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CITY OF ROHNERT PARK

SONOMA COUNTY, CALIFORNIA



PUBLIC SAFETY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2006

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CITY OF ROHNERT PARK, CALIFORNIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2006

**Prepared by
Finance Department**

**Sandra M. Lipitz
Director of Administrative Services**



CITY OF ROHNERT PARK

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CITY OF ROHNERT PARK

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CITY OF ROHNERT PARK

FINANCE DEPARTMENT

October 3, 2006

Members of the City Council:

The Comprehensive Annual Financial Report (CAFR) of the City of Rohnert Park for the fiscal year 2005-2006 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 fifth year that the City has prepared the CAFR using the financial reporting requirements as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*. This GASB Statement requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The CAFR is organized into three sections:

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

THE REPORTING ENTITY

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

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

Economic Condition and Outlook

The City is located in beautiful Sonoma County, approximately forty-five miles north of San Francisco. Sonoma County's economy has improved considerably in the past six months, with job growth about 2.5% over the previous year. Hotel occupancy rates have risen to over 60% and room rates continue to increase. Three new Hilton Hotels are planned to be built in three cities, one of which is Rohnert Park. The Hampton Inn is expected to be completed by spring, 2007.

Over the years, Sonoma County has enjoyed traditionally low unemployment rates. During the economic downturn, the unemployment rate rose to a high of 4.9%. Since 2001, the unemployment has steadily declined and is currently at its lowest point, 4%. During the year, Sonoma County added 3,000 jobs, with the demand for professional services expanding due to the stabilization and growth of the County's basic industries.

The technology, wine and tourism industries are also showing signs of improvement. The wine industry is enjoying improved pricing power and rising exports. The County's tonnage was up by 21% over the year 2000 and revenue was up by 11%. The Tech-producing industry is finally stabilizing, after a few years of major layoffs and consolidations. The forecast for telecom equipment has improved greatly from the prior year, as businesses continue to expand both domestically and abroad. Tourism activity is good as U.S. personal income growth is accelerating and personal income growth for the greater Bay Area continues to be strong, and

The housing market has slowed, due to both high housing prices, as well as high mortgage interest rates. Home prices have begun to decline over the past year, with a 1.8% decline from the median home price in 2005. Non residential construction and infrastructure construction continue to hold strong.

Retail sales in Rohnert Park increased 6.2% from the prior year primarily due to department store sales. Rohnert Park has a diversified business mix, which helps reduce the impact of any downturns in the economy. As sales tax is the largest source of revenue for the City's General Fund, (33% of the General Fund revenues), the City is focusing on economic development to attract new businesses and focus more on the business-to-business and transportation segments. The City is currently working on the implementation of the General Plan, which provides for major commercial development in some of the specific plan areas.

The City has previously entered into a lease agreement with Courseco as the operator of the two municipal golf courses. Through capital contributions from Courseco and the City, both courses were completely renovated and are now open for full play. Due to the number of competitive private golf courses in the area, and a soft Bay Area golf market, revenue from golf operations has been below projection. In 2005, the City modified the agreement and reduced to base rent by \$200,000 to assist the operator financially.

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

MAJOR INITIATIVES

For the Year. In preparing the 2005-06 budget, the City kept minimum staffing levels to maintain services, lease financed equipment and funded facility maintenance and capital equipment through grants, private

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

The State, as well as the City, continues to experience budget deficits due to an economic downturn. Due to the State's large budget deficit, local governments received reduced funding for transportation projects and public safety programs. The State took the second ERAF and final shift, \$470,889 from the City's motor vehicle in-lieu tax. The following is a list of the funding received from the State of California:

Funding:	<u>2005-06 Amount</u>
AB 3229 (COPs)	\$ 100,000
Jobs Housing Grant	14,457
Traffic Safety Grant	27,691
DUI Grant	<u>4,153</u>
Total State Funding for FY 2005-06	<u>\$ 146,301</u>

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

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

The MOU has a 20-year term with an automatic renewal clause. Payments will be phased in when the hotel/resort/casino is constructed and opens. During the 2004-05 fiscal year, the FIGR purchased additional property closer to the City limits. They intend to build the casino on this new property. The casino opening will be delayed due to additional environmental impact studies required on the new land. The final EIR is expected to be completed some time in 2007.

The City continued implementation of an aggressive water conservation program with the assistance of the Sonoma County Water Agency (SCWA). In cooperation with the SCWA, the City implemented "Best Management Practices" (BMPs) over the years to conserve water. Since 1998, the City has received about \$1.3 million from SCWA for water conservation programs. The City's residential audit program, which residents voluntarily request that their homes be evaluated to find ways to reduce water consumption, has been very successful. In fiscal year 2005-06, 620 homes participated in the program to determine if there were any leaks on the property, provide efficient irrigation schedules and distribute low flow showerheads and aerators. A new focus on outdoor water use was initiated. The Large Landscape Water Conservation Program consist of notifying customers of over usage based on their specific landscape material and lot size, providing free site visits to determine ways to save, including effect irrigation schedules, and offering rebates for improvements made based on the site visit. To date 13 sites participated in the site visit.

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

less per month. In 2004-05, the City began replacing all the commercial meters and installing automated radio read equipment so that all meters can be read within three days. The commercial water meter project is expected to cost \$2.5 million and is primarily being funded through water revenue bonds. The City also spent over \$1 million to complete a new bike path and road overlays.

During the year, the City also completed the parallel sewer interceptor project, which added capacity and strengthened the sewer line. This project was funded through the issuance of sewer revenue bonds, for a projected total cost of \$10.3 million. The City also began working on a sewer main for the Eastside, with a projected cost of \$6.5 million.

The City also scrapped plans to build a new City Hall and instead will renovate an existing commercial building. This building will be a "green" building and supports the Council's goal of sustainability. The City anticipates relocating to the new City Hall in the latter part of 2007. The existing City Hall will be sold as an affordable housing site. The primary source of funding for the project will be the 1999 Certificates of Participation.

The City places a high importance on technology and information systems. The City network serves five primary facilities: City Hall, Public Safety, Public Works, Finance Annex and the Community Center Complex. These primary sites are linked using leased fiber-optic services. Data and voice information is run over these links and the appropriate firewalls, routers and switches are in place. Each facility has one or more servers on-site for local operations and all internet traffic is routed through a data center at the Finance Annex. The City uses Microsoft Windows Operating System for the servers, desktops, notebooks and PDAs. Most of the computer equipment is leased with a few exceptions. The City licenses software using California State Master Contracts through the Department of General Services and their CMAS contract. The City will replace its obsolete in-house PBX telephone system this year with a new system that is much easier to implement and administer. Plans for future technology enhancements will include E Commerce so that customers can make payments on-line, server virtualization to simplify system management, reduce software licensing fees and help control staffing costs and Wifi service.

The City has a Public Safety department in which the officers perform dual roles of police and fire, which has proven to be an extremely cost efficient way to provide these services. The focus of the department during 2005-06 was making Rohnert Park the safest city along the US 101 corridor. Additional officers have been added to staff the Special Enforcement Unit (SEU) whose primary focus is on gang and criminal activity as well as a K-9 unit for patrol. These units are funded through the MOU with the Federated Indians of the Graton Rancheria.

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

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

One major focus of the City is the implementation of its General Plan. This Plan articulates a vision for the City that includes an urban growth boundary correlated with a growth management program. It describes a framework of targeted growth areas, including the creation of a City Center area anchored with a new library and city hall, the development of a mixed use area north of the Sonoma State University to integrate with the Green Music Center, the

development of balanced neighborhoods with a variety of housing types, the expansion of commercial uses to the northwest and industrial uses to the southeast, and the continued expansion of the City's network of parks and open space. The Plan provides for an average growth rate of 1% with an ultimate build-out of approximately 20,000 housing units, 405 acres of commercial, office and industrial uses, 60 acres of mixed use, and 190 acres of open space over the next twenty years. The City's Public Facilities Financing Plan which outlines the developer fee for all new infrastructure, as well as a maintenance annuity fee for services. The City is also working on developer agreements with each Specific Plan Area.

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

Departmental Focus. Each year the City selects a department to highlight its efforts and accomplishments. In 2005-06, the Recreation Department has been selected. The Recreation Department is an integral part of the City's operation and mission.

The Recreation Department is responsible for the operation of all Recreation facilities throughout the City, as well as the management of all programs that utilize these facilities. The Department is comprised of 7 full-time and 128 part-time or seasonal employees. Department personnel are responsible for identifying maintenance needs within the Recreation system; maintenance is done by the Department of Public Works. Landscaping is done by an independent contractor. The City owns two golf courses that fall under the Recreation Department, but the courses are operated by an independent contractor under the name Foxtail Golf Club.

The Recreation Department operates 26 parks, five swimming pools, the City Community Center, two recreation centers, the Callinan Sports and Fitness Center, and the Rohnert Park Senior Center. In addition to ensuring the availability of these resources to the community, the Recreation Department assists the school district with the scheduling of recreational use of many of its facilities. Over the past few years, the Department has invested in software upgrades to manage the scheduling workload. Staff is in the process of implementing online components of its software that will allow online scheduling requests and online payment of rental fees. The Recreation Department has a well-earned reputation as the "Recreation Destination" of Sonoma County. The Recreation Department works closely with youth and adult sports leagues to ensure the availability of its many fields for regular and special competitions.

The Recreation Department offers a variety of programs to the community. The Department provides after-school programs, summer and holiday camps, swim instruction, and many structured activities at the Senior Center. Through independent contractors, the Department offers classes in such areas as fitness, arts and crafts, music, and dance. The Department has observed increased interest in courses for passive activities, such as pottery and photography. The City's facilities are also the home of the Rohnert Park Community Band, the Community Chorale, and other performing arts groups.

In recent years, the City has initiated several projects to renew and revitalize its Recreation infrastructure. Key projects include the renovation of portions the Community Center, the Burton Avenue Recreation Center, and, most recently, the Callinan Sports and Fitness Center. As part of the renovation of the Sports Center, the City purchased state-of-the-art weight equipment, re-roofed the building, and installed photovoltaic cells intended to offset the Center's electricity needs. The City has also begun investing grant moneys in its parks – by the close of the fiscal year, playground equipment in four parks will have been replaced. It is anticipated that by the end of the year, the Recreation Department will have a comprehensive Capital Improvement Plan that will inform City staff as it seeks to invest additional funds.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled

timely and accurately to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The City's internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

Cash Management. The following table illustrates the cash invested by the City as of June 30, 2006, by investment type:

Cash & Investments - June 30, 2006

Sonoma County Investment Pool	\$ 615,762	1.2%
Cash, CD's and money market funds	18,365,542	35.0%
State Treasurer LAIF	18,098,219	34.5%
Government securities	<u>15,353,080</u>	<u>29.3%</u>
Total Cash & Investments	<u>\$ 52,432,603</u>	<u>100.0%</u>

Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, obligations of U.S. Government Agencies, State of California Local Agency Investment Fund (LAIF), Sonoma County Investment Pool and mutual funds. The average yield on investments at June 30, 2006 for the City was 3.696% and for the Commission 3.662%. Both the City's and CDC's investment performance is less than the yield rate of 5.21% for 1 yr U.S. Treasury Bills. The same is true for the 5-year U.S. Treasury Note at a yield rate of 5.1%. While it is tempting to secure the higher yields by investing in securities that are longer term, the City holds firm to the investment policy to have a balanced portfolio. The City adopts an investment policy annually, which includes the criteria for selecting investments. As in the past, the priority of the criteria has remained safety first, then liquidity, and last, yield. All CDs are FDIC secured and the City works with two brokerage firms to find attractive investment opportunities. Over the past year, interest rates have significantly improved and the City took advantage of many short-term investments in the 5% range. Close to 40% of the Commission's cash is from bond proceeds that are invested in short-term treasury notes for immediate liquidity for capital spending.

Risk Management. The City is a member of Redwood Empire Municipal Insurance Fund (REMIF), a joint powers authority composed of cities located in Northern California. The City maintains coverage for property, liability and workers' compensation through REMIF. As of June 30, 1995, REMIF discontinued its indemnity-type health insurance program and accordingly, the City presently contracts with Blue Cross. Other health related employee fringe benefit programs used to be self-administered by the City and funded by the General Fund. The City presently contracts with Delta Dental for dental benefits and V.S.P. for vision benefits. During the fiscal year, the City received a refund of \$250,126 for the liability program; however, with the rising cost of workers comp and the amount of claims, there was no refund for the workers' compensation program this year. For 2006-07, the City's workers' compensation premium decreased 5.9% and the liability premium decreased 9.6%.

OTHER INFORMATION

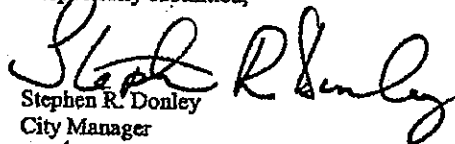
Independent Audit. Management considers an annual audit by independent certified public accountants a sound and prudent business practice. The accounting firm of Odenberg Ullakko Muranishi & Co. LLP performed the annual audit for the City during 2005-2006. The independent auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

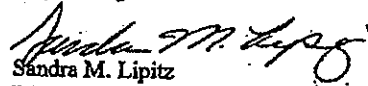
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the twenty-fourth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The City also received a similarly prestigious award during the same years from the California Society of Municipal Finance Officers (CSMFO).

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

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

Respectfully submitted,


Stephen R. Donley
City Manager


Sandra M. Lipitz
Director of Administrative Services/City Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rohnert Park
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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



Carla E. Fudge

President

Jeffrey R. Emery

Executive Director

*California Society of
Municipal Finance Officers*

Certificate of Award

Outstanding Financial Reporting 2004-05

Presented to the

City of Rohnert Park

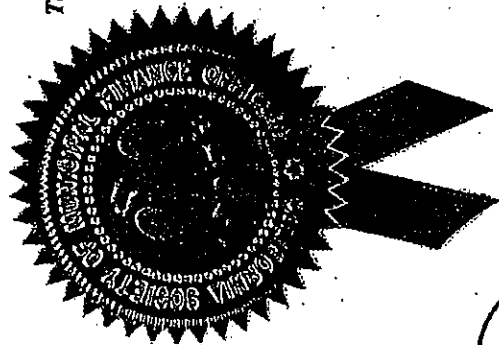
*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

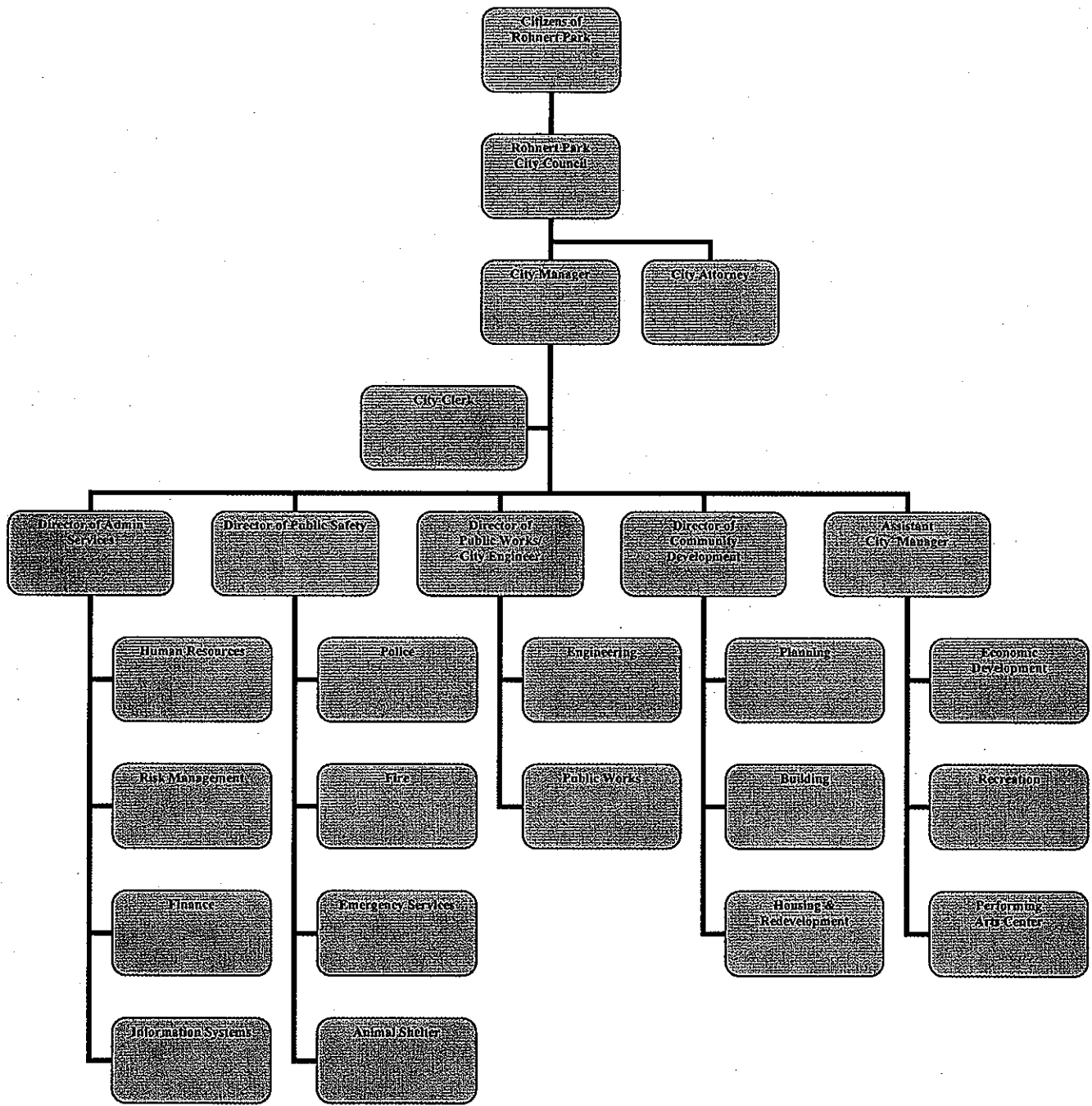
February 24, 2006

William A. Stumpf

Bill Thomas, Chair
Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management





