009	1.00	0.11	0.007	0.025	0.049	0.024	0.2150	1.2150
2010	1.00	0.11	0.007	0.025	0.049	0.030	0.2391	1.2391
2011	1.00	0.11	0.007	0.025	0.049	0.054	0.2450	1.2450
2012	1.00	0.11	0.007	0.025	0.058	0.068	0.2679	1.2679
2013	1.00	0.10	0.007	0.021	0.058	0.071	0.2564	1.2564

Notes:

(a) Overlapping rates are those of local and county governments that apply to property owners within the City of Rohnert Park. Not all overlapping rates apply to all Rohnert Park property owners; for example, school districts' rates apply only to property owners within those districts' geographic boundaries.

(b) In 1978, California voters passed Proposition 13, which set the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

(c) Rates for TRA 007-000 through 007-019 are represented in this table.

Source: Sonoma County Auditor-Controller

**City of Rohnert Park
Property Tax Levies and Collections (Unaudited)
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 2,303,177	\$ 2,295,714	99.68	\$ 5,738	\$ 2,301,452	99.93
2005	2,747,507	2,739,642	99.71	-	2,739,642	99.71
2006	3,127,448	3,113,048	99.54	-	3,113,048	99.54
2007	3,167,241	3,148,920	99.42	-	3,148,920	99.42
2008	3,200,856	3,188,844	99.62	-	3,188,844	99.62
2009	3,029,027	3,018,252	99.64	-	3,018,252	99.64
2010	2,845,643	2,839,175	99.77	-	2,839,175	99.77
2011	2,679,110	2,668,030	99.59	-	2,668,030	99.59
2012	2,749,247	2,743,934	99.81	-	2,743,934	99.81
2013	2,426,301	2,405,204	99.13	-	2,405,204	99.13

Note: The City participates in the County Teeter Plan whereby all taxes are remitted to the City each year. Amounts reported are for secured property taxes only

Source: Sonoma County Auditor-Controller

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007Q3 (a)</u>	<u>2008Q3(a)</u>	<u>2009Q3(a)</u>	<u>2010Q3(a)</u>	<u>2011Q3(a)</u>	<u>2012Q2(a)</u>	<u>2013Q2(a)</u>
All other outlets	\$ 75,051	\$ 82,371	\$ 83,199	\$ 95,037	\$ 88,437	\$ 8,868	\$ 6,602	\$ 5,736	\$ 6,351	\$ 5,310
Apparel stores	13,691	13,927	14,154	14,504	13,838	31,548	32,602	33,076	32,105	34,951
Auto dealers and supplies	21,451	19,923	20,365	20,065	17,967	47,999	53,972	46,748	47,953	53,629
Building materials and farm tools	126,268	126,436	125,132	103,043	77,368	208,332	186,030	197,156	214,590	244,173
Eating and drinking establishments	68,442	72,279	73,091	73,939	70,627	183,167	178,472	173,980	178,735	194,188
Food stores	38,929	39,765	40,923	36,466	38,581	85,244	84,092	90,970	93,845	86,038
General merchandise	179,419	191,443	194,974	199,921	206,342	523,130	557,239	534,863	581,686	595,932
Home furnishings and appliances	36,601	32,707	29,879	32,777	27,509	48,183	68,920	65,513	59,911	69,850
Other retail stores	71,228	76,111	74,799	64,939	57,796	134,960	256,404	133,321	97,021	87,546
Service stations	31,960	34,155	36,395	39,181	45,281	89,151	82,737	96,876	107,498	136,050
Packaged Liquor and Drug Stores	-	-	-	7,558	7,988	15,744	16,921	16,867	17,185	19,134
Total	\$ 663,040	\$ 689,114	\$ 692,912	\$ 687,430	\$ 651,734	\$ 1,376,326	\$ 1,523,991	\$ 1,395,106	\$ 1,436,880	\$ 1,526,801
City direct sales tax rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%	0.50%	0.50%	0.50%

Note:

(a) Retail sales information is compiled on a quarterly basis, not year to date, therefore data presented is for the quarter indicated in the column header.

Source: Muni Services Sales Tax & Economic Review for the City of Rohnert Park

City of Rohnert Park
Direct and Overlapping Sales Tax Rates (Unaudited)
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	Overlapping Rates	
		Sonoma County	State
2004	-	1.25%	7.25%
2005	-	0.75%	7.25%
2006	-	0.75%	7.25%
2007	-	0.75%	7.25%
2008	-	0.75%	7.25%
2009	-	0.75%	8.25%
2010	-	0.75%	8.25%
2011	0.0% to 0.5%	0.75%	8.25%
2012	0.50%	0.75%	7.25%
2013	0.50%	0.75%	7.50%

Notes:

The City direct tax rate of 0.50% (Rohnert Park Essential City Services Temporary Funding Measure E) was approved by Rohnert Park citizens on June 8, 2010 and went into effect on October 1, 2010.