CITY OF ROHNERT PARK

LIST OF PRINCIPAL OFFICIALS

City Council

Tim Smith (Mayor)

Vicki Vidak-Martinez (Vice Mayor)

Amie Breeze

Jake Mackenzie

Armando Flores

City Staff

City Manager

Steve Donley

Assistant City Manager

Dan Schwarz

City Attorney

Michelle Kenyon

Director of Administrative Services/City Treasurer

Sandra M. Lipitz

Director of Public Safety

Tom Bullard

Director of Public Works/City Engineer

Darrin Jenkins

Advisory Commissions or Committees

Rohnert Park Association of the Arts
Mobile Home Rent Appeals Board
Parks and Recreation Commission
Planning Commission
Senior Citizens Advisory Commission
Cultural Arts Commission
Sister City Relations Committee
Bicycle Advisory Committee
Rohnert Park Housing Financing Board

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October 6, 2006

To the City Council
City of Rohnert Park, California

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rohnert Park, California, (the "City") as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Rohnert Park at June 30, 2006, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for the General Fund and the Pension Property Tax Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 6, 2006 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages F-3 through F-12, and the required supplementary information on pages F-45 through F-51 are not a required part of the basic financial statements, but are supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon. We applied limited procedures, consisting primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

Our audit was made for the purpose of forming an opinion on the basic financial statements, taken as a whole. The combining and individual fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected

to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Odeberg Ullakko Munishi & Co LLP

Management's Discussion and Analysis

This section of the City of Rohnert Park's Comprehensive Annual Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities at the close of the 2005-2006 fiscal year by \$89,838,335 (*net assets*). Of this amount, \$28,747,808 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors and \$11,641,400 (*unrestricted net assets*) is available for business-type activities, \$5,955,759 is restricted for specific purposes (*restricted net assets*). For the City, \$28,626,241 is invested in capital assets, net of related debt and \$14,867,127 is invested in capital assets for business-type activities.
- The government's total net assets increased by \$2,854,5422 during the fiscal year. Total cash and investments increased by \$920,694. The Housing Projects cash decreased \$2.3 million due to expenditures on affordable housing projects. Special Revenue Funds cash increased by \$1.4M from revenue received for development fees. Sewer operating cash increased by \$1.8M as a result of conservation of water usage by the utility customers. Receivables increased by \$2.2M, which includes deferred housing loan fees, as well as fees paid on behalf of the University District Specific Plan project. Restricted cash and investments decreased by \$14M million due primarily to the use of this cash for major water and sewer projects. Capital assets increased by \$10.2M, net of accumulated depreciation due primarily to the expenditures on major water and sewer projects. Notes and loans receivable increased \$4.1M due to new housing loans for affordable housing projects. Total liabilities increased by \$248,943 due to principal payments on outstanding bonds.
- As of June 30, 2006, the City's governmental funds reported combined ending fund balances of \$41,370,646, a net increase of \$1,088,503. Approximately 61% of the combined fund balances, \$25,243,544 is available to meet the City's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$15,225,455, or 60% of total General Fund expenditures.
- Following the events of September 11, 2001 and the depressed economy, City's revenues have grown at a moderate pace, with the majority of the growth being in taxes. City-wide revenues are up \$10.2 million, with charges for services for government activities up \$1.4M and for business-type activities up \$3.9M. Taxes are up \$2.9M as assessed valuations continue to rise and investments are up \$0.9M as interest rates rose steadily during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Management's Discussion and Analysis, Continued

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

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

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

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

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

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

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

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

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

Management's Discussion and Analysis, Continued

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table represents a comparative analysis of the net assets of governmental and business-type activities for the years ending June 30, 2006 and June 30, 2005:

Statement of Net Assets						
June 30, 2006						
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 46,190,574	\$ 43,802,952	\$ 24,000,409	\$ 33,584,721	\$ 70,190,983	\$ 77,387,673
Capital assets, net	57,715,138	58,418,752	24,676,840	13,673,051	82,391,978	72,091,803
Total assets	103,905,712	102,221,704	48,677,249	47,257,772	152,582,961	149,479,476
Current and other liabilities	3,151,806	2,404,594	2,280,737	2,532,048	5,432,543	4,936,642
Long-term liabilities	37,424,098	37,461,298	19,887,985	20,097,743	57,312,083	57,559,041
Total liabilities	40,575,904	39,865,892	22,168,722	22,629,791	62,744,626	62,495,683
Net assets:						
Invested in capital assets, net of related debt	28,626,241	30,487,238	14,867,127	16,741,255	43,493,368	47,228,493
Restricted	5,955,759	8,551,078	-	-	5,955,759	8,551,078
Unrestricted	28,747,808	23,317,496	11,641,400	7,886,726	40,389,208	31,204,222
Total net assets	\$ 63,329,808	\$ 62,355,812	\$ 26,508,527	\$ 24,627,981	\$ 89,838,335	\$ 86,983,793

Analysis of Net Assets – As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$89.8 million at the close of the current fiscal year. Total assets increased by \$3.1 million during the year. This is comprised of a decrease in current assets by \$7.2 million and an increase in capital assets by \$10.3 million. Cash and investments increased by \$0.9M. Housing Projects cash decreased \$2.3 million due to expenditures on affordable housing projects. Special Revenue Funds cash increased by \$1.4M from revenue received for development fees. Sewer operating cash increased by \$1.8M as a result of conservation of water usage by the utility customers. Overall cash, including restricted cash, decreased by \$13.1 million as bond proceeds were spent on major capital water and sewer projects. Capital assets increased by \$10.3 million, net of accumulated depreciation. Notes and loans receivable increased \$4.2 million due to new housing loans.

A portion of the City's net assets (45%) represents *unrestricted net assets* of \$40.4 million, which may be used to meet the City's ongoing obligations to citizens and creditors.

Another significant portion of the City's net assets is the \$43.5 million (48%) that reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets of \$6 million (7%) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the City reported positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental activities. For business-type activities, the City reported a positive balance of \$11.6 million in unrestricted net assets.

Management's Discussion and Analysis, Continued

The following table indicates the comparative changes in net assets for governmental and business-type activities for fiscal year June 30, 2006 and 2005:

Statement of Activities For the Fiscal Year Ended June 30, 2006

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 6,110,920	\$ 4,651,889	\$ 21,085,175	\$ 17,255,544	\$ 27,196,095	\$ 21,907,433
Operating grants and contributions	2,719,200	2,234,947	-	-	2,719,200	2,234,947
Capital grants and contributions	546,563	514,534	1,186,735	1,028,338	1,733,298	1,542,872
General revenues:						
Property taxes	15,504,905	13,810,490	-	-	15,504,905	13,810,490
Franchise taxes	1,308,839	1,263,721	-	-	1,308,839	1,263,721
Other taxes	1,855,821	931,074	-	-	1,855,821	931,074
Contributions not restricted to specific programs:						
Sales taxes allocation from State	7,386,925	6,953,294	-	-	7,386,925	6,953,294
Motor vehicle license fees	2,572,107	2,804,619	-	-	2,572,107	2,804,619
Rental income	-	-	-	-	-	-
Investment income	1,671,623	1,064,234	586,583	263,349	2,258,206	1,327,583
Other	1,109,814	974,079	-	-	1,109,814	974,079
Total revenues	40,786,717	35,202,881	22,858,493	18,547,231	63,645,210	53,750,112
Expenses:						
General government	11,455,704	11,762,224	-	-	11,455,704	11,762,224
Public safety	16,703,386	15,087,248	-	-	16,703,386	15,087,248
Public works	4,220,758	4,408,673	-	-	4,220,758	4,408,673
Parks and recreation	4,167,196	3,968,774	-	-	4,167,196	3,968,774
Other	1,504,207	1,411,055	-	-	1,504,207	1,411,055
Interest on long-term debt	2,038,944	2,060,965	-	-	2,038,944	2,060,965
Water	-	-	6,454,568	5,650,092	6,454,568	5,650,092
Sewer	-	-	9,697,231	8,851,372	9,697,231	8,851,372
Refuse collection	-	-	4,548,674	4,321,260	4,548,674	4,321,260
Total expenses	40,090,195	38,698,939	20,700,473	18,822,724	60,790,668	57,521,663
Excess (deficiency) before transfers	696,522	(3,496,058)	2,158,020	(275,493)	2,854,542	(3,771,551)
Transfers	277,474	(238,760)	(277,474)	238,760	-	-
Change in net assets	973,996	(3,734,818)	1,880,546	(36,733)	2,854,542	(3,771,551)
Net assets, beginning of year	62,355,812	66,090,630	24,627,981	24,664,714	86,983,793	90,755,344
Net assets, end of year	\$ 63,329,808	\$ 62,355,812	\$ 26,508,527	\$ 24,627,981	\$ 89,838,335	\$ 86,983,793

Governmental activities. Governmental activities increased the City's net assets by \$973,996 as explained below.

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

- Property taxes increased by \$1,694,415 as a result of a 7.8% increase in the property tax assessment. Housing prices in Sonoma County leveled off during the year and demand for housing has begun to decline.
- Sales taxes rose by \$433,631 or 6.2% as major retailers continue to see strong sales growth. Franchise taxes increased by \$45,118, or 3.6%. Motor vehicle license fees (classified as contributions not restricted to specific programs) decreased \$232,512 or 8.3%, as a refund of prior year license fees of \$723K was received by the State in the prior year.
- Charges for services increased \$1,459,031 or 31.4%, primarily due to a reclassification of performing arts center revenue from operating grants to charges for services (\$592,955), as well as an increasing in zoning and engineering fees and an increase in development fee revenue.

Management's Discussion and Analysis, Continued

- Operating grants and contributions decreased by \$484,253, primarily due to the reclassification of performing arts center revenue to charges for services.
- The City's overall investment earnings increased \$607,389 or 57.1% during the year. Interest rates steadily increased through the year. The Housing Project fund also received \$52,270 in deferred interest on a new housing loan.
- Total expenses increased by \$1,391,256 or 3.6% as a result of rising costs in salaries and benefits, additional personnel, and increased expenditures for capital projects.

Business-type activities. Business-type activities increased the City's net assets by \$1,880,546. Key factors of this increase are as follows:

- The water department net assets increased by \$199,920 as revenue from operations exceeded expenditures. Revenue from operations increased by \$1,473,046 due to an increase in water rates. Expenses increased by \$639,140 from the prior year.
- The sewer department net assets increased by \$1,505,677 as revenues increased \$1,552,834 due to an increase in sewer rates and expenses for the sewer operation increased \$308,272 due to increased cost of the subregional sewer system. The sewer department also received \$1,062,538 in capital contributions from developer fees for capital expansion projects.
- The refuse collection net assets increased by \$174,949. This increase was due an increase in the refuse rates.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$41,370,646, an increase of \$1,088,503 in comparison with the prior year. \$25,243,544 of this total amount constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is *not* available for new spending because: 1) it reflects fund equity in assets that are long-term in nature and thus, do not represent available spendable resources (\$10,087,121); 2) it is restricted for housing projects (\$538,502); 3) it is restricted for street projects (\$1,282,579); 4) it is restricted to pay debt service (\$2,869,827); 5) it represents prepaid items and other assets (\$84,222), and 6) it represents an endowment, of which the principal may not be spent (\$1,264,851).

For the fiscal year ended June 30, 2006, revenues for government functions overall totaled \$39,092,213, while expenditures totaled \$41,056,512. Expenditures from governmental functions exceeded revenues by approximately \$1,964,299.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$15,225,455 while total fund balance was \$18,030,830. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 60% of total General Fund expenditures of \$25,499,733, while total fund balance represents 71% of that same amount.

Management's Discussion and Analysis, Continued

The fund balance in the City's General Fund decreased by \$298,172 during the fiscal year, primarily due to expenditures outpacing revenues. The City's General Fund property tax collections increased by approximately 14.2% during the fiscal year related to growth in assessed values of real and personal property, as well as growth in supplemental property tax revenues. Sales tax grew 6.2% as sales continue to be strong. Intergovernmental revenue decreased by 6.6% primarily due a reimbursement of \$723,000 that was received in the prior fiscal year from the State for the prior year loss of MVLFF backfill. The sale of surplus assets contributed \$621,704 to the General Fund. Expenditures increased \$1,119,125, most of which was attributable to increases in salaries and benefits. Overall, the General Fund's performance resulted in expenditures in excess of revenues in the fiscal year ended June 30, 2006 of about \$0.3 million, which indicates that while the economy is slowly beginning to recover, expenditures are still at a higher pace.

The Capital Projects fund balance increased by \$991,523 as cash and investments increased from additional tax increment revenue. The Housing Fund balance increased by \$1,764,942 as there were a few new major housing loans for affordable housing projects. The Financing Authority fund balance decreased by \$1,333,252 as cash from bonds proceeds was spent on the new City Hall project. The Special Assessments Debt Service fund balance decreased by \$7,790. The City Capital Projects fund balance decreased by \$965,950 total revenue declined from the previous year.

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

At the end of the fiscal year, the unrestricted net assets for the water operation were \$4,162,275, the sewer operation \$6,943,306, and the refuse collection \$535,819.

The total increase in net assets for proprietary funds was \$1,880,546. Factors concerning the finances of these funds have been addressed previously in the discussion of the City's business-type activities.

Fiduciary funds. The City's fiduciary operations consist of the Special Enforcement Unit – South (Private-purpose Trust Fund). The Special Enforcement Unit – South accounts for assets seized by the Department of Public Safety. Net assets in the Special Enforcement Unit – South Fund increased by \$31,202.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no amendments to the 2005-06 budget. Highlights of the budget are:

- Total operating revenues were budgeted at \$21.6 million, about \$1.1 million higher than the 2004-05 budget. Some revenue projections, like taxes, were increased based on sales tax consultant's estimates and assessed property valuations; however, other revenue projections, like recreation revenues and interest earnings were reduced to reflect the current economic climate. Investment income and recreation revenues were reduced based on current and projected economic conditions. Revenue performance was favorable to budget by approximately \$909,515 with taxes, investment earnings, planning and engineering fees exceeding budget expectations. Recreation, Performing Arts Revenue and golf course revenue was below budget as an indication of the weak economy. Most other revenues were close to budget.
- Total expenditures (excluding enterprise fund and Community Development Commission allocations) were budgeted at \$26.6 million, an increase of \$2.2 million over the previous year's budget. There were increases in the budget categories of costs for salary and benefits due to salary increases, additional personnel and increased premiums for health and workers comp insurance. Total expenditures were under budget by \$1.1M for the fiscal year, primarily due to capital items not being purchased as the City did not receive a budgeted Federal FEMA grant.
- Total reserves were budgeted to decrease by \$2.5 million with expenditures exceeding revenues. Specifically, the General Fund Reserve was budgeted to decrease by \$1.6 million; the General Fund Endowment Reserve was budgeted to decrease by \$0.3million; the Self-Insured Losses Reserve was budgeted to decrease by \$260,000; the Capital Replacement Reserve was budgeted to decrease by \$225,953; the Infrastructure Reserve was budgeted to decrease by \$75,000. There were some minor budgeted changes in the other reserves. However, with revenues exceeding budget expectations and expenditures \$1M below budget, total reserves had a slight increase of \$17,037 at the end of the fiscal year.

Management's Discussion and Analysis, Continued

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounted to \$82,391,978 (net of accumulated depreciation). This investment in capital assets includes land and easements, infrastructure, structures and improvements, equipment, and construction in progress. Major capital asset events during the current fiscal year included the following:

- For government activities, construction in progress increased by a net of \$2,808,208 due in part to the start of several new projects: City Hall (\$1.5M); Recreation Center roof replacement (\$601,086) and other miscellaneous projects. In total, \$4.5M was spent on open projects, while \$1.3 million of completed projects were transferred to structures and improvements. During the year, the City transferred \$548,955 for design of a new city hall, \$559,251 for road improvements and a few miscellaneous projects totaling \$177,287 were transferred to structures and improvements.
- For business-type activities, construction in progress increased by a net of \$11.4 million, due primarily to opening and continuance of a few major water and sewer projects, the commercial water meter retrofit (\$0.7 million), the parallel sewer interceptor project (\$10.2 million) and the Eastside Sewer Project (\$1 million). During the year, the City completed a few smaller water and sewer projects, totaling \$447,273.

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

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

	Governmental activities		Business-type activities		Total		Increase/ (Decrease) Percent of Change
	2006	2005	2006	2005	2006	2005	
Land and easements	\$ 2,948,157	\$ 2,948,157	\$ -	\$ -	\$ 2,948,157	\$ 2,948,157	0.0%
Infrastructure, structures and improvements	106,362,391	105,965,817	21,636,370	21,446,331	127,998,761	127,412,148	0.5%
Equipment	13,053,356	12,717,325	1,865,056	1,495,131	14,918,412	14,212,456	5.0%
Construction in progress	6,454,882	3,280,232	14,821,185	3,390,195	21,276,067	6,670,427	219.0%
Accumulated depreciation	(71,103,648)	(66,492,779)	(13,645,771)	(12,658,606)	(84,749,419)	(79,151,385)	7.1%
Total	\$ 57,715,138	\$ 58,418,752	\$ 24,676,840	\$ 13,673,051	\$ 82,391,978	\$ 72,091,803	14.3%

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

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

Management's Discussion and Analysis, Continued

Debt Administration

At June 30, 2006, the City had total long-term debt outstanding of \$56,081,881, excluding compensated absences, which was comprised of \$23,831,799 of certificates of participation, \$22,962,075 of tax allocation bonds, \$600,356 of special assessment bonds, \$6,660,264 of water revenue bonds and \$2,027,387 of capital leases. Long-term debt decreased by \$432,188 due to reduction on the special assessment bonds, certificates of participation and tax allocation bonds from scheduled retirement of debt. In the tax allocation bonds category, retirement of debt was partially offset by accretion of interest on capital appreciation bonds.

The City's Ordinance imposes a limit on the amount of general obligation bonds the City can have outstanding at any give time. As of June 30, 2006, the City's debt limit (15% of assessed valuation) was \$535 million. At June 30, 2006, the City did not have any debt applicable to the limit outstanding.

	Governmental activities		Business-type activities		Total		Increase/ (Decrease) Percent of Change
	2006	2005	2006	2005	2006	2005	
Special assessment bonds, net of deferred loss on refunding	\$ 600,356	\$ 881,289	\$ -	\$ -	\$ 600,356	\$ 881,289	-31.9%
Certificates of participation	4,265,000	4,405,000	13,227,720	13,235,332	17,492,720	17,640,332	-0.8%
Lease revenue refunding bonds including discount and deferred loss on refunding	6,339,079	6,532,861	-	-	6,339,079	6,532,861	-3.0%
Tax allocation bonds, including accretion, premium and deferred loss on refunding	22,962,075	23,112,192			22,962,075	23,112,192	-0.6%
Water revenue bonds, net of discount	-	-	6,660,264	6,862,411	6,660,264	6,862,411	-2.9%
Capital leases	<u>2,027,387</u>	<u>1,484,984</u>			<u>2,027,387</u>	<u>1,484,984</u>	<u>36.5%</u>
Total	<u>\$ 36,193,897</u>	<u>\$ 36,416,326</u>	<u>\$ 19,887,984</u>	<u>\$ 20,097,743</u>	<u>\$ 56,081,881</u>	<u>\$ 56,514,069</u>	<u>-0.8%</u>

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

Economic Factors and Next Year's Budget and Rates

- The economy of Sonoma County is expanding at its strongest pace since the 2001 recession, with industrial production expanding well above average. The unemployment rate is at its lowest point since late 2001 at 4%. One of Sonoma County's strongest basic industries, travel and tourism, has improved considerably over the past two years. Hotel occupancy rates have risen to over 60% and room rates have increased steadily over the last year, with an increased demand for higher-end hotels. Personal income growth in the San Francisco Bay Area will lead to increased spending on tourism in Sonoma County. Also, U.S. personal income growth is accelerating and corporate profits continue to improve. This will have a positive impact on leisure and corporate travel.
- The wine industry's outlook is continuing to improve. Wine consumption has rebounded and shipments of high-end and medium-priced wines from California are rising, reflecting firmer consumer demand. This also makes winery visits and wine-related tourism more popular. The high-tech sector is finally stabilizing after four years of major layoffs. The forecast for telecom equipment has improved greatly from last year. The driving indicator for growth in this sector is continued rapid pace of business investment spending both domestically and abroad.
- The housing market in Sonoma County has finally calmed down, with home prices declining 1.8% from the 2005 median. However, construction permits has not slowed, but in fact risen over the past year, focused more on nonresidential and infrastructure construction.

Management's Discussion and Analysis, Continued

- The retail sector in Rohnert Park experienced a 6.2% rise in sales, which was mostly attributable to department store sales. The City's diversified business mix helps weather any downturns in the economy, but the City would like to focus more on the business-to-business and transportation segments. As sales tax is the largest source of revenue for the Rohnert Park General Fund (33%), the City is focusing on economic development to attract new business. The City is currently working on implementation of the General Plan, which provides for development of specific plan areas. Some of these areas will be commercial developments that will generate additional sales tax dollars. The 2006-07 sales tax projection includes moderate growth in the sales tax base as new restaurants and retailers are anticipated to open doors during the year.
- As stated above, the tourism industry in the County is recovering moderately through renewed support by the local leisure traveler and the business traveler. For the City, the transient occupancy tax has been increasing steadily over the past few years and finally rose above the 2001 peak year in 2005-06. The City will soon have an additional hotel, the Hampton Inn, which is scheduled for completion sometime in the spring of 2007.
- In order to bring General Fund expenditures in line with revenues, the City reduced the workforce in July 2003 by thirty positions. Some of these positions were vacant, however, other positions were eliminated through employees accepting the "Golden Handshake" and retiring early or through involuntary layoffs. These changes reduced expenditures by \$2.5 million. The 2004-05 budget added one position that is funded by the General Fund and four additional public safety positions that are funded by a memorandum of understanding with the Federated Indians of the Graton Rancheria for a special enforcement unit to address heightened criminal activity. The City did approve the enhancement of both the Public Safety and Miscellaneous PERS retirement plans to be implemented July 1, 2007. The combined annual cost of both of these plans is \$1.4 million, which will be funded through new revenues from the Westside developments, as well as increased revenues from taxes as the economy continues to improve. For 2005-06, the City added two management analyst positions and a Community Development Director to handle the increased activity in implementing the General Plan. The 2006-07 authorizes the addition of two positions in a new department, Fire Prevention, that will be funded through the fire prevention fees. The budget also authorizes an Assistant City Engineer to assist with the projects related to the implementation of the General plan. This position will be funded through development fees. Also authorized is an equipment mechanic to assist the one sole mechanic with maintenance of the City's fleet.
- Expenditures in the area of capital outlay or non-routine facility maintenance will either be funded through the General Fund on a critical needs basis, or through outside sources such as grants or donations. All other major equipment or maintenance projects will be postponed until the City's financial condition improves.
- During the year, the major freeway running through Sonoma County was widened, which greatly improved the traffic flow. The second phase of this expansion is currently underway, which extends the widening for another few miles. Another important milestone is that commercial airline service is returning to Sonoma County with a commitment by Horizon Air to begin service in early 2007 to Los Angeles and Seattle. It is hoped that other major commercial carriers will also add service in Santa Rosa.
- The State's "Triple Flip" measures for both sales tax and motor vehicle license fees had a minor impact on sales tax, but reduced MVLF by about \$0.5 million. The ERAF shift for MVLF will continue for one more year in 2005-06, with an additional \$0.5 million impact. In 2005-06, the City received the MVLF "backfill" as promised by the State. The amount received was \$723,000.
- Because of the City's strong financial performance in 2005-06, the City's only had to use about \$250,000 from its General Fund Reserve. The City estimates a shortfall of about \$2.8M in 2006-07, which will be covered through the sale of surplus land. The City is hopeful that through the development of the General Plan's specific plan areas, as well as continued improvement in the local economy, revenues will be closer to matching expenditures.

All of these factors were considered in preparing the City's budget for fiscal year 2007.

Management's Discussion and Analysis, Continued

Request for Information

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

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

CITY OF ROHNERT PARK

STATEMENT OF NET ASSETS
JUNE 30, 2006

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Housing Financing Authority
ASSETS				
Cash and investments	\$ 23,779,890	\$ 8,753,528	\$ 32,533,418	\$ 55,759
Receivables	4,645,867	4,094,621	8,740,488	-
Prepaid items and other assets	84,222	-	84,222	-
Restricted cash and investments	9,191,625	10,616,448	19,808,073	-
Special assessments receivable	340,000	-	340,000	-
Notes and loans receivable	7,660,121	-	7,660,121	-
Deferred costs of issuance	488,849	535,812	1,024,661	-
Capital assets:				
Nondepreciable assets	9,403,039	14,821,185	24,224,224	-
Depreciable assets, net of accumulated depreciation	48,312,099	9,855,655	58,167,754	-
	<u>103,905,712</u>	<u>48,677,249</u>	<u>152,582,961</u>	<u>55,759</u>
LIABILITIES				
Accounts payable	1,321,842	1,192,828	2,514,670	-
Accrued liabilities	321,597	-	321,597	-
Deposits	448,013	575,530	1,023,543	-
Unearned revenue	608,772	397,471	1,006,243	-
Interest payable	451,582	114,908	566,490	-
Long-term liabilities:				
Due within one year	2,309,439	444,758	2,754,197	-
Due in more than one year	35,114,659	19,443,227	54,557,886	-
Total liabilities	<u>40,575,904</u>	<u>22,168,722</u>	<u>62,744,626</u>	<u>-</u>
NET ASSETS				
Invested in capital assets, net of related debt	28,626,241	14,867,127	43,493,368	-
Restricted for:				
Housing projects	538,502	-	538,502	-
Street projects	1,282,579	-	1,282,579	-
Debt service	2,869,827	-	2,869,827	-
Performing Arts Center Endowment	1,264,851	-	1,264,851	-
Unrestricted	28,747,808	11,641,400	40,389,208	55,759
Total net assets	<u>\$ 63,329,808</u>	<u>\$ 26,508,527</u>	<u>\$ 89,838,335</u>	<u>\$ 55,759</u>

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

FUNCTION/PROGRAM ACTIVITIES:	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 11,455,704	\$ 1,476,260	\$ 1,156,600	\$ 50,453
Public safety	16,703,386	450,057	279,726	
Public works	4,220,758	2,542,293	374,396	496,110
Parks and recreation	4,167,196	1,640,881	14,457	
Other	1,504,207	1,429	894,021	
Interest on long-term debt	2,038,944			
Total governmental activities	<u>40,090,195</u>	<u>6,110,920</u>	<u>2,719,200</u>	<u>546,563</u>
Business-type activities:				
Water	6,454,568	6,406,197	-	124,197
Sewer	9,697,231	9,955,355	-	1,062,538
Refuse Collection	4,548,674	4,723,623	-	-
Total business-type activities	<u>20,700,473</u>	<u>21,085,175</u>	<u>-</u>	<u>1,186,735</u>
Total primary government	<u>\$ 60,790,668</u>	<u>\$ 27,196,095</u>	<u>\$ 2,719,200</u>	<u>\$ 1,733,298</u>
Component unit:				
Housing Financing Authority	\$ 11,090	\$ -	\$ -	\$ -

General revenues:
 Property taxes
 Franchise taxes
 Other taxes
 State contributions not restricted to specific programs:
 Sales taxes
 Motor vehicle license fees
 Rental income
 Investment income
 Gain on sale of capital assets
 Transfers
 Total general revenues and transfers
 Change in net assets
 Net assets, beginning of year
 Net assets, end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Primary Government		Component Unit
	Business- type Activities	Total	Housing Financing Authority
\$ (8,772,391)	\$ -	\$ (8,772,391)	\$ -
(15,973,603)		(15,973,603)	-
(807,959)		(807,959)	-
(2,511,858)		(2,511,858)	-
(608,757)		(608,757)	-
(2,038,944)		(2,038,944)	-
<u>(30,713,512)</u>	<u>-</u>	<u>(30,713,512)</u>	<u>-</u>
	75,826	75,826	-
	1,320,662	1,320,662	-
	174,949	174,949	-
	<u>1,571,437</u>	<u>1,571,437</u>	<u>-</u>
<u>(30,713,512)</u>	<u>1,571,437</u>	<u>(29,142,075)</u>	<u>-</u>
			(11,090)
15,504,905	-	15,504,905	-
1,308,839	-	1,308,839	-
1,855,821	-	1,855,821	-
7,386,925	-	7,386,925	-
2,572,107	-	2,572,107	-
-	-	-	-
1,671,623	586,583	2,258,206	721
1,109,814	-	1,109,814	-
277,474	(277,474)	-	-
<u>31,687,508</u>	<u>309,109</u>	<u>31,996,617</u>	<u>721</u>
973,996	1,880,546	2,854,542	(10,369)
<u>62,355,812</u>	<u>24,627,981</u>	<u>86,983,793</u>	<u>66,128</u>
<u>\$ 63,329,808</u>	<u>\$ 26,508,527</u>	<u>\$ 89,838,335</u>	<u>\$ 55,759</u>

CITY OF ROHNERT PARK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	Community Development Commission						Total	
	General	Capital Projects	Housing	Financing Authority	Special Assessments Debt Service	City Capital Projects		Other Governmental Funds
ASSETS								
Cash and investments	\$ 12,275,746	\$ 4,202,692	\$ 1,023,018	\$ -	\$ -	\$ -	\$ 6,278,434	\$ 23,779,890
Receivables (net of allowance for uncollectibles):								
Taxes	1,734,047	274,343	-	-	-	-	-	2,008,390
Accounts	949,795	-	-	-	-	-	-	2,266,611
Accrued interest	268,523	82,394	19,949	-	-	535,996	780,820	370,866
Due from other funds	1,081,110	-	54,869	-	-	-	-	1,135,979
Prepaid items and other assets	84,222	-	-	-	-	-	-	84,222
Restricted cash and investments	1,092,884	1,396,612	-	4,445,905	470,481	-	1,785,743	9,191,625
Special assessments receivable	294,153	-	-	-	340,000	-	-	340,000
Loans and notes receivable	2,427,000	-	7,365,968	-	-	-	-	7,660,121
Advances to other funds	20,207,480	5,956,041	8,463,804	4,445,905	810,481	535,996	8,844,997	49,264,704
LIABILITIES								
Accounts payable	\$ 558,673	\$ 7,967	\$ 186,745	\$ -	\$ -	\$ 568,457	\$ -	\$ 1,321,842
Accrued liabilities	321,597	-	-	-	-	-	-	321,597
Due to other funds	-	59,660	4,791	-	-	1,071,528	-	1,135,979
Deposits	448,013	-	-	-	-	-	-	448,013
Deferred revenue	848,367	-	367,798	-	\$ 340,000	-	683,462	2,239,627
Advances from other funds	2,176,650	2,494,627	559,334	-	340,000	1,639,985	683,462	7,894,058
FUND BALANCES (DEFICIT)								
Reserved for:								
Prepaid items and other assets	84,222	-	-	-	-	-	-	84,222
Advances, loans and notes	2,721,153	-	7,365,968	-	-	-	-	10,087,121
Housing projects	-	-	538,502	-	-	-	-	538,502
Street projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	613,603	470,481	-	1,282,579	1,282,579
Performing Arts Center endowment	-	-	-	-	-	-	1,785,743	2,869,827
Unreserved, reported in:								
General Fund	15,225,455	-	-	-	-	-	-	15,225,455
Special revenue funds	-	-	-	-	-	-	3,730,841	3,730,841
Capital project funds	-	3,461,414	-	3,832,302	-	(1,103,989)	97,521	6,287,248
Total fund balances (deficit)	18,030,830	3,461,414	7,904,470	4,445,905	470,481	(1,103,989)	8,161,535	41,370,646
Total liabilities and fund balances	\$ 20,207,480	\$ 5,956,041	\$ 8,463,804	\$ 4,445,905	\$ 810,481	\$ 535,996	\$ 8,844,997	\$ 49,264,704

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2006**

Fund balances - total governmental funds	\$ 41,370,646
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources	57,709,623
Internal service funds are used by management to charge the costs of management of centralized data processing services and related billings to other City departments and individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.	5,515
Long-term receivables and interest on deferred loans are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis.	1,630,855
Costs of issuance are capitalized on the government-wide statement of net assets, whereas, they are reported as expenditures in the governmental funds.	488,849
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.	(451,582)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Special assessment bonds, net	\$ (600,356)
Certificates of participation	(4,265,000)
Lease revenue bonds	(6,339,079)
Tax allocation bonds, net (including accreted interest)	(22,962,075)
Capital leases	(2,027,387)
Compensated absences	(1,230,201)
	<u>(37,424,098)</u>
Net assets of governmental activities	<u>\$ 63,329,808</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, 2006

	General	Community Development Commission					Total
		Capital Projects	Housing Projects	Financing Authority	Special Assessments Debt Service	City Capital Projects	
REVENUES							
Taxes	\$ 13,678,383	\$ 11,922,817	\$ -	\$ -	\$ -	\$ -	\$ 26,055,840
Intergovernmental	3,084,799	-	-	-	-	28,958	4,385,363
Interest and rentals	1,542,961	193,804	155,571	136,647	-	-	2,214,033
Charges for current services	1,932,497	-	-	-	12,202	-	2,461,399
Licenses, permits and fees	1,034,921	-	-	-	-	528,902	1,796,443
Special assessment collections	-	-	-	-	306,495	-	306,495
Fines, forfeitures and penalties	216,368	-	-	-	-	-	216,368
Donations and miscellaneous	1,028,302	741	1,429	-	-	625,800	1,656,272
Total revenues	22,518,231	12,117,362	157,000	136,647	318,697	557,860	39,092,213
EXPENDITURES							
Current:							
General government	3,186,118	6,344,874	1,653,083	-	-	-	11,184,075
Public safety	15,442,477	-	-	-	-	-	15,442,477
Public works	1,841,831	-	-	-	-	-	1,841,831
Parks and recreation	2,875,257	-	-	-	-	-	2,875,257
Other	1,182,246	789,806	-	-	5,502	-	1,187,748
Capital outlay	971,804	-	-	-	-	3,670,337	5,431,947
Debt service:							
Principal	-	223,290	-	365,000	290,000	1,241,222	1,896,222
Interest and fiscal charges	-	7,357,970	1,653,083	471,749	30,985	470,931	1,196,955
Total expenditures	25,499,733	14,426,884	3,306,166	836,749	326,487	1,712,153	41,056,512
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,981,502)	4,759,392	(1,496,083)	(700,102)	(7,790)	(3,112,477)	(1,964,299)
OTHER FINANCING SOURCES (USES)							
Proceeds from the sale of capital assets	621,704	-	1,335,000	-	-	-	1,956,704
Capital leases	818,624	-	-	-	-	-	818,624
Transfers in	2,364,490	-	2,203,638	845,067	-	2,164,073	9,245,675
Transfers out	(1,121,488)	(3,767,869)	(277,613)	(1,478,217)	-	(17,546)	(8,968,201)
Total other financing sources (uses)	2,683,330	(3,767,869)	3,261,025	(633,150)	-	2,146,527	3,052,802
NET CHANGE IN FUND BALANCES	(298,172)	991,523	1,764,942	(1,333,252)	(7,790)	(965,950)	1,088,503
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	18,329,002	2,469,891	6,139,528	5,779,157	478,271	(198,039)	40,282,143
FUND BALANCES (DEFICIT), END OF YEAR	\$ 18,030,830	\$ 3,461,414	\$ 7,904,470	\$ 4,445,905	\$ 470,481	\$ (1,103,989)	\$ 41,370,646

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
JUNE 30, 2006

Net change in fund balances - total governmental funds		\$ 1,088,503
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense		
Capital asset additions, reported as capital outlay	5,431,947	
Basis in capital assets sold	(846,890)	
Depreciation	<u>(5,284,884)</u>	(699,827)
Revenues recognized in the governmental funds that were earned and recognized in previous years and reported as beginning net assets in the statement of activities. Revenues earned in the current year that did not meet the revenue recognition criteria for governmental funds are reported as revenues in the statement of activities.		
		584,690
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Lease proceeds	(818,624)	
Principal repayments:		
Tax allocation bonds	965,000	
Certificates of participation	365,000	
Special assessment bonds	290,000	
Capital leases	<u>276,221</u>	1,077,597
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Amortization of deferred costs of issuance	(45,963)	
Change in accrued interest payable	13,180	
Amortization of premium, discount and deferred amount on refunding	(52,184)	
Interest accretion on capital appreciation bonds	(802,984)	
Change in long-term compensated absences	<u>(185,229)</u>	(1,073,180)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net loss of the internal service funds is reported with governmental activities.		
		<u>(3,787)</u>
Change in net assets of governmental activities		<u>\$ 973,996</u>

See accompanying notes to the basic financial statements.