This table should be the top ten property tax assessment, not sales tax remitters. Change in FY 14

**City of Rohnert Park
Principal Sales Tax Remitters (Unaudited)
Current Year and Nine Years Ago**

2013		2004	
Taxpayer	Business Type	Taxpayer	Business Type
Costco Wholsale	General Merchandise	Home Depot	Building Materials
Wal Mart Store	General Merchandise	Costco Wholsale	General Merchandise
Home Depot	Building Materials	Wal Mart Store	General Merchandise
Target Stores	General Merchandise	Target Stores	General Merchandise
McPhail's Applicances	Home Funishings & Appliances	Target Stores	Home Funishings & Appliances
Shell Service Station	Service Stations	WW Grainger	Building Materials
Safeway Stores	Food Stores	Food Maxx	Food Stores
WW Grainger	Building Materials	Chevron Service Stations	Service Stations
Pape Machinery	Building Materials	JE Higgins Lumbar Company	Building Materials
Chevron Service Stations	Service Stations	Safeway Stores	Food Stores
Burlington Coat Factory	Apparal Stores	Linens N Things	General Merchandise
Exxon Service Stations	Service Stations	Raley's Supermarket	Food Stores
Rotten Robbie Service Stations	Service Stations	Shell Service Station	Service Stations
Castino Restaurant Equipment Supply	Other Retail Stores	Hertz Equipment Rental	Leasing
Raley's Supermarket	Food Stores	United Furniture	Home Funishings & Appliances
7-Eleven Food Store	Food Stores	Castino Restaurant Equipment Supply	Other Retail Stores
Ross Stores	Apparal Stores	Rotten Robbie Service Stations	Service Stations
Petsmart	General Merchandise	Petsmart	General Merchandise
Ashley Furniture Home Store	Home Funishings & Appliances	Exxon Service Stations	Service Stations
Food Maxx	Food Stores	O'Dell Printing Company	Light Industry
Olive Garden Restaurant	Restaurants	Longs Drug Stores	Drug Stores
McDonalds Restauratns	Restaurants	Les Schwab Tire Center	Auto Parts & Repairs
CVS Pharmacy	Drug Stores	Olive Garden Restaurant	Restaurants
In-N-Out Burgers	Restaurants	In-N-Out Burgers	Restaurants
Galleher Corporation	Building Materials	Outback Steakhouse	Restaurants

Note:

Sales tax paid is confidential information and cannot be reported.

Source: Muni Services Sales Tax & Economic Review for the City of Rohnert Park

City of Rohnert Park
Ratios of Outstanding Debt by Type (Unaudited)
Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Government-type Activities					Business-type Activities			(d) Percentage of Personal Income	(d) Per Capita
	(a) Redevelopment Bonds	Certificates of Participation	(b) Lease Revenue Bonds	Special Assessment Bonds	Capital Leases	(c) Water Revenue Bonds	(c) Sewer Certificates of Participation	Total Primary Government		
2004	\$ 23,347	\$ 4,545	\$ 6,950	\$ 1,185	\$ 449	\$ 2,010	\$ -	\$ 38,486	2.35	914
2005	23,244	4,405	6,710	910	1,485	6,930	13,000	56,684	3.33	1,335
2006	23,082	4,265	6,485	620	2,027	6,725	13,000	56,204	3.12	1,306
2007	84,351	4,115	6,255	190	1,778	6,515	12,770	115,974	9.69	2,700
2008	82,253	3,960	6,020	-	1,539	6,305	12,530	112,607	9.69	2,615
2009	72,120	3,800	5,780	-	1,212	6,085	12,285	101,282	9.40	2,354
2010	59,513	3,635	5,535	-	982	5,860	12,030	87,555	8.14	2,017
2011	51,553	3,460	5,280	-	846	5,630	11,765	78,534	7.04	1,810
2012	-	3,280	465	-	705	5,390	11,624	21,464	6.31	524
2013	-	3,090	473	-	594	5,145	11,340	20,642	1.75	503

Notes:

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

(a) Due to the FY12 dissolution of the RDA, the bond liability was transferred to the Successor Agency.

(b) Due to the FY12 dissolution of the RDA, 90% of the LRRB bond liability was transferred to the Successor Agency.

(c) In FY05, the city issued \$13 million of sewer certificates of participation and \$5 million of water revenue bonds.

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

City of Rohnert Park
Ratios of General Bonded Debt Outstanding (Unaudited)
Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita
	(a) Redevelopment Tax Allocation Bonds	Total		
2004	\$ 23,347	\$ 23,347	0.7324	554.21
2005	23,244	23,244	0.6859	547.63
2006	23,082	23,082	0.6324	536.45
2007	84,351	84,351	2.1781	1,963.52
2008	82,253	82,253	2.0168	1,910.11
2009	72,120	72,120	1.7858	1,676.43
2010	59,513	59,513	1.5256	1,371.33
2011	51,553	51,553	1.3858	1,198.35
2012	-	-	-	-
2013	-	-	-	-

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
(a) FY12 Upon the dissolution of the Redevelopment Agency, the General Obligation Bonded debt was transferred to the Redevelopment Successor Agency.

City of Rohnert Park
Direct and Overlapping Governmental Activities Debt (Unaudited)
As of June 30, 2013
(dollars in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Cotati-Rohnert Park Unified School District			
#14R	\$ 25,765,000	79.152%	\$ 20,393,403
#15R	5,870,000	79.152%	4,646,197
#16	9,460,000	79.152%	7,487,739
#17R	13,645,000	79.152%	10,800,232
#18R	5,730,000	79.152%	4,535,385
Sonoma County Junior College District			
#1R	3,350,280	5.624%	188,423
#2	23,510,000	5.624%	1,322,222
#3	3,615,000	5.624%	203,311
#4	16,990,000	5.624%	955,532
#2R	133,215,000	5.624%	<u>7,492,123</u>
Subtotal, overlapping debt			58,024,566
City direct debt			<u>4,158,348</u>
Total direct and overlapping debt			<u><u>\$ 62,182,914</u></u>

Notes:

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentage were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the resident and business of the city.

Source: Sonoma County Auditor-Controller

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

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$ 3,613,492
Debt limit (15% of assessed value)	542,024
Debt applicable to limit:	
General obligation bonds	-
Legal debt margin	\$ 542,024

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 487,694	\$ 526,849	\$ 534,506	\$ 580,879	\$ 611,773	\$ 612,688	\$ 591,965	\$ 564,732	\$ 564,587	\$ 542,024
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 487,694</u>	<u>\$ 526,849</u>	<u>\$ 534,506</u>	<u>\$ 580,879</u>	<u>\$ 611,773</u>	<u>\$ 612,688</u>	<u>\$ 591,965</u>	<u>\$ 564,732</u>	<u>\$ 564,587</u>	<u>\$ 542,024</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Fiscal Year	Water Revenue Bonds						Sewer Revenue Certificate of Participation (a)						Special Assessment Bonds			
	Utility	Less:	Net	Debt Service			Utility	Less:	Net	Debt Service			Special	Debt Service		
	Service Charges	Operating Expenses	Available Revenue	Principal	Interest	Coverage	Service Charges	Operating Expenses	Available Revenue	Principal	Interest	Coverage	Assessment Collections	Principal	Interest	Coverage
2004	\$ 4,622	\$ 5,061	\$ (439)	\$ 80	\$ 72	\$ (3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317	\$ 295	\$ 56	0.90
2005	4,933	5,031	(98)	80	70	(0.65)	-	-	-	-	-	-	340	270	46	1.08
2006	6,406	5,480	926	205	237	2.10	9,955	9,112	843	-	-	n/a	319	290	37	0.98
2007	6,084	5,700	384	210	262	0.81	12,008	9,501	2,507	-	-	n/a	456	430	21	1.01
2008	6,342	6,851	(509)	215	257	(1.08)	12,371	9,244	3,127	-	-	n/a	-	-	-	-
2009	6,630	5,715	915	220	251	1.94	10,304	10,740	(436)	-	-	n/a	-	-	-	-
2010	6,384	5,445	939	225	245	2.00	8,117	10,682	(2,565)	-	-	n/a	-	-	-	-
2011	6,360	6,542	(182)	230	238	(0.39)	8,180	11,510	(3,330)	-	-	n/a	-	-	-	-
2012	6,631	6,273	358	240	231	0.76	10,934	8,984	1,950	-	-	n/a	-	-	-	-
2013	7,422	5,091	2,331	245	223	4.98	12,523	10,168	2,355	-	-	n/a	-	-	-	-

Notes:

(a) The Sewer Revenue Certificates of Participation were issued by the Rohnert Park Financing Authority pursuant to an Installment Purchase Agreement with the City of Rohnert Park. All Net Revenues and amounts on deposit in the Revenue Fund (other than amounts on deposit therein required to pay Operation and Maintenance Costs) are irrevocably pledged to the payment of the Installment Payments and the Net Revenues shall not be used for any other purpose while any of the Installment payments remain unpaid.