**CITY OF ROHNERT PARK
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006**

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Refuse Collection	Total	Internal Service
ASSETS					
Current assets:					
Cash and investments:					
Operating	\$ 3,198,365	\$ 5,211,441	\$ 343,722	\$ 8,753,528	\$ -
Held for capital improvements	3,134,221	6,920,618	-	10,054,839	-
Deposits	46,748	475,904	38,957	561,609	-
Total cash and investments	6,379,334	12,607,963	382,679	19,369,976	-
Accounts receivable	1,383,337	2,035,580	675,704	4,094,621	-
Total current assets	7,762,671	14,643,543	1,058,383	23,464,597	-
Noncurrent assets:					
Deferred costs of issuance	196,854	338,958	-	535,812	-
Capital assets:					
Land, structures and improvements	13,307,754	8,585,849	-	21,893,603	-
Furniture, fixtures and equipment	945,648	662,175	-	1,607,823	146,643
Construction in progress	3,234,926	11,586,258	-	14,821,184	-
Total capital assets	17,488,328	20,834,282	-	38,322,610	146,643
Less: accumulated depreciation	(7,459,434)	(6,186,336)	-	(13,645,770)	(141,128)
Net capital assets	10,028,894	14,647,946	-	24,676,840	5,515
Total noncurrent assets	10,225,748	14,986,904	-	25,212,652	5,515
Total assets	17,988,419	29,630,447	1,058,383	48,677,249	5,515
LIABILITIES					
Current liabilities:					
Accounts payable	399,500	307,576	485,752	1,192,828	-
Interest payable	66,293	48,615	-	114,908	-
Deposits	66,675	472,043	36,812	575,530	-
Deferred revenue	73,665	323,806	-	397,471	-
Bonds payable	207,146	237,612	-	444,758	-
Total current liabilities	813,279	1,389,652	522,564	2,725,495	-
Noncurrent liabilities:					
Bonds payable	6,453,119	12,990,108	-	19,443,227	-
Total liabilities	7,266,398	14,379,760	522,564	22,168,722	-
NET ASSETS					
Invested in capital assets, net of related debt	6,559,746	8,307,381	-	14,867,127	5,515
Unrestricted	4,162,275	6,943,306	535,819	11,641,400	-
Total net assets	\$ 10,722,021	\$ 15,250,687	\$ 535,819	\$ 26,508,527	\$ 5,515

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Refuse Collection	Total	Internal Service
OPERATING REVENUES:					
Utility service charges	\$ 6,350,176	\$ 9,871,324	\$ 4,676,939	\$ 20,898,439	\$ -
Charges for services	-	-	-	-	404,368
Penalties and other	56,021	84,031	46,684	186,736	-
Total operating revenues	6,406,197	9,955,355	4,723,623	21,085,175	404,368
OPERATING EXPENSES:					
Contractual services	2,258,576	52,326	4,544,321	6,855,223	-
Rent and leases	8,912	7,167,421	-	7,176,333	-
Payroll and related costs	2,015,423	1,055,531	-	3,070,954	-
Heat, light and power	161,497	62,635	-	224,132	-
Other	376,171	265,081	1,806	643,058	-
Depreciation	699,206	287,959	-	987,165	4,992
Repairs, operations and maintenance	325,444	111,610	-	437,054	403,163
Professional services	207,063	85,337	2,547	294,947	-
Supplies	127,082	24,075	-	151,157	-
Total operating expenses	6,179,374	9,111,975	4,548,674	19,840,023	408,155
OPERATING INCOME/(LOSS)	226,823	843,380	174,949	1,245,152	(3,787)
NONOPERATING REVENUES (EXPENSES)					
Investment income	244,009	342,574	-	586,583	-
Interest expense	(275,194)	(585,256)	-	(860,450)	-
Total nonoperating revenues (expenses)	(31,185)	(242,682)	-	(273,867)	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	195,638	600,698	174,949	971,285	(3,787)
Capital contributions	124,197	1,062,538	-	1,186,735	-
Transfers In	7,861	-	-	7,861	-
Transfers out	(127,776)	(157,559)	-	(285,335)	-
CHANGE IN NET ASSETS	199,920	1,505,677	174,949	1,880,546	(3,787)
NET ASSETS, BEGINNING OF YEAR	10,522,101	13,745,010	360,870	24,627,981	9,302
NET ASSETS, END OF YEAR	\$ 10,722,021	\$ 15,250,687	\$ 535,819	\$ 26,508,527	\$ 5,515

See accompanying notes to the basic financial statements.

**CITY OF ROHNERT PARK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

	Business-type Activities - Enterprise Funds				Governmental
	Water	Sewer	Refuse Collection	Total	Activity Internal
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ 6,123,718	\$ 9,886,543	\$ 4,669,688	\$ 20,679,949	\$ 404,368
Cash paid to suppliers for goods and services	(3,390,117)	(8,474,773)	(4,604,358)	(16,469,248)	(403,163)
Cash paid to employees for services	(2,015,423)	(1,055,531)	-	(3,070,954)	-
Net cash provided by (used in) operating activities	718,178	356,239	65,330	1,139,747	1,205
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	7,861	-	-	7,861	-
Transfers out	(127,776)	(157,559)	-	(285,335)	-
Net cash provided by (used in) noncapital financing activities	(119,915)	(157,559)	-	(277,474)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from long-term borrowings	-	-	-	-	-
Costs of issuance	10,252	11,330	-	21,582	-
Payment on capital debt	(202,146)	(7,612)	-	(209,758)	-
Interest paid on capital debt	(261,313)	(583,365)	-	(844,678)	-
Acquisition of capital assets	(2,361,810)	(9,629,144)	-	(11,990,954)	(1,205)
Contributions from developers and other agencies	124,197	1,062,538	-	1,186,735	-
Net cash provided by (used in) capital and related financing activities	(2,690,820)	(9,146,253)	-	(11,837,073)	(1,205)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	244,009	342,574	-	586,583	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,848,548)	(8,604,999)	65,330	(10,388,217)	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,227,882	21,212,962	317,349	29,758,193	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,379,334	\$ 12,607,963	\$ 382,679	\$ 19,369,976	\$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES.					
Operating income/(loss)	\$ 226,823	\$ 843,380	\$ 174,949	\$ 1,245,152	\$ (3,787)
Adjustments to reconcile operating income/(loss) to net cash provided by (used in) operating activities:					
Depreciation	699,206	287,959	-	987,165	4,992
Changes in assets and liabilities:					
Increase in accounts receivable	(359,458)	(407,249)	(58,780)	(825,487)	-
Increase (decrease) in accounts payable	74,628	(706,288)	(55,684)	(687,344)	-
Increase (decrease) in deposits	3,314	14,631	4,845	22,790	-
Increase (decrease) in deferred revenue	73,665	323,806	-	397,471	-
Net cash provided by (used in) operating activities	\$ 718,178	\$ 356,239	\$ 65,330	\$ 1,139,747	\$ 1,205

See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK
STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUND
SPECIAL ENFORCEMENT UNIT - SOUTH
JUNE 30, 2006

ASSETS

Cash and investments	\$	35,353
Accounts receivable		-
Total Assets		<u>35,353</u>

LIABILITIES

Accounts payable		<u>19,017</u>
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NET ASSETS	\$	<u>16,336</u>
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See accompanying notes to the basic financial statements.

CITY OF ROHNERT PARK

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS (DEFICIT)
PRIVATE PURPOSE TRUST FUND
SPECIAL ENFORCEMENT UNIT - SOUTH
FOR THE YEAR ENDED JUNE 30, 2006**

ADDITIONS	
Seizures and forfeitures	\$ 36,065
DEDUCTIONS	
Law enforcement costs	<u>(4,863)</u>
CHANGE IN NET ASSETS	31,202
NET ASSETS (DEFICIT):	
BEGINNING OF THE YEAR	<u>(14,866)</u>
END OF YEAR	<u>\$ 16,336</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, 2006

1. DESCRIPTION OF THE REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

Basis of Presentation

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major enterprise funds:

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

The City reports the following additional fund types:

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Assets - are valued at historical cost or, for donated capital assets, at their fair market value on the date donated. Capital assets include public domain (infrastructure) general capital assets consisting of certain improvement including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The City defines capital assets as assets with an estimated useful life in excess of one year and a value of \$1,000 or more. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide and proprietary fund financial statements. The estimated useful lives are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Fund Deficits

At June 30, 2006, the City Capital Projects fund had a deficit fund balance of \$1,103,989 due to capital expenditures exceeding its revenues and beginning fund balance. The deficit will be reimbursed in the future by the gas tax fund, developer fees, State and Federal grants and bonds proceeds.

3. CASH AND INVESTMENTS

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

Primary government:	
Unrestricted	\$ 32,533,418
Restricted	19,808,073
Component unit (HFA) - Deposits	55,759
Private-purpose Trust Fund	<u>35,353</u>
Total cash and investments	<u>\$ 52,432,603</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, 2006 the carrying value of the City's deposits and cash on hand was \$7,073,779. At June 30, 2006 the carrying value of the component unit's deposits was \$55,759. The City and component unit are not exposed to such risks as all deposits are insured or collateralized.

Investments

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

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

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

Credit risk

Credit risk relates to the possibility that an issuer/counterparty to an investment will be unable to fulfill its obligations.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City has an investment policy of lengthening its maturities when rates are falling and shortening its maturities when rates are rising as a means of managing its exposure to fair value losses and to take advantage of advantageous interest rates. Since interest rates are not anticipated to drop any further, the City has about 78% of its investments in maturities of less than 1 year in order to take advantage of anticipated rising interest rates.

As of June 30, 2006, the City's investments, excluding the Housing Financing Authority consisted of the following:

Investment Type	Fair Value	Maturities		Credit Rating
		Less than 1 year	1-5 years	
Federal Home Loan Banks	\$ 13,385,270	\$ -	\$ 13,385,270	Aaa
Federal National Mortgage Association	1,967,810	-	1,967,810	Aaa
State Local Agency Investment Fund	16,701,607	16,701,607	-	Not rated
Sonoma County Investment Pool	615,762	-	615,762	Not rated
Money market funds	12,632,616	12,632,616	-	AAAm
	<u>\$ 45,303,065</u>	<u>\$ 29,334,223</u>	<u>\$ 15,968,842</u>	

As of June 30, 2006, the City's investment in LAIF was \$16,701,607, which has a weighted average maturity of 153 days. The total amount invested by all public agencies in LAIF at that date is approximately \$16.4 billion. The City's proportionate share of structured notes and asset-backed securities held by the LAIF was \$428,730 or 2.567% of the City's investment in LAIF. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool. The City's investments in LAIF is unrated.

As of June 30, 2006, the City's investment in the County's Pool was \$615,762, which has a weighted average maturity of 344 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, as required by California Government Code Section 27134. The value of the pool shares in the County Pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool. The City's investment in the County Pool is unrated.

Concentration of credit risk

The City's investment policy does not place restrictions within the permitted categories of investment that may be entered into and how much may be held by individual issuers. More than 5% of the City's investments are invested in Federal Home Loan Bank (29.5%) and Blackrock Provident Institutional Funds (12.7%).

4. NOTES AND LOANS RECEIVABLE

The Commission extends various developer loans, first-time homebuyer loans, and rehabilitation loans to property owners for the rehabilitation and improvements of commercial buildings and residential homes, and other loans for families and individuals of low/moderate income. The Commission has a secured interest in the properties for which the loans were made. As management believes that the Commission's secured interest adequately covers its value in the loans, there has been no provision made for bad debt and, accordingly, notes and loans receivable are recorded at the net realizable value.

5. DEFERRED REVENUE

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

At June 30, 2006, the various components of deferred revenue and unearned revenue reported were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Governmental activities:		
Major funds:		
Special assessments receivable	\$ 340,000	\$ -
Due from governmental agencies	138,676	-
Building permit fees on housing loan	153,758	
Courseco Loan	289,811	
Parks and recreation and other advances	-	266,122
Housing loans	74,518	293,280
Nonmajor funds:		
Advances from property owners	-	49,370
Traffic Congestion Relief funding due from State	315,591	
Public Facilities Finance Fees on housing loan	318,501	
	<u>\$ 1,630,855</u>	<u>\$ 608,772</u>
Business-type activities:		
Water connection fees on housing loans	\$ 73,665	
Sewer connection fees on housing loans	323,806	
	<u>\$ 397,471</u>	

6. INTERFUND TRANSACTIONS

Interfund Receivables/Payables - The composition of interfund balances as of June 30, 2006 was as follows:

<u>Fund reporting receivable</u>	<u>Fund reporting payable</u>	<u>Amount</u>
Due to/from other funds:		
General Fund	City Capital Projects Fund	\$ 1,071,528
	CDC Capital Projects Fund	4,791
	CDC Housing Fund	4,791
CDC Housing Projects Fund	CDC Capital Projects Fund	54,869
		<u>\$ 1,135,979</u>
Advances to/from other funds:		
General Fund	CDC Capital Projects Fund	<u>\$ 2,427,000</u>

The General Fund loaned \$4,200,000 to the Community Development Commission Capital Projects Fund to construct the Rohnert Park Performing Arts Center. The loan bears interest at a rate of 9 percent per annum. At June 30, 2006, the outstanding balance remaining on this loan is \$2,427,000. The General Fund funded certain City capital projects up front for a total of \$1,071,528 and will be reimbursed as payments are received. The set-aside amount of \$54,869 was the Housing Projects Funds' share of the property tax increment received in July.

Interfund Transfers - The composition of interfund transfers during the fiscal year ended June 30, 2006 was as follows:

<u>Fund Reporting Transfer In</u>	<u>Fund Reporting Transfer Out</u>	<u>Amount</u>
General Fund	CDC Capital Projects Fund	\$ 5,166 c
	CDC Housing Projects Fund	83,546 a
	City Capital Projects Fund	9,685 c
	Nonmajor governmental funds	1,980,758 d
	Water Enterprise Fund (1)	14,373 e
	Sewer Enterprise Fund (1)	9,583 e
	Water Enterprise Fund (1)	113,403 f
	Sewer Enterprise Fund (1)	147,976 f
CDC Housing Projects Fund	CDC Capital Projects Fund	2,203,638 b
Financing Authority Fund	General Fund	400,154 e
	CDC Capital Projects Fund	444,913 e
City Capital Projects fund	General Fund	361,147 c
	Financing Authority Fund	1,478,217 c
	Nonmajor governmental funds	324,709 c
Water Enterprise Fund (1)	City Capital Projects Fund	7,861 c
Nonmajor governmental funds	General Fund	360,187 e
	CDC Capital Projects Fund	1,114,152 e
	CDC Housing Projects Fund	194,067 e
Total		<u>\$ 9,253,535</u>

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

The purpose for the interfund transfers at June 30, 2006 are as follows:

- a) This transfer was to reimburse the General Fund for 85% of the salary and benefits of the Housing Manager
- b) This transfer represents 20% of the tax increment earned for the year ended June 30, 2006 which is required to be set aside in a separate fund to provide adequate housing for families and individuals with low or moderate income.
- c) These transfers represent reimbursement of capital project costs.
- d) This transfer is to repay the General Fund for programs funded through other sources.
- e) These transfers are made for the payment of debt service.
- f) The General Fund transferred interest earnings to the proprietary funds during the year.

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006 was as follows:

	Balance July 1, 2005	Additions	Retirements	Transfers	Balance June 30, 2006
Governmental activities					
<i>Capital assets, not being depreciated</i>					
Land	\$ 2,948,157	\$ -	\$ -	\$ -	\$ 2,948,157
Construction in progress	3,280,232	4,460,143		(1,285,493)	6,454,882
Total capital assets, not being depreciated	6,228,389	4,460,143	-	(1,285,493)	9,403,039
<i>Capital assets, being depreciated</i>					
Infrastructure, structures and improvements	105,965,817	-	(888,919)	1,285,493	106,362,391
Equipment	12,717,325	973,009	(636,978)	-	13,053,356
Total capital assets, being depreciated	118,683,142	973,009	(1,525,897)	1,285,493	119,415,747
<i>Less accumulated depreciation for:</i>					
Infrastructure, structures and improvements	(57,169,060)	(4,133,070)	86,344	-	(61,215,786)
Equipment	(9,323,719)	(1,156,806)	592,663	-	(9,887,862)
Total accumulated depreciation	(66,492,779)	(5,289,876)	679,007	-	(71,103,648)
Total capital assets, being depreciated, net	52,190,363	(4,316,867)	(846,890)	1,285,493	48,312,099
Governmental activities capital assets, net	\$ 58,418,752	\$ 143,276	\$ (846,890)	\$ -	\$ 57,715,138
Business-type activities					
<i>Capital assets, not being depreciated:</i>					
Construction in progress	\$ 3,390,195	\$ 11,878,263	\$ -	\$ (447,273)	\$ 14,821,185
<i>Capital assets, being depreciated:</i>					
Structures and improvements	21,446,331	-	-	190,039	21,636,370
Equipment	1,495,131	112,691	-	257,234	1,865,056
Total capital assets, being depreciated	22,941,462	112,691	-	447,273	23,501,426
<i>Less accumulated depreciation for:</i>					
Structures and improvements	(11,755,947)	(875,075)	-	-	(12,631,022)
Equipment	(902,659)	(112,090)	-	-	(1,014,749)
Total accumulated depreciation	(12,658,606)	(987,165)	-	-	(13,645,771)
Total capital assets, being depreciated, net	10,282,856	(874,474)	-	447,273	9,855,655
Business-type activities capital assets, net	\$ 13,673,051	\$ 11,003,789	\$ -	\$ -	\$ 24,676,840

Construction in progress for governmental activities at June 30, 2006 is comprised of the following:

	<u>Authorization</u>	<u>June 30, 2006</u>	<u>Unexpended</u>
City Projects:			
City Hall Project	\$ 3,100,000	\$ 1,561,350	\$ 1,538,650
Water Supply Assessment Project	1,232,000	518,491	713,509
University District Specific Plan	N/A	460,853	N/A
Various other projects	19,364,192	3,010,565	16,353,627
Community Development Commission Projects:			
SW Blvd. Fire Station Renovation	85,000	27,812	57,188
Stadium Lands Salvage Project	375,000	203,357	171,643
BARC Roof Replacement	600,000	601,086	(1,086)
West-side Public Safety Facility	5,140,000	48,622	5,091,378
Various other projects	750,000	22,746	727,254
Total	<u>\$ 30,646,192</u>	<u>\$ 6,454,882</u>	<u>\$ 24,652,163</u>

During the year the City transferred \$548,955 for completion of the city hall from construction in progress to infrastructure. The City also transferred \$559,251 for 2004 road improvements project to infrastructure. Also, during the year the City completed a few other projects totaling \$177,287 that were transferred from construction in progress to improvements.

Construction in progress for business-type activities at June 30, 2006 is comprised of the following:

	<u>Project Authorization</u>	<u>Expended to June 30, 2006</u>	<u>Project Funds Unexpended</u>
Commercial Water Meter Retrofit Project	\$ 3,300,000	\$ 761,267	\$ 2,538,733
Parallel Sewer Interceptor Project	10,300,000	10,215,960	84,040
Eastside Sewer Project	6,558,600	1,062,216	5,496,384
Various other projects	17,510,000	2,781,742	14,728,258
Total	<u>\$ 37,668,600</u>	<u>\$ 14,821,185</u>	<u>\$ 22,847,415</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 82,613
Public safety	1,260,909
Public works	2,378,927
Parks and recreation	1,291,939
Other	270,496
Depreciation on capital assets held by the City's internal service fund is charged to the various functions based on their usage of the assets.	<u>4,992</u>
Total depreciation expense -- governmental functions	<u>\$ 5,289,876</u>

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

Water	\$ 699,206
Sewer	<u>287,959</u>
Total depreciation expense -- business-type functions	<u>\$ 987,165</u>

7. LONG-TERM LIABILITIES

The City's long-term debt payable at June 30, 2006 follows:

	<u>Maturity</u>	<u>Rates</u>	<u>Principal Installments</u>	<u>Amount</u>	<u>June 30, 2006</u>
Governmental Activities					
(a) Special Assessment Debt with					
Governmental Commitment:					
2001 Consolidated Reassessment	2002 - 2009	2.90-4.45%	\$165,000-330,000	\$ 1,825,000	\$ 620,000
(b) 1991 Tax Allocation Refunding Bonds:					
Redevelopment Project (includes accreted interest)	2002 - 2020	5.90-6.80%	485,000-965,000	13,099,895	2,749,917
(b) 1999 Tax Allocation Bonds:					
Redevelopment Project (includes accreted interest)	2002 - 2036	3.60-5.30%	285,000-260,389	11,936,651	13,352,135
(c) 1999 Certificates of Participation:					
Capital Facilities Project	2002 - 2025	3.60-4.60%	125,000-330,000	5,055,000	4,265,000
(c) 2003 Lease Revenue Refunding Bonds:					
Master Equipment Lease Project and Public Safety Facility	2003 - 2025	2.50-4.80%	240,000-470,000	6,950,000	6,485,000
(c) 2001 Tax Allocation Bonds:					
Redevelopment Project	2002 - 2016	3.50-4.60%	55,000-775,000	8,200,000	6,980,000
(e) Capital leases					
	2002 - 2020	Various	Various	Various	<u>2,027,387</u>
Total Governmental Activities					<u>36,479,439</u>
Business-Type Activities					
(f) 2002 Revenue Bonds					
	2004 - 2023	2.00-4.50%	80,000-145,000	2,090,000	1,845,000
(d) 2005 Sewer System Revenue Certificates of Participation					
Capital Facilities Project	2005 - 2036	3.00-5.00%	230,000-775,000	13,000,000	13,000,000
(f) 2005 Water Revenue Bonds					
	2005 - 2030	2.50-4.50%	120,000-305,000	5,000,000	<u>4,880,000</u>
Total governmental and business-type activities - bonds, certificates of participation, capital leases, and accreted interest on capital appreciation bonds					<u>\$ 56,204,439</u>

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

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

The following is a summary of changes to long-term liabilities for the year ended June 30, 2006:

	Balance July 1, 2005	Additions/ Accretions	Retirements	Balance June 30, 2006	Amount due Within One Year
Governmental activities:					
Special assessment bonds	\$ 910,000	\$ -	\$ 290,000	\$ 620,000	\$ 280,000
Certificates of participation	4,405,000	-	140,000	4,265,000	150,000
Lease revenue refunding bonds	6,710,000	-	225,000	6,485,000	230,000
Tax allocation bonds	18,475,947	-	611,415	17,864,532	611,868
Capital leases	1,484,984	818,624	276,221	2,027,387	249,650
Accreted interest on capital appreciation bonds	4,768,121	802,984	353,585	5,217,520	368,132
Total long-term debt	36,754,052	1,621,608	1,896,221	36,479,439	1,889,650
Original issue premium	86,012	-	7,760	78,252	7,760
Original issue discount	(26,014)	-	(1,301)	(24,713)	(1,301)
Deferred amount on refunding	(397,724)	-	(58,643)	(339,081)	(58,643)
Compensated absences	1,044,972	1,049,363	864,134	1,230,201	471,973
Total governmental activities	\$ 37,461,298	\$ 2,670,971	\$ 2,708,171	\$ 37,424,098	\$ 2,309,439
Business-type activities:					
Water revenue bonds	\$ 6,930,000	\$ -	\$ 205,000	\$ 6,725,000	\$ 210,000
Sewer revenue certificates of participation	13,000,000	-	-	13,000,000	230,000
Original issue premium	235,332	-	7,612	227,720	7,612
Original issue discount	(67,589)	-	(2,854)	(64,735)	(2,854)
Total business-type activities	\$ 20,097,743	\$ -	\$ 209,758	\$ 19,887,985	\$ 444,758

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

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

Fiscal Year ending June 30:	Special Assessment		Lease Revenue Bonds		Certificates of Participation		Tax Allocation Bonds		Accreted Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2007	\$ 280,000	\$ 20,966	\$ 230,000	\$ 262,181	\$ 150,000	\$ 198,370	\$ 611,869	\$ 378,882	\$ 368,132
2008	190,000	11,390	235,000	256,369	155,000	192,420	603,415	363,410	386,585
2009	150,000	3,672	240,000	250,431	160,000	186,120	613,993	346,848	396,007
2010	-	-	245,000	243,756	165,000	179,538	617,092	329,158	407,908
2011	-	-	255,000	236,129	175,000	172,480	465,355	479,275	579,645
2012 - 2016	-	-	1,410,000	1,037,758	985,000	738,478	3,988,895	2,338,958	1,421,104
2017 - 2021	-	-	1,720,000	717,883	1,245,000	469,378	5,108,883	2,775,124	2,281,117
2022 - 2026	-	-	2,150,000	264,813	1,230,000	126,750	2,491,590	6,283,410	6,283,410
2027 - 2031	-	-	-	-	-	-	1,907,860	6,867,140	6,867,140
2032 - 2036	-	-	-	-	-	-	1,455,580	7,319,420	7,319,420
Total	\$ 620,000	\$ 36,028	\$ 6,485,000	\$ 3,269,320	\$ 4,265,000	\$ 2,263,534	\$ 17,864,532	\$ 27,481,625	\$ 26,310,468

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
2007	\$ 210,000	\$ 262,442	\$ 230,000	\$ 583,379
2008	210,000	256,949	240,000	575,729
2009	220,000	251,196	245,000	567,779
2010	225,000	245,016	255,000	559,604
2011	230,000	238,284	265,000	551,129
2012 - 2016	1,280,000	1,068,483	1,470,000	2,608,325
2017 - 2021	1,530,000	796,321	1,775,000	2,303,613
2022 - 2026	1,415,000	456,594	2,200,000	1,875,500
2027 - 2031	1,405,000	163,688	2,785,000	1,284,625
2032 - 2036	-	-	3,535,000	534,550
Total	<u>\$ 6,725,000</u>	<u>\$ 3,738,973</u>	<u>\$ 13,000,000</u>	<u>\$ 11,444,233</u>

2005 Sewer System Revenue Certificates of Participation

On May 27, 2005, the City issued Sewer System Revenue Certificates of Participation, Series 2005 (Certificates) in the amount of \$13,000,000. Proceeds of the Certificates will be used for a) financing certain improvements, betterments, renovations and expansions of facilities within the Sewer System of the City b) paying capitalized interest with respect to the Certificates to June 1, 2006, c) providing for the deposit of a reserve fund surety bond and d) paying costs of delivery of the Certificates. The Certificates will mature in the year 2036 and carry interest rates ranging from 3.00% - 5.00%

2005 California Statewide Communities Development Authority Water Revenue Bonds

On May 1, 2005, the City became a program participant in the California Statewide Communities Development Authority Water and Wastewater Pooled Financing Program (Program). As a participant in the Program the City was able to issue California Statewide Communities Development Authority (Authority) Water Revenue Bonds, Series 2005A (Bonds) in the amount of \$5,000,000. Proceeds of the Bonds were used to finance the acquisition and construction of water and wastewater public capital improvements. The Bonds will mature in 2030 and carry interest rates from 2.5% to 4.5%. The City entered into an Installment Purchase Agreement with the Authority that provides that all System Revenues are pledged to the payment of the installment payments.

Legal Debt Limit

As of June 30, 2006, the City's legal debt limit (15% of valuation subject to taxation) was \$534,505,759. Currently, the City has no debt subject to the debt limit.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. During the current year, Municipal Finance Corporation performed calculations of excess investment earnings on various bonds and financings and at June 30, 2006, the City has no liability.

Conduit Debt

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

The aggregate principal amount payable for the four series of bonds as of June 30, 2006 are as follows:

Multifamily Housing Revenue Bonds 1995 Series A (Crossbrooks Apartments)	\$	8,715,000
Mobile Home Park Revenue Bonds 2001 Series A (Las Casitas De Sonoma)		4,630,000
Mobile Home Park Revenue Bonds Series 2003A (Rancho Feliz MHP)		12,920,000
Mobile Home Park Revenue Bonds Series 2003B (Rancho Feliz MHP)		3,455,000

Capital Leases

The City has entered into long-term capital lease agreements with various financing agencies to lease public safety patrol and fire protection vehicles and other equipment. The following is a summary of future minimum lease payments as of June 30, 2006:

Fiscal Year ending June 30:	Principal	Interest
2007	\$ 249,650	\$ 78,444
2008	239,037	68,434
2009	227,989	59,838
2010	191,205	51,392
2011	164,625	44,552
2012-16	478,255	152,770
2017-21	<u>476,626</u>	<u>50,762</u>
Total	<u>\$ 2,027,387</u>	<u>\$ 506,192</u>

Payment for capital lease obligations are made from various revenue sources recorded in the General Fund and transferred to the General Debt Service Fund. At June 30, 2006, equipment under the capital leases of \$2,799,710 were included in the statement of net assets.

8. EMPLOYEES' RETIREMENT PLAN

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

Funding Policy – Public safety employees and all other employees have an obligation to contribute 9% and 7% of their annual covered salary to the Fund, respectively. The City is required to contribute at an actuarially determined rate. The actuarial methods and assumptions used are those adopted by the Fund's Board of Administration. The required employer contribution rates for fiscal year ended June 30, 2006 were 22.128% for public safety employees and 9.522% 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, 2005 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 3.25% 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 (dollar amounts in thousands)

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/04	\$ 863	100%
6/30/05	1,890	100
6/30/06	2,087	100

9. POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City provides certain health care benefits for retired employees. The City’s memorandum of understanding with its employees establishes the provisions for these post-employment health care benefits. Substantially all of the City’s employees may become eligible for these benefits if they work for the City at least ten years and they reach normal retirement age while working for the City. These benefits are not available unless the retired employee is also receiving benefits from CalPERS. The cost of retiree health care and life insurance benefits are recognized as expenditures as claims are paid. For 2006, these costs totaled \$723,303. At June 30, 2006, seventy-nine participants were eligible to receive these benefits.

The City has designated a portion of General Fund’s fund balance for future retiree health care benefits in the event that claims cannot be paid from future operations. At June 30, 2006, the General Fund designated fund balance for retired employee medical insurance was \$2,967,500.

An actuarial valuation of the post-retirement benefit program was performed in 1999. The study determined that the actuarial accrued liability as of June 30, 1999 was \$8,968,000. Based on the tremendous rise in health plan premiums, an increasing retiree base and lower interest rates, the City Council commissioned an update of the study. The results were dramatic, with the unfunded actuarial accrued liability rising to \$38.5 million as of July 1, 2003. Another study was performed July 1, 2005, due to continuous increases in health plan premiums. This study showed the unfunded actuarial accrued liability jumping to \$52.3 million. The study indicates that the new annual contribution required to fund the reserve over a thirty-year period is \$4.6 million per year. The actuarial assumptions used were: 1) an interest rate of 4.5%, 2) an inflation rate of 3.5%, 3) a medical increase trend rate starting at 12.5% and decreasing gradually to an ultimate rate of 5.75%, and 4) demographic assumptions utilized by CalPERS, modified to reflect anticipated increased life expectancy and Rohnert Park’s lower turnover rates. Management and the City Council will be developing a plan over future years to pay for this unfunded liability.

10. FUND BALANCE / NET ASSETS

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

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans or intent are subject to change, have not been legally authorized and may not result in expenditures. As of June 30, 2006, unreserved, designated fund balances were as follows:

Fund balance designations for:

General Fund:	
Contingencies	\$ 4,704,232
Self-insurance	1,121,276
Infrastructure	450,518
Recreational facilities	117,414
Retired employee medical insurance	2,967,500
Housing programs	456,399
Retirement costs/miscellaneous	350,000
Equipment replacement	1,220,791
Donations	<u>289,811</u>
Total General Fund	<u>\$ 11,677,941</u>
Nonmajor Governmental Funds:	
Capital projects	<u>\$ 97,521</u>

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

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

11. RISK MANAGEMENT

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

The City’s deductibles and maximum coverage follows:

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

The City contributes its pro-rata share of anticipated losses to a pool administered by REMIF. Should actual losses among participants be greater than the anticipated losses, the City will be assessed its pro-rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the City will be refunded its pro-rata share of the excess. The City paid insurance premiums and deductibles of \$1,222,210 and received REMIF refunds of \$250,126 during the year ended June 30, 2006. 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, 2006 the amount of these IBNR liabilities was \$31,628. This liability is the City's best estimate based on available information.

Changes in the reported liability resulted from the following:

Liability at June 30, 2004	\$ 81,396
Current year claim deductibles and changes in estimates	111,973
Net payments	<u>(79,480)</u>
Liability at June 30, 2005 (reported in accrued liabilities)	113,889
Current year claim deductibles and changes in estimates	188,978
Net payments	<u>(99,161)</u>
Liability at June 30, 2006 (reported in accrued liabilities)	<u>\$ 203,706</u>

At June 30, 2006, management designated \$1,121,276 of fund balance in the General Fund for future claims liabilities.