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

City of Rohnert Park
Demographic and Economic Statistics (Unaudited)
Last Ten Calendar Years

Calendar Year	Population	Personal Income <i>(thousands of dollars)</i>	Per Capita Income	Median Age	School Enrollment	County Unemployment Rate	City Unemployment Rate
2003	42,198	\$ 1,554,743	\$36,844	36	7,678	5.5%	4.8%
2004	42,127	1,638,782	38,901	38.9	7,479	5.0%	5.3%
2005	42,445	1,703,333	38,793	38.9	7,260	4.5%	4.1%
2006	43,027	1,803,380	43,318	33.1	7,023	4.0%	3.9%
2007	42,959	1,197,439	26,298	32.9	6,868	4.3%	3.9%
2008	43,062	1,243,889	28,886	33.1	6,654	5.7%	6.4%
2009	43,020	1,224,435	28,462	32.3	6,429	9.70%	10%
2010	43,398	1,196,136	27,562	33.1	6,193	10.00%	10.2%
2011	40,971	1,113,510	27,178	33.8	6,003	10.30%	10.1%
2012	41,034	1,143,864	27,876	34.9	5,907	8.30%	8.1%

Source: Population: www.dof.ca.gov/research/demographic;
Per Capita Income: Sonoma County Economic Development Board
Median Age: 2004-2006 US Census Bureau. 2007-2013 Sonoma County Economic Development Board;
School Enrollment: Cotati-Rohnert Park Unified School District;
Unemployment Rates: Sonoma County Economic Development Board

**City of Rohnert Park
Principal Employers (Unaudited)
Current Year and Four Years Ago**

<u>Employer</u>	<u>2013</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Sonoma State University	1,000	1	4.22%	1,483	1	13.79%
Cotati-Rohnert Park Unified School District	461	2	1.95%	-	-	
Wal-Mart Store #1755	263	3	1.11%	277	3	2.58%
Home Depot #641	238	4	1.00%	238	4	2.21%
City of Rohnert Park	231	5	0.97%	190	7	1.77%
Parker Hannifin Corporation	182	6	0.77%	182	8	1.69%
Costco Wholesale #659	179	7	0.76%	205	6	1.91%
Pacific Bell	175	8	0.74%	-	-	
Target 852	162	9	0.68%	220	5	2.05%
Comcast of East San Fernando Valley LP	158	10	0.67%	-	-	
State Farm Insurance				468	2	4.35%
Cross Check	-		-	142	9	1.32%
Masterwork Electronics	-		-	111	10	1.03%
Total	<u>3,049</u>		<u>12.86%</u>	<u>3,516</u>		<u>32.70%</u>
		cotati				
Total City Employment	23,700			10,752		

Source: 2009 City of Rohnert Park Comprehensive Annual Report
2013 City of Rohnert Park Business Licensing; <http://www.sonoma.edu>; <http://www.crpud.org>
2013 Total City Employment from www.labormarketinfo.edd.ca.gov

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

Function/Program	Full-time-Equivalent Employees as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
City Manager's Office	4.00	5.00	5.00	7.00	7.00	7.00	6.70	5.85	6.00	6.40
Finance	10.00	11.00	12.00	12.00	12.00	11.00	11.00	9.75	10.00	10.50
Information Systems	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Planning (a)	2.00	2.00	3.00	3.00	3.00	3.00	1.70	-	-	-
Development Services (a)	-	-	-	-	-	-	-	11.00	11.00	11.08
Human Resource	2.00	2.00	2.00	2.00	2.00	3.00	2.25	2.25	2.25	2.25
Other	1.00	2.00	2.00	-	-	-	-	-	-	-
Public Safety	100.00	106.00	107.00	109.00	110.00	110.00	90.75	83.75	80.75	81.25
Building Inspection (a)	2.00	2.00	3.00	3.00	3.00	3.00	2.30	-	-	-
Public Works										
Engineering (a)	3.00	4.00	5.00	6.00	6.00	8.00	8.00	-	-	-
Public Works	23.00	25.00	25.00	29.00	29.00	29.00	27.40	30.30	34.65	34.72
Park Maintenance (b)	7.00	6.00	5.00	4.00	5.00	5.00	6.60	-	-	-
Parks and Recreation (b)	7.00	7.00	7.00	7.00	7.00	6.00	2.00	-	-	-
Community Services (b)	-	-	-	-	-	-	-	5.10	5.30	8.51
Performing Arts Center	<u>3.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>3.00</u>	<u>2.00</u>	<u>2.00</u>	<u>3.65</u>
Total	<u>166.00</u>	<u>178.00</u>	<u>182.00</u>	<u>188.00</u>	<u>190.00</u>	<u>191.00</u>	<u>163.70</u>	<u>152.00</u>	<u>153.95</u>	<u>160.36</u>