12. CONTINGENCIES

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

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 \$3,925,000 which will accrue interest at the rate of 2% per annum and is deferred for 55 years.

On May 23, 2006, the Commission entered into an Affordable Housing and Loan Agreement ("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, management office and activity and counseling rooms. The Commission agreed to purchase the site from the City at the appraised value of \$1,630,000 over a three-year period beginning in 2006-07. The Agreement provided for the Commission to loan \$1,675,000 to Vida Nueva Partners at an accrued interest rate of 2% annum, with the principal and accrued interest deferred for 55 years. Vida Nueva Partner will purchase the site from the Commission for \$810,000. The loan and purchase of the site will occur in fiscal year 2006-07.

The Commission intends to purchase the existing City Hall site for the development of affordable housing once City Hall relocates to its proposed new location. The purchase price is estimated at \$1,100,000 and will be paid over a three year period beginning in fiscal year 2006-07.

The Commission set aside \$500,000 in its fiscal year 2006-07 FY budget for the redevelopment of the former Agilent Site and is currently working out the terms with Sonoma Mountain Village Business Incubator for the use of these funds.

13. LEASES

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

The future minimum rentals to be received from the aforementioned operating leases as of June 30, 2006 are as follows (in thousands)

Fiscal Year Ending June 30,	
2007	\$ 150
2008	150
2009	150
2010	150
2011	175
2012 - 2016	900
2017 - 2021	1,025
2022 - 2026	1,150
2027 - 2031	1,250
2032 - 2033	<u>500</u>
Future minimum lease rentals	<u>\$ 5,600</u>

These future minimum rentals are based upon annual rates agreed to by tenants. In addition to the future minimum rentals disclosed above, the City expects to receive approximately \$172,350 monthly from month-to-month rentals in fiscal year 2006-07.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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CITY OF ROHNERT PARK

**REQUIRED SUPPLEMENTARY INFORMATION
PERS SCHEDULE OF FUNDING PROGRESS - UNAUDITED**

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

Actuarial Valuation Date	(A) Actuarial Asset Value	(B) Entry Age Actuarial Accrued Liability	(C) Unfunded (Overfunded) Actuarial Accrued Liability [(B) - (A)]	(D) Funded Ratio [(A) / (B)]	(E) Covered Payroll	(F) Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(C)/(E)]
6/30/03	\$ 33,911	\$ 33,464	\$ (447)	101.34%	\$ 7,532	-5.9%
6/30/04	35,673	37,400	1,727	95.38%	6,796	25.4%
6/30/05	38,152	40,055	1,903	95.25%	7,129	26.7%
6/30/06			** information not available **			

Schedule of Funding Progress for Safety Plan (dollar amounts in thousands)

Actuarial Valuation Date	(A) Actuarial Asset Value	(B) Entry Age Actuarial Accrued Liability	(C) Unfunded (Overfunded) Actuarial Accrued Liability [(B) - (A)]	(D) Funded Ratio [(A) / (B)]	(E) Covered Payroll	(F) Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(C)/(E)]
6/30/03	\$ 1,083,690	\$ 1,218,083	\$ 134,393	88.97%	\$ 184,098	73.0%
6/30/04	885,550	996,204	110,654	88.89%	149,408	74.1%
6/30/05	646,359	742,247	95,888	87.08%	115,063	83.3%
6/30/06			** information not available **			

Note: Safety plan is part of a much larger pool. Figures shown above are pool figures.

**CITY OF ROHNERT PARK
REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2006**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 2,782,000	\$ 2,782,000	\$ 3,127,448	\$ 345,448
Real property transfer	220,500	220,500	253,584	33,084
Transient occupancy	1,415,000	1,415,000	1,601,587	186,587
Sales and use	7,355,000	7,355,000	7,386,925	31,925
Franchises	1,194,000	1,194,000	1,308,839	114,839
	<u>12,966,500</u>	<u>12,966,500</u>	<u>13,678,383</u>	<u>711,883</u>
Licenses, permits and fees:				
Business licenses	500,000	500,000	489,174	(10,826)
Animal licenses	55,000	55,000	56,661	1,661
Building permits	315,000	315,000	265,033	(49,967)
Plan check	185,000	185,000	224,053	39,053
	<u>1,055,000</u>	<u>1,055,000</u>	<u>1,034,921</u>	<u>(20,079)</u>
Fines, forfeitures and penalties:				
Vehicle code	60,000	60,000	107,704	47,704
Parking fines	70,000	70,000	68,826	(1,174)
Impound fees	19,000	19,000	26,473	7,473
Other court	15,000	15,000	13,365	(1,635)
	<u>164,000</u>	<u>164,000</u>	<u>216,368</u>	<u>52,368</u>
Interest and rentals:				
Investment earnings	900,000	900,000	946,513	46,513
Rent - golf courses	150,000	150,000	-	(150,000)
Rent - other	462,708	462,708	596,448	133,740
Subtotal	<u>1,512,708</u>	<u>1,512,708</u>	<u>1,542,961</u>	<u>30,253</u>
Intergovernmental:				
State motor vehicle in-lieu tax	2,232,000	2,232,000	2,572,107	340,107
Off-highway motor vehicle license fee	1,000	1,000	650	(350)
Public Safety Augmentation Fund	220,000	220,000	229,282	9,282
Grants	783,000	783,000	221,592	(561,408)
Reimbursements	65,000	65,000	24,367	(40,633)
Other	36,000	36,000	36,801	801
Subtotal	<u>3,337,000</u>	<u>3,337,000</u>	<u>3,084,799</u>	<u>(252,201)</u>

(continued)

See note to required supplementary information.

CITY OF ROHNERT PARK
REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2006

(Continued)	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES (Continued)				
Charges for current services:				
Zoning and subdivision fees	48,750	48,750	341,007	292,257
Sales of maps and lists	1,500	1,500	21,200	19,700
Special public safety services	40,000	40,000	49,700	9,700
Fire inspection fees	10,000	10,000	23,830	13,830
Vehicle abatement revenue	26,000	26,000	32,421	6,421
Animal shelter fees	60,000	60,000	57,690	(2,310)
Engineering fees	150,000	150,000	315,246	165,246
Weed abatement	-	-	-	-
General plan maintenance fee	120,000	120,000	49,631	(70,369)
Library ground maintenance	8,000	8,000	5,922	(2,078)
Recreation:				
Recreation centers	781,500	781,500	688,408	(93,092)
Swimming pools	207,000	207,000	219,343	12,343
Contract classes and other	130,000	130,000	128,099	(1,901)
Subtotal	1,582,750	1,582,750	1,932,497	349,747
Donations and miscellaneous:				
Performing Arts Center	670,600	670,600	592,955	(77,645)
RPHFA administration	-	-	-	-
Refuse administration	208,965	208,965	256,096	47,131
Donations	4,000	4,000	36,645	32,645
Miscellaneous	107,193	107,193	142,606	35,413
Subtotal	990,758	990,758	1,028,302	37,544
Total revenues	21,608,716	21,608,716	22,518,231	909,515

(continued)

See note to required supplementary information.

CITY OF ROHNERT PARK
REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
(Continued)				
EXPENDITURES				
Current:				
General government:				
City Council	106,334	106,334	105,553	781
City Manager	582,868	582,868	601,218	(18,350)
Finance and accounting	1,261,765	1,261,765	1,249,838	11,927
Information Services	435,119	435,119	404,368	30,751
Legal services	300,000	300,000	511,063	(211,063)
Planning Department/Commission	410,327	410,327	290,913	119,414
Personnel	276,390	276,390	241,844	34,546
Rent appeals board	109,737	109,737	97,431	12,306
City Office building	87,900	87,900	106,361	(18,461)
City Office annex	64,600	64,600	57,733	6,867
General government-nondepartmental	1,611,590	1,611,590	1,672,193	(60,603)
Nondepartmental-employee benefits	793,084	793,084	723,303	69,781
Enterprise fund cost allocation	(1,816,500)	(1,816,500)	(1,816,500)	-
Community Development Commission cost allocation	(1,059,200)	(1,059,200)	(1,059,200)	-
Subtotal	<u>3,164,014</u>	<u>3,164,014</u>	<u>3,186,118</u>	<u>(22,104)</u>
Public safety:				
Personnel	13,083,331	13,083,331	13,435,578	(352,247)
Police protection	969,055	969,055	894,371	74,684
Fire protection	225,860	225,860	224,912	948
Fire prevention	-	-	8,222	(8,222)
Animal control	294,088	294,088	289,440	4,648
Animal shelter	72,960	72,960	89,313	(16,353)
Civil defense/hazardous materials	14,000	14,000	14,034	(34)
Southwest station	3,400	3,400	670	2,730
Main station	312,000	312,000	317,023	(5,023)
North station	51,000	51,000	50,732	268
South station	14,000	14,000	6,899	7,101
Youth and Family Program	118,169	118,169	111,283	6,886
Subtotal	<u>15,157,863</u>	<u>15,157,863</u>	<u>15,442,477</u>	<u>(284,614)</u>

(continued)

See note to required supplementary information.

CITY OF ROHNERT PARK
REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2006

(Continued)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES (Continued)				
Current:				
Public works:				
Engineering	728,369	728,369	472,373	255,996
Inspection	445,989	445,989	408,688	37,301
General	647,936	647,936	720,699	(72,763)
Maintenance of parkways	125,950	125,950	112,819	13,131
Maintenance of streets/bikepaths	476,973	476,973	507,596	(30,623)
Maintenance of school grounds	3,000	3,000	2,125	875
Street lighting	183,200	183,200	156,144	27,056
Traffic signals	100,000	100,000	97,531	2,469
Storm drains and drainage	81,450	81,450	5,736	75,714
Weed abatement	2,500	2,500	1,420	1,080
Enterprise fund cost allocation	(527,500)	(527,500)	(527,500)	-
Community Development Commission cost allocation	(115,800)	(115,800)	(115,800)	-
Subtotal	<u>2,152,067</u>	<u>2,152,067</u>	<u>1,841,831</u>	<u>310,236</u>
Parks and recreation:				
Parks	315,720	315,720	306,995	8,725
Parks maintenance-general	534,701	534,701	565,715	(31,014)
Recreation centers	972,992	972,992	953,925	19,067
Swimming pools	355,789	355,789	462,054	(106,265)
Recreation administration and programs	643,470	643,470	577,537	65,933
Library	8,500	8,500	9,031	(531)
Subtotal	<u>2,831,172</u>	<u>2,831,172</u>	<u>2,875,257</u>	<u>(44,085)</u>
Other:				
Performing Arts Center	907,014	907,014	993,088	(86,074)
Booking fees	210,000	210,000	143,216	66,784
Sexual assault examination fees	20,000	20,000	12,163	7,837
Property tax administration fee	50,000	50,000	33,779	16,221
Subtotal	<u>1,187,014</u>	<u>1,187,014</u>	<u>1,182,246</u>	<u>4,768</u>
Capital outlay	<u>2,061,653</u>	<u>2,061,653</u>	<u>971,804</u>	<u>1,089,849</u>
Subtotal expenditures	<u>26,553,783</u>	<u>26,553,783</u>	<u>25,499,733</u>	<u>1,054,050</u>

(continued)

See note to required supplementary information.

CITY OF ROHNERT PARK
REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
(Continued)				
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(4,945,067)	(4,945,067)	(2,981,502)	1,963,565
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	-	-	621,704	621,704
Lease proceeds	823,000	823,000	818,624	(4,376)
Transfers in	3,078,551	3,078,551	2,364,490	(714,061)
Transfers out	(645,722)	(645,722)	(1,121,488)	(475,766)
Total other financing sources (uses)	<u>3,255,829</u>	<u>3,255,829</u>	<u>2,683,330</u>	<u>(572,499)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,689,238)</u>	<u>\$ (1,689,238)</u>	(298,172)	<u>\$ 1,391,066</u>
FUND BALANCE, BEGINNING OF YEAR:			<u>18,329,002</u>	
FUND BALANCE, END OF YEAR			<u>\$ 18,030,830</u>	

See note to required supplementary information.

CITY OF ROHNERT PARK

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Budgets and Budgetary Accounting

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

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

Encumbrance accounting, under which purchase orders, contracts, and other commitments of expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the budgetary process. No encumbrances were outstanding at June 30, 2006.

CITY OF ROHNERT PARK

**DESCRIPTION OF OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006**

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR DEBT SERVICE FUNDS

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

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

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

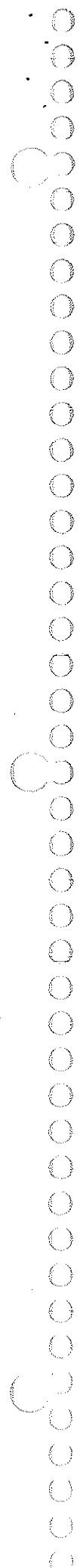
Special Assessments Capital Projects Fund – To account for the acquisition of capital facilities financed from special assessment resources.

NONMAJOR PERMANENT FUND

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

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

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OTHER SUPPLEMENTARY INFORMATION

CITY OF ROHNERT PARK

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Special Assessments Capital Projects Fund	Performing Arts Center Endowment Permanent Fund	Total
ASSETS					
Cash and investments	\$ 4,916,062	\$ -	\$ 97,521	\$ 1,264,851	\$ 6,278,434
Receivables:					-
Accounts	780,820				780,820
Due from other funds	-				-
Restricted cash and investments		1,785,743			1,785,743
Total assets	<u>\$ 5,696,882</u>	<u>\$ 1,785,743</u>	<u>\$ 97,521</u>	<u>\$ 1,264,851</u>	<u>\$ 8,844,997</u>
LIABILITIES					
Deferred revenue	\$ 683,462	\$ -	\$ -	\$ -	\$ 683,462
FUND BALANCES					
Reserved for:					
Street projects	1,282,579	-	-	-	1,282,579
Debt service	-	1,785,743	-	-	1,785,743
Performing Arts Center endowment	-	-	-	1,264,851	1,264,851
Unreserved, reported in:					
Special revenue funds	3,730,841	-	-	-	3,730,841
Capital project fund	-	-	97,521	-	97,521
Total fund balances	<u>5,013,420</u>	<u>1,785,743</u>	<u>97,521</u>	<u>1,264,851</u>	<u>8,161,535</u>
Total liabilities and fund balances	<u>\$ 5,696,882</u>	<u>\$ 1,785,743</u>	<u>\$ 97,521</u>	<u>\$ 1,264,851</u>	<u>\$ 8,844,997</u>

CITY OF ROHNERT PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Special Assessment Capital Projects Fund	Performing Arts Center Endowment Permanent Fund	Total Other Governmental Funds
REVENUES					
Taxes	\$ 452,570	\$ -	\$ 2,070	\$ -	\$ 454,640
Intergovernmental	1,271,606				1,271,606
Interest and rentals	71,384	66,213		35,251	172,848
Licenses, permits and fees	761,522				761,522
Donations	625,000			800	625,800
Total revenues	<u>3,182,082</u>	<u>66,213</u>	<u>2,070</u>	<u>36,051</u>	<u>3,286,416</u>
EXPENDITURES					
Current:					
General government	-				-
Debt service:					
Principal	-	1,241,222			1,241,222
Interest and fiscal charges	-	470,931	-	-	470,931
Total expenditures	<u>-</u>	<u>1,712,153</u>	<u>-</u>	<u>-</u>	<u>1,712,153</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,182,082</u>	<u>(1,645,940)</u>	<u>2,070</u>	<u>36,051</u>	<u>1,574,263</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,327	1,666,080	-	-	1,668,407
Transfers out	(1,757,959)	(7,258)	(5,000)	(535,251)	(2,305,468)
Total other financing sources (uses)	<u>(1,755,632)</u>	<u>1,658,822</u>	<u>(5,000)</u>	<u>(535,251)</u>	<u>(637,061)</u>
NET CHANGE IN FUND BALANCES	<u>1,426,450</u>	<u>12,882</u>	<u>(2,930)</u>	<u>(499,200)</u>	<u>937,202</u>
FUND BALANCES:					
BEGINNING OF THE YEAR	<u>3,586,970</u>	<u>1,772,861</u>	<u>100,451</u>	<u>1,764,051</u>	<u>7,224,333</u>
END OF YEAR	<u>\$ 5,013,420</u>	<u>\$ 1,785,743</u>	<u>\$ 97,521</u>	<u>\$ 1,264,851</u>	<u>\$ 8,161,535</u>

CITY OF ROHNERT PARK
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2006

	State Gasoline Tax	Measure M Traffic	Traffic Signals Fee	Capital Outlay Fee	Public Facility Finance Fee	Traffic Congestion Relief (AB2928)	Measure M Fire Benefit Assessment	Mobile Home Rent Appeals Board	F.I.G.R.	Copeland Creek Drainage Facility	Total
ASSETS											
Cash and Investments	\$ 1,206,214	\$ 182,068	\$ 1,618,196	\$ 557,548	\$ 990,689	\$ 138,844	\$ -	\$ 57,092	\$ 160,926	\$ 64,485	\$ 4,916,062
Accounts receivable	76,365	-	-	-	318,501	369,466	16,488	-	-	-	780,820
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 1,282,579	\$ 182,068	\$ 1,618,196	\$ 557,548	\$ 1,249,190	\$ 508,310	\$ 16,488	\$ 57,092	\$ 160,926	\$ 64,485	\$ 5,696,882
LIABILITIES											
Deferred revenue	\$ -	\$ -	\$ -	\$ -	\$ 318,501	\$ 315,591	\$ -	\$ -	\$ -	\$ 49,370	\$ 683,462
Other long term liabilities	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	\$ 318,501	\$ 315,591	\$ -	\$ -	\$ -	\$ 49,370	\$ 683,462
FUND BALANCES											
Reserved for street projects	1,282,579	-	-	-	-	-	-	-	-	-	1,282,579
Unreserved	-	182,068	1,618,196	557,548	990,689	192,719	16,488	57,092	160,926	15,115	3,730,841
Total fund balances	1,282,579	182,068	1,618,196	557,548	990,689	192,719	16,488	57,092	160,926	15,115	5,013,420
Total liabilities and fund balances	\$ 1,282,579	\$ 182,068	\$ 1,618,196	\$ 557,548	\$ 1,249,190	\$ 508,310	\$ 16,488	\$ 57,092	\$ 160,926	\$ 64,485	\$ 5,696,882

CITY OF ROBERT PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	State Gasoline	Measure M Streets	Traffic Signals	Capital Outlay Fee	Public Facility Finance Fee	Supplemental Law Enforcement Services	Traffic Congestion Relief (A B 25/28)	Measure M Fire Benefit Assessment	Mobile Home Rent Appeals Board	F.I.G.R.	Copeland Creek Drainage Facility	Total
REVENUES												
Measure M assessments	800,504	180,519	-	-	-	100,000	-	452,570	-	-	-	452,570
Intergovernmental	40,086	1,549	-	14,589	11,147	1,877	190,583	-	-	-	-	1,271,606
Interest and rentals	-	-	13,387	11,335	736,800	-	2,136	-	-	-	-	71,384
Licenses, permits and fees	-	-	-	-	-	-	-	-	-	625,000	-	761,522
Donations	-	-	-	-	-	-	-	-	-	625,000	-	625,000
Total revenues	840,590	182,068	13,387	25,924	747,947	101,877	192,719	452,570	-	625,000	-	3,182,082
EXPENDITURES												
Current:												
General government	-	-	-	-	-	-	-	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	840,590	182,068	13,387	25,924	747,947	101,877	192,719	452,570	-	625,000	-	3,182,082
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	-	-	-	-	2,327	-	-	2,327
Transfers out	(607,258)	-	(4,085)	(59,453)	-	(101,877)	-	(458,553)	(864)	(525,869)	-	(1,757,999)
Total other financing sources (uses)	(607,258)	-	(4,085)	(59,453)	-	(101,877)	-	(458,553)	1,463	(525,869)	-	(1,755,632)
NET CHANGE IN FUND BALANCES	233,332	182,068	9,302	(33,529)	747,947	-	192,719	(5,983)	1,463	99,131	-	1,426,450
FUND BALANCES:												
BEGINNING OF THE YEAR	1,049,247	-	1,608,894	591,077	182,742	-	-	22,471	55,029	61,795	15,115	3,386,970
END OF YEAR	\$ 1,282,579	\$ 182,068	\$ 1,618,196	\$ 557,548	\$ 930,689	\$ -	\$ 192,719	\$ 16,488	\$ 57,092	\$ 160,926	\$ 15,115	\$ 5,013,490

**CITY OF ROHNERT PARK
 BUDGETARY COMPARISON SCHEDULE
 STATE GASOLINE TAX SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Interest and rentals	\$ 25,000	\$ 25,000	\$ 40,086	\$ 15,086
Intergovernmental:				
Section 2105, maintenance	267,000	267,000	260,310	(6,690)
Section 2106, construction	196,000	196,000	187,012	(8,988)
Section 2107, maintenance	350,000	350,000	347,182	(2,818)
Section 2107.5, engineering	6,000	6,000	6,000	-
Total revenues	<u>844,000</u>	<u>844,000</u>	<u>840,590</u>	<u>(3,410)</u>
EXPENDITURES				
Current:				
General government	<u>10,700</u>	<u>10,700</u>	<u>-</u>	<u>10,700</u>
EXCESS OF REVENUES OVER EXPENDITURES	833,300	833,300	840,590	(14,110)
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out	<u>(631,000)</u>	<u>(631,000)</u>	<u>(607,258)</u>	<u>(23,742)</u>
Total other financing sources (uses)	<u>(631,000)</u>	<u>(631,000)</u>	<u>(607,258)</u>	<u>(23,742)</u>
NET CHANGE IN FUND BALANCE	\$ 202,300	\$ 202,300	233,332	\$ (37,852)
FUND BALANCE, BEGINNING OF YEAR			<u>1,049,247</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,282,579</u>	

**CITY OF ROHNERT PARK
 BUDGETARY COMPARISON SCHEDULE
 MEASURE M TRAFFIC SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2006**

	<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	\$ 212,029	\$ 212,029	\$ 180,519	\$ (31,510)
Interest and rentals	-	-	1,549	1,549
Total revenues	<u>212,029</u>	<u>212,029</u>	<u>182,068</u>	<u>(29,961)</u>
OTHER FINANCING USES				
Transfers out	<u>(212,029)</u>	<u>(212,029)</u>	-	
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	182,068	<u>\$ (29,961)</u>
FUND BALANCE, BEGINNING OF YEAR			-	
FUND BALANCE, END OF YEAR			<u>\$ 182,068</u>	

**CITY OF ROHNERT PARK
 BUDGETARY COMPARISON SCHEDULE
 TRAFFIC SIGNALS FEE SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Licenses, permits and fees:				
Traffic signals	\$ -	\$ -	\$ 13,387	\$ 13,387
Interest and rentals	-	-	-	-
Total revenues	-	-	13,387	13,387
OTHER FINANCING USES				
Transfers out	(350,000)	(350,000)	(4,085)	345,915
NET CHANGE IN FUND BALANCE	<u>\$ (350,000)</u>	<u>\$ (350,000)</u>	9,302	<u>\$ 359,302</u>
FUND BALANCE, BEGINNING OF YEAR			<u>1,608,894</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,618,196</u>	

**CITY OF ROHNERT PARK
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL OUTLAY FEE SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2006**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses, permits and fees:	\$ -	\$ -	\$ 11,335	\$ 11,335
Interest and rentals	-	-	14,589	14,589
Total revenues	-	-	25,924	25,924
OTHER FINANCING SOURCES (USES)				
Transfers in			-	-
Transfers out	(190,000)	(190,000)	(59,453)	130,547
Total other financing sources (uses)	(190,000)	(190,000)	(59,453)	130,547
NET CHANGE IN FUND BALANCE	\$ (190,000)	\$ (190,000)	(33,529)	\$ 156,471
FUND BALANCE, BEGINNING OF YEAR			591,077	
FUND BALANCE, END OF YEAR			\$ 557,548	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
PUBLIC FACILITIES FINANCE FEE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses, permits and fees:	\$ 596,630	\$ 596,630	\$ 736,800	\$ 140,170
Interest and rentals	-	-	11,147	11,147
Total revenues	<u>596,630</u>	<u>596,630</u>	<u>747,947</u>	<u>151,317</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			-	-
Transfers out	<u>(470,000)</u>	<u>(470,000)</u>	<u>-</u>	<u>470,000</u>
Total other financing sources (uses)	<u>(470,000)</u>	<u>(470,000)</u>	<u>-</u>	<u>470,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 126,630</u>	<u>\$ 126,630</u>	747,947	<u>\$ 621,317</u>
FUND BALANCE, BEGINNING OF YEAR			<u>182,742</u>	
FUND BALANCE, END OF YEAR			<u>\$ 930,689</u>	

**CITY OF ROHNERT PARK
 BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENTAL LAW ENFORCEMENT SERVICES SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2006**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Interest and rentals	\$ -	\$ -	\$ 1,877	\$ 1,877
Intergovernmental	100,000	100,000	100,000	-
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>101,877</u>	<u>1,877</u>
OTHER FINANCING USES				
Transfers out	(100,000)	(100,000)	(101,877)	(1,877)
NET CHANGE IN FUND BALANCE			-	\$ -
FUND BALANCE, BEGINNING OF YEAR			-	
FUND BALANCE, END OF YEAR			<u>\$ -</u>	

**CITY OF ROHNERT PARK
 BUDGETARY COMPARISON SCHEDULE
 TRAFFIC CONGESTION RELIEF (AB2928) SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Interest and rentals	\$ -	\$ -	\$ 2,136	\$ 2,136
Intergovernmental			190,583	190,583
OTHER FINANCING USES				
Transfers out			-	
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	192,719	<u>\$ 192,719</u>
FUND BALANCE, BEGINNING OF YEAR			-	
FUND BALANCE, END OF YEAR			<u>\$ 192,719</u>	

CITY OF ROHNERT PARK
BUDGETARY COMPARISON SCHEDULE
MEASURE M FIRE BENEFIT ASSESSMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Measure M assessments	\$ 440,000	\$ 440,000	\$ 452,570	\$ 12,570
OTHER FINANCING USES				
Transfers out	(440,000)	(440,000)	(458,553)	(18,553)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(5,983)	<u>\$ (5,983)</u>
FUND BALANCE, BEGINNING OF YEAR			22,471	
FUND BALANCE, END OF YEAR			<u>\$ 16,488</u>	

**CITY OF ROHNERT PARK
 BUDGETARY COMPARISON SCHEDULE
 MOBILE HOME RENT APPEALS BOARD SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2006**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses, permits and fees:	\$ 22,393	\$ 22,393	\$ -	\$ (22,393)
OTHER FINANCING SOURCES (USES)				
Transfers in			2,327	2,327
Transfers out			(864)	(864)
NET CHANGE IN FUND BALANCE	<u>\$ 22,393</u>	<u>\$ 22,393</u>	1,463	<u>\$ 23,856</u>
FUND BALANCE, BEGINNING OF YEAR			<u>55,629</u>	
FUND BALANCE, END OF YEAR			<u>\$ 57,092</u>	

**CITY OF ROHNERT PARK
 BUDGETARY COMPARISON SCHEDULE
 F.I.G.R. FUND
 FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Donations	\$ 572,000	\$ 572,000	\$ 625,000	\$ 53,000
OTHER FINANCING SOURCES (USES)				
Transfers out	(572,000)	(572,000)	(525,869)	46,131
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	99,131	<u>\$ 46,131</u>
FUND BALANCE, BEGINNING OF YEAR			61,795	
FUND BALANCE, END OF YEAR			<u>\$ 160,926</u>	

CITY OF ROHNERT PARK

**BUDGETARY COMPARISON SCHEDULE
 COPELAND CREEK DRAINAGE FACILITY SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2006**

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Licenses, permits and fees:	\$ -	\$ -	\$ -	\$ -
Interest and rentals	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			-	-
Transfers out			-	-
Total other financing sources (uses)			<u>-</u>	<u>-</u>
Total other financing source	<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>15,115</u>	
FUND BALANCE, END OF YEAR			<u><u>\$ 15,115</u></u>	

CITY OF ROHNERT PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	Community Development Debt Service Fund	General Debt Service	Totals
REVENUES			
Interest and rentals	\$ 63,280	\$ 2,933	\$ 66,213
EXPENDITURES			
Debt service:			
Principal	965,000	276,222	1,241,222
Interest and fiscal charges	393,617	77,314	470,931
Total expenditures	1,358,617	353,536	1,712,153
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,295,337)	(350,603)	(1,645,940)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,308,219	357,861	1,666,080
Transfers out	-	(7,258)	(7,258)
Total other financing sources (uses)	1,308,219	350,603	1,658,822
NET CHANGE IN FUND BALANCES	12,882	-	12,882
FUND BALANCE, BEGINNING OF YEAR	1,772,861	-	1,772,861
FUND BALANCE, END OF YEAR	\$ 1,785,743	\$ -	\$ 1,785,743

CITY OF ROHNERT PARK
General Capital Assets - By Sources
June 30, 2006

	CITY	CDA	TOTAL
GENERAL CAPITAL ASSETS:			
Land , Structures & Improvements	84,684,852	24,625,697	109,310,549
Equipment	12,213,193	840,165	13,053,358
Construction in progress	5,551,260	903,622	6,454,882
TOTAL GENERAL CAPITAL ASSETS	102,449,305	26,369,484	128,818,789

INVESTMENT IN GENERAL CAPITAL ASSETS FROM:

Capital projects fund:			
General obligation bonds	151,689		151,689
Tax allocation bonds		19,069,043	19,069,043
Certificates of Participation			0
Special Assessments	17,710,774		17,710,774
Federal grants	3,920,200		3,920,200
State grants	2,074,632		2,074,632
County grants	753,429		753,429
Revenues from other agencies	182,271	1,840,441	2,022,712
Revenues:			
Loans from city general fund to CDA		5,460,000	5,460,000
General Fund	35,805,318		35,805,318
Special revenue fund	36,374,719		36,374,719
Donations	4,200,328		4,200,328
Assets acquired prior to July 1, 1966	1,275,945		1,275,945
	102,449,305	26,369,484	128,818,789

CITY OF ROHNERT PARK
GENERAL CAPITAL ASSETS BY FUNCTIONS AND ACTIVITIES
 June 30, 2006

	GENERAL CAPITAL ASSETS 6/30/05	ADDITIONS	RETIREMENTS	Transfers	GENERAL CAPITAL ASSETS 6/30/06
GENERAL GOVERNMENT:					
Control:					
Legislative	5,946	1,065	5,014	-162	1,835
Executive	47,784		1,079		46,705
Total Control	53,730	1,065	6,093	-162	48,540
Staff Agencies:					
Rent Appeals Board	770				770
Finance	36,070		2,806		33,264
Law	0				0
Planning	146,286	1,804	17,326		130,764
Administrative Services	222,330	1,206	6,103		217,433
General Government Building	340,229		17,754	548,955	871,430
Community Promotion	3,602,972		918,042	199	2,685,129
Total Staff Agencies	4,348,657	3,010	962,031	549,154	3,938,790
TOTAL GENERAL GOVERNMENT	4,402,387	4,074	968,123	548,992	3,987,330
PUBLIC SAFETY:					
Police Protection	14,435,909	504,522	263,325	-37	14,677,069
Fire Protection	2,342,466	448,145	48,095		2,742,516
Total Public Safety	16,778,375	952,667	311,419	-37	17,419,585
HIGHWAYS	58,926,221	3,607	80,160	728,761	59,578,428
LIBRARIES	8,148,435		34,746		8,113,689
RECREATION	33,375,881	9,234	128,018	7,777	33,264,874
TOTAL GENERAL CAPITAL ASSETS ALLOCATED TO FUNCTION	121,631,299	969,582	1,522,468	1,285,493	122,363,907
CONSTRUCTION IN PROGRESS	3,280,232	4,460,143		-1,285,493	6,454,882
TOTAL GENERAL CAPITAL ASSETS	124,911,531	5,429,726	1,522,468	0	128,818,789

CITY OF ROHNERT PARK
General Capital Assets - By Functions and Activities
June 30, 2006

CLASSIFICATION	Land Structure & Improve. City-810/610	Land Structure & Improve. CDA-930	Land Structure & Improve. Total	Equipment	Total Cost
GENERAL GOVERNMENT					
Control:					
Legislative	0	0	0	1,835	1,835
Executive	0	0	0	46,705	46,705
Total Control	0	0	0	48,540	48,540
Staff Agencies:					
Rent Appeals Board			0	770	770
Finance			0	33,264	33,264
Law			0	0	0
Planning	15,257		15,257	115,507	130,764
Administrative Services	8,995		8,995	208,438	217,433
Gen. Govt Building	688,812		688,812	182,619	871,430
Community Promotion	390,000	1,995,945	2,385,945	299,184	2,685,129
Total Staff Agencies	1,103,063	1,995,945	3,099,008	839,782	3,938,790
Total General Government	1,103,063	1,995,945	3,099,008	888,321	3,987,330
PUBLIC SAFETY:					
Police Protection	7,406,348	1,345,669	8,752,017	5,925,052	14,677,069
Fire Protection				2,742,516	2,742,516
Total Public Safety	7,406,348	1,345,669	8,752,017	8,667,568	17,419,585
HIGHWAYS	54,333,716	3,726,501	58,060,217	1,518,211	59,578,428
LIBRARIES	2,396	8,111,293	8,113,689	0	8,113,689
RECREATION	21,839,329	9,446,288	31,285,617	1,979,258	33,264,875
TOTAL GEN CAPITAL ASSETS ALLOCATED TO FUNCTION	84,684,852	24,625,696	109,310,548	13,053,358	122,363,907
CONSTRUCTION IN PROG.					6,454,882
TOTAL GEN CAPITAL ASSETS					128,818,789

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 <i>how the city's financial performance and well-being have changed over time.</i>	S-1
Revenue Capacity <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>	S-4
Debt Capacity <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>	S-18
Demographic and Economic Information <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</i>	S-23
Operating Information <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>	S-26

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

	Fiscal Year				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 28,626,241	\$ 30,487,238	\$ 24,399,786	\$ 25,838,048	\$ 31,477,114
Restricted	5,955,759	8,551,078	8,569,188	8,351,086	9,562,972
Unrestricted	<u>28,747,808</u>	<u>23,317,496</u>	<u>33,121,656</u>	<u>26,564,128</u>	<u>18,130,605</u>
Total governmental activities net assets	<u>\$ 63,329,808</u>	<u>\$ 62,355,812</u>	<u>\$ 66,090,630</u>	<u>\$ 60,753,262</u>	<u>\$ 59,170,691</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 14,867,127	\$ 16,741,255	\$ 9,464,157	\$ 8,986,376	\$ 8,977,397
Unrestricted	<u>11,641,400</u>	<u>7,886,726</u>	<u>15,200,557</u>	<u>13,044,521</u>	<u>12,245,744</u>
Total business-type activities net assets	<u>\$ 26,508,527</u>	<u>\$ 24,627,981</u>	<u>\$ 24,664,714</u>	<u>\$ 22,030,897</u>	<u>\$ 21,223,141</u>
Primary government					
Invested in capital assets, net of related debt	\$ 43,493,368	\$ 47,228,493	\$ 33,863,943	\$ 34,824,424	\$ 40,454,511
Restricted	5,955,759	8,551,078	8,569,188	8,351,086	9,562,972
Unrestricted	<u>40,389,208</u>	<u>31,204,222</u>	<u>48,322,213</u>	<u>39,608,649</u>	<u>30,376,349</u>
Total primary government net assets	<u>\$ 89,838,335</u>	<u>\$ 86,983,793</u>	<u>\$ 90,755,344</u>	<u>\$ 82,784,159</u>	<u>\$ 80,393,832</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