Notes:

- (a) FY11 New Department combining Planning, Building Inspection and Engineering
- (b) FY11 New Department combining Park Maintenance and Parks and Recreation

City of Rohnert Park
Operating Indicators by Function/Program (Unaudited)
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government										
Building permits issued	634	736	574	663	650	515	575	622	658	722
Building inspections conducted	not available	2,228	1,875	1,560	1,393	1,664	815	1,168	902	946
Department of Public Safety - Police										
Physical arrests	1,839	2,174	2,485	2,474	3,076	3,156	2,323	2,214	1,819	2,015
Parking violations	1,111	3,583	3,794	2,554	2,448	3,248	2,419	2,034	2,106	2,136
Traffic violations	265	286	264	1,402	1,695	1,452	1,438	1,232	1,248	1,539
Department of Public Safety - Fire										
Emergency responses	107	113	134	3,164	3,007	3,262	3,263	3,156	3,325	3,189
Inspections	not available	not available	not available	1,713	1,869	1,966	1,555	2,031	1,427	1,268
Refuse collection										
Refuse collected (average tons per day)	65.3	61.3	64.3	68.2	59.7	58	53	49	54.35	51.37
Recyclables collected (average tons per da	27.4	27.5	30.9	31.4	28.89	29	18	19	22.64	23.45
Parks and recreation										
Sports & Fitness Center Attendance	135,259	136,490	119,803	111,655	124,261	101,253	125,321	112,330	110,710	114,138
Community Center Attendance	71,069	41,120	42,019	46,495	42,240	48,682	43,253	36,170	44,912	54,819
Library										
Volumes in collection	65,078	74,868	75,718	84,369	84,381	90,478	90,478	90,538	97,382	100,000
Water										
Water main breaks	not available	2	2	0	1	3	1	1	1	1
Average daily consumption										
(millions of gallons)	6.18	5.42	5.00	4.90	4.4	4.4	3.9	3.9	3.94	4.43
Peak daily consumption										
(millions of gallons)	8.81	8.44	7.86	7.15	6.7	6.4	5.7	5.4	5.6	6.03
Wastewater										
Average daily sewage treatment										
(millions of gallons)	3.60	3.88	3.87	3.16	3.42	3.12	3.28	3.48	3.18	3.4

Source: Various City Departments; Sonoma County Library

**City of Rohnert Park
Capital Asset Statistics by Function/Program (Unaudited)
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Department of Public Safety										
Public Safety Stations -Police & Fire combined	4	4	4	4	4	4	3	3	3	3
Public Safety Officers-Police & Fire combined	73	77	77	77	79	80	70	63	60	59
Refuse Collection										
Collection trucks	11	11	11	10	10	10	10	10	10	8
Street Sweepers	2	2	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	85.12	85.12	85.12	85.12	85.12	85.12	86.17	86.17	86.17	90.24
Streetlights	2,794	2,794	2,794	2,794	2,794	2,794	2817	2817	2817	2837
Parks and recreation										
Acreage	102	102	102	102	102	105	105	105	105	107
Playgrounds	30	30	30	30	30	25	25	24	24	24
Baseball/softball diamonds	14	14	14	14	14	10	10	10	10	10
Soccer/football fields	9	9	9	9	9	11	11	11	11	12
Tennis courts	25	25	25	25	25	26	26	25	25	25
Water										
Water mains (miles)	115.70	115.70	115.70	115.70	115.70	115.7	115.7	115.7	115.7	116.2
Fire hydrants	not available	not available	1,450	1,458	1,458	1,462	1462	1,462	1462	1470
Storage capacity (thousands of gallons)	4,374.6	4,374.6	4,374.6	4,374.6	4,374.6	4,374.6	4374.6	4,375	4375	4375
Wastewater										
Sanitary sewers (miles)	77.0	77.0	80.0	77.0	77.0	83.0	83.0	83.0	83	84.5
Storm sewers (miles)	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32	32.5
Treatment capacity (thousands of gallons)	4.44	5.11	5.41	3.13	3.83	3.13	3.28	3.28	4.46	4.45

Source: Various City Departments.