Source: City Finance Department

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

	Fiscal Year				
	2006	2005	2004	2003	2002
Expenses					
Governmental activities:					
General government	\$ 11,455,704	11,762,224	8,280,697	7,692,265	7,479,018
Public Safety	16,703,386	15,087,248	13,459,313	12,098,684	11,719,180
Public Works	4,220,758	4,408,673	4,369,470	4,585,522	4,583,848
Parks and recreation	4,167,196	3,968,774	3,834,955	4,007,338	4,025,817
Other	1,504,207	1,411,055	1,043,298	1,129,467	1,072,704
Interest on long-term debt	2,038,944	2,060,965	1,991,137	2,014,601	2,738,905
Total governmental activities expenses	40,090,195	38,698,939	32,978,870	31,527,877	31,619,472
Business-type activities:					
Water	6,454,568	5,650,092	5,593,980	4,543,407	4,370,136
Sewer	9,697,231	8,851,372	7,465,887	8,628,125	8,837,099
Refuse Collection	4,548,674	4,321,260	3,505,939	4,106,036	3,701,253
Total business-type activities expenses	20,700,473	18,822,724	16,565,806	17,277,568	16,908,488
Total primary government expenses	\$ 60,790,668	\$ 57,521,663	\$ 49,544,676	\$ 48,805,445	\$ 48,527,960
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,476,260	\$ 539,150	\$ 341,098	\$ 107,932	\$ 220,042
Public safety	450,057	508,709	1,240,792	478,730	413,473
Public works	2,542,293	2,316,181	1,522,550	1,096,429	953,483
Parks and recreation	1,640,881	1,287,849	1,181,314	1,321,204	1,226,166
Other	1,429	-	-	100,386	133,839
Operating grants and contributions	2,719,200	2,234,947	3,286,244	3,369,440	3,150,589
Capital grants and contributions	546,563	514,534	714,594	702,025	283,899
Total governmental activities program revenues	9,376,683	7,401,370	8,286,592	7,176,146	6,381,491
Business-type activities:					
Charges for services:					
Water	6,406,197	4,933,151	4,622,425	4,877,155	3,248,895
Sewer	9,955,355	8,402,521	7,474,704	7,013,757	6,559,543
Refuse Collection	4,723,623	3,919,872	3,722,449	3,862,580	4,024,527
Operating grants and contributions	-	-	-	1,308,893	-
Capital grants and contributions	1,186,735	1,028,338	3,348,132	504,589	395,165
Total business-type activities program revenues	22,271,910	18,283,882	19,167,710	17,566,974	14,228,130
Total primary government program revenues	\$ 31,648,593	\$ 25,685,252	\$ 27,454,302	\$ 24,743,120	\$ 20,609,621

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

	Fiscal Year				
	2006	2005	2004	2003	2002
Net (Expense)/Revenue					
Governmental activities	\$ 30,713,512	\$ 31,297,569	\$ 24,692,278	\$ 24,351,731	\$ 25,237,981
Business-type activities	<u>(1,571,437)</u>	<u>538,842</u>	<u>(2,601,904)</u>	<u>(289,406)</u>	<u>2,680,358</u>
Total primary government net expense	<u>\$ 29,142,075</u>	<u>\$ 31,836,411</u>	<u>\$ 22,090,374</u>	<u>\$ 24,062,325</u>	<u>\$ 27,918,339</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 15,504,905	\$ 13,810,490	\$ 12,900,727	\$ 10,415,445	\$ 10,265,292
Franchise taxes	1,308,839	1,263,721	1,725,402	1,073,224	1,051,411
Sales taxes	7,386,925	6,953,294	6,834,708	6,088,866	5,982,666
Motor vehicle license fees	2,572,107	2,804,619	1,968,325	2,436,209	2,379,893
Other taxes	1,855,821	931,074	1,776,800	2,311,692	1,604,441
Rental income	-	-	803,898	448,626	592,042
Investment earnings	1,671,623	1,064,234	1,126,080	1,406,240	2,018,299
Gain on sale of capital assets	1,109,814	974,079	2,779,073	326,535	5,992,368
Transfers	<u>277,474</u>	<u>(238,760)</u>	<u>114,633</u>	<u>306,350</u>	<u>151,989</u>
Total governmental activities	<u>31,687,508</u>	<u>27,562,751</u>	<u>30,029,646</u>	<u>24,813,187</u>	<u>30,038,401</u>
Business-type activities:					
Investment earnings	586,583	263,349	146,546	206,350	365,973
Transfers	<u>(277,474)</u>	<u>238,760</u>	<u>(114,633)</u>	<u>(306,350)</u>	<u>(151,989)</u>
Total business-type activities	<u>309,109</u>	<u>502,109</u>	<u>31,913</u>	<u>(100,000)</u>	<u>213,984</u>
Total primary government	<u>\$ 31,996,617</u>	<u>\$ 28,064,860</u>	<u>\$ 30,061,559</u>	<u>\$ 24,713,187</u>	<u>\$ 30,252,385</u>
Change in Net Assets					
Governmental activities	\$ 973,996	\$ (3,734,818)	\$ 5,337,368	\$ 461,456	\$ 4,800,420
Business-type activities	<u>1,880,546</u>	<u>(36,733)</u>	<u>2,633,817</u>	<u>189,406</u>	<u>(2,466,374)</u>
Total primary government	<u>\$ 2,854,542</u>	<u>\$ (3,771,551)</u>	<u>\$ 7,971,185</u>	<u>\$ 650,862</u>	<u>\$ 2,334,046</u>

Notes: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

Source: City Finance Department

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

	Program Revenues				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Function/Program					
Governmental activities:					
General government	\$ 2,683,313	\$ 2,710,589	\$ 2,667,970	\$ 3,111,005	\$ 2,328,346
Public safety	729,783	727,990	1,448,729	677,196	786,050
Public works	3,412,799	2,461,662	1,632,181	1,303,664	1,087,046
Parks and recreation	1,655,338	1,287,849	1,181,314	1,321,204	1,276,166
Other	895,450	213,280	1,356,398	763,077	903,883
Subtotal governmental activities	<u>9,376,683</u>	<u>7,401,370</u>	<u>8,286,592</u>	<u>7,176,146</u>	<u>6,381,491</u>
Business-type activities:					
Water	6,530,394	5,187,983	4,987,705	6,347,016	3,534,404
Wastewater	11,017,893	9,176,027	10,457,556	7,357,378	6,669,199
Refuse	4,723,623	3,919,872	3,722,449	3,862,580	4,024,527
Subtotal business-type activities	<u>22,271,910</u>	<u>18,283,882</u>	<u>19,167,710</u>	<u>17,566,974</u>	<u>14,228,130</u>
Total primary government	<u>\$ 31,648,593</u>	<u>\$ 25,685,252</u>	<u>\$ 27,454,302</u>	<u>\$ 24,743,120</u>	<u>\$ 20,609,621</u>

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 3,982,540	\$ 3,538,190	\$ 3,527,900	\$ 3,938,570	\$ 2,849,457	\$ 2,662,671	\$ 2,713,333	\$ 2,626,791	\$ 2,943,767	\$ 2,805,375
Unreserved	7,308,359	8,733,190	7,173,414	4,883,879	7,808,883	12,714,181	12,979,444	15,782,442	15,385,235	15,225,455
Total general fund	\$ 11,290,899	\$ 12,271,380	\$ 10,701,314	\$ 8,822,449	\$ 10,658,340	\$ 15,376,852	\$ 15,692,777	\$ 18,409,233	\$ 18,329,002	\$ 18,030,830
All Other Governmental Funds										
Reserved	\$ 10,338,237	\$ 10,870,366	\$ 12,710,618	\$ 12,552,249	\$ 12,848,114	\$ 12,899,397	\$ 11,392,576	\$ 11,986,252	\$ 11,807,568	\$ 13,321,727
Unreserved, reported in:										
Special revenue funds	2,142,172	2,186,583	1,959,508	1,232,999	1,190,344	1,136,747	1,245,070	2,567,278	2,537,723	3,730,841
Capital projects funds	(3,844,275)	(3,375,222)	14,164,901	14,235,395	13,207,167	7,063,180	4,840,759	7,106,995	7,607,850	6,287,248
Debt service funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 8,636,134	\$ 9,663,727	\$ 28,835,027	\$ 28,020,643	\$ 27,245,625	\$ 21,099,324	\$ 17,478,405	\$ 21,660,525	\$ 21,953,141	\$ 23,339,816

Source: City Finance Department

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes (see Schedule 6)	\$ 10,463,043	\$ 11,732,970	\$ 12,826,675	\$ 13,414,411	\$ 17,583,820	\$ 18,446,597	\$ 19,369,070	\$ 23,265,761	\$ 23,729,707	\$ 26,055,840
Intergovernmental	3,019,306	3,066,137	3,159,066	3,724,763	4,710,598	4,776,614	4,946,037	4,677,326	4,697,723	4,385,363
Interest and rentals	2,783,998	2,809,553	3,093,597	3,936,253	3,992,384	2,614,565	1,852,394	1,934,571	1,726,379	2,214,033
Charges for services	1,389,366	1,437,802	1,479,749	1,466,442	1,574,574	1,699,307	1,789,670	1,746,714	1,708,557	2,461,399
Licenses, permits and fees	1,536,030	1,697,940	1,311,205	697,062	1,571,547	1,061,085	1,132,715	2,376,101	2,083,725	1,796,443
Special assessment collection	986,810	1,121,382	679,036	661,555	638,824	586,108	351,885	160,866	327,225	306,495
Fines, forfeitures and penalties	80,580	81,248	178,679	191,171	192,609	186,611	185,715	174,550	181,727	216,368
Donations and miscellaneous	1,189,513	741,504	496,169	503,714	564,161	925,838	1,239,855	1,496,736	1,023,983	1,656,272
Total revenues	21,448,646	22,788,536	23,224,176	24,597,371	30,828,517	30,296,725	30,867,341	35,832,625	35,479,026	39,092,213
Expenditures										
General government	3,026,938	3,016,206	4,137,202	3,626,506	5,159,063	7,262,653	7,491,692	8,230,662	11,480,332	11,184,075
Public safety	7,605,166	8,549,301	9,255,627	10,144,499	10,252,230	10,833,756	11,181,015	12,601,586	14,346,107	15,442,477
Public works	2,032,420	2,013,775	2,221,362	2,375,015	2,449,578	2,478,932	2,430,335	1,852,072	1,962,617	1,841,831
Parks and recreation	2,394,832	2,463,617	2,658,730	2,908,449	2,993,507	3,018,190	2,836,600	2,419,161	2,611,590	2,875,257
Other	711,490	734,985	1,724,328	1,314,758	1,905,946	1,029,440	1,076,102	997,196	1,094,895	1,187,748

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

Capital outlay	1,537,115	2,308,781	3,552,851	3,773,549	4,574,201	9,112,580	6,226,317	3,114,073	3,098,196	5,065,505
Debt service										
Interest	1,716,915	1,608,232	1,559,091	1,959,923	1,812,554	1,474,316	1,381,577	1,242,520	1,179,094	1,196,955
Principal	1,286,910	1,174,351	1,765,568	2,024,288	2,220,417	2,436,395	2,640,957	1,731,907	1,694,815	1,896,222
Total expenditures	20,311,786	21,859,258	27,074,759	28,126,987	31,367,496	37,646,262	35,264,595	32,189,177	37,467,646	40,690,070
Excess of revenues over (under) expenditures	1,136,860	919,278	(3,850,583)	(3,529,616)	(538,979)	(7,349,537)	(4,397,254)	3,643,448	(1,988,620)	(1,597,857)
Other Financing Sources (Uses)										
Bonds issued	-	-	18,793,689	-	-	-	-	6,950,000	-	-
Refunding bonds issued	-	-	-	-	-	10,140,112	-	-	-	-
Payments to escrow agent	-	-	-	-	-	(10,745,780)	361,460	(7,078,675)	-	-
Proceeds from the sale of capital assets	-	-	-	-	-	5,999,529	297,232	3,269,170	1,263,800	1,956,704
Lease proceeds	-	717,000	958,000	-	663,000	-	-	-	1,175,965	818,624
Transfers in	4,702,250	5,422,953	7,848,851	8,398,830	8,713,766	9,957,707	10,757,175	7,056,503	9,150,655	9,245,675
Transfers out	(4,142,854)	(4,800,818)	(7,208,154)	(7,682,669)	(8,227,612)	(9,805,718)	(10,450,825)	(6,941,870)	(9,389,415)	(8,968,201)
Total other financing sources (uses)	559,396	1,339,135	20,392,386	716,161	1,169,154	5,545,850	965,042	3,255,128	2,201,005	3,052,802
Net change in fund balances	\$ 1,696,256	\$ 2,258,413	\$ 16,541,803	\$ (2,813,455)	\$ 630,175	\$ (1,803,687)	\$ (3,432,212)	\$ 6,898,576	\$ 212,385	\$ 1,454,945
Debt service as a percentage of noncapital expenditures	16.0%	14.2%	14.1%	16.4%	15.1%	13.7%	13.9%	10.2%	8.4%	8.7%

Source: City Finance Department

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

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales & Use</u>	<u>a</u> <u>Occupancy</u>	<u>b</u> <u>Franchise</u>	<u>c</u> <u>Real Property Transfer</u>	<u>Total</u>
1997	\$ 1,861,662	\$ 4,144,917	\$ 999,907	\$ 474,789	\$ 146,347	\$ 7,627,622
1998	1,912,680	4,795,502	1,132,168	519,802	212,668	8,572,820
1999	1,953,084	5,591,943	1,200,823	594,508	253,750	9,594,108
2000	2,072,921	5,601,413	1,300,239	560,643	253,086	9,788,302
2001	2,109,747	6,332,766	1,664,211	840,710	319,352	11,266,786
2002	2,293,881	5,977,738	1,339,175	1,051,411	257,774	10,919,979
2003	2,426,786	6,088,867	1,363,690	1,073,224	352,817	11,305,384
2004	2,517,925	6,834,708	1,367,259	1,725,403	265,430	12,710,725
2005	2,739,642	6,953,294	1,451,781	1,263,721	250,421	12,658,859
2006	3,127,448	7,386,925	1,601,587	1,308,839	253,584	13,678,383
Change						
1997-2006	68.0%	78.2%	60.2%	175.7%	73.3%	79.3%

Notes:

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

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

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

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

Fiscal Year	Residential Property		Commercial Property		Nontaxable Property		Total Taxable Assessed Value		Total Direct Tax Rate	Estimated Actual Taxable Value		Taxable Assessed Value ^a as a Percentage of Actual Taxable Value	
1997	\$	1,650,709	\$	327,725	\$	66,617	\$	1,978,434	\$	1.00	\$	1,978,434	100.0000%
1998		1,686,613		348,827		67,142		2,045,440		1.00		2,045,440	100.0000%
1999		1,704,489		363,757		77,851		2,068,246		1.00		2,068,246	100.0000%
2000		1,825,240		371,470		78,036		2,196,710		1.00		2,196,710	100.0000%
2001		1,947,693		402,248		81,075		2,349,941		1.00		2,349,941	100.0000%
2002		1,961,462		420,042		82,224		2,381,504		1.00		2,381,504	100.0000%
2003		2,452,866		433,238		85,312		2,886,104		1.00		2,886,104	100.0000%
2004		2,657,037		444,520		86,148		3,101,557		1.00		3,101,557	100.0000%
2005		2,851,308		457,880		89,113		3,309,188		1.00		3,309,188	100.0000%
2006		3,053,022		605,857		95,507		3,563,372		1.00		3,563,372	100.0000%

Source: Sonoma County Tax Collector, Assessor and Auditor-Controller

Notes: Tax rates are per \$1,000 of assessed value.
^a Includes tax-exempt property.

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

Fiscal Year	City Total Direct Rate	Overlapping Rates ^a				
		Rohnert Park Cotati School District	Warm Spring Dam	Santa Rosa Junior College	Santa Rosa High School	Bellvue School District
1997	\$ 1.00	\$ 0.11	\$ 0.007	\$ 0.025	0.0300	\$ 0.025
1998	1.00	0.11	0.007	0.025	0.0300	0.025
1999	1.00	0.11	0.007	0.025	0.0300	0.025
2000	1.00	0.11	0.007	0.025	0.0300	0.025
2001	1.00	0.11	0.007	0.025	0.0300	0.025
2002	1.00	0.11	0.007	0.025	0.0542	0.025
2003	1.00	0.11	0.007	0.025	0.0542	0.025
2004	1.00	0.11	0.007	0.025	0.0542	0.025
2005	1.00	0.11	0.007	0.025	0.0542	0.025
2006	1.00	0.11	0.007	0.025	0.0542	0.025

Source: Sonoma County Auditor-Controller, Tax Collector

Notes:

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

**City of Rohnert Park
Principal Property Taxpayers,
Current Year and Prior Year**

<u>Taxpayer</u>	2006			2005		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Sonoma Green LLC	\$ 75,795,414	1	2.13%	\$ 93,160,890	1	2.82%
Rohnert Park Ridge LLC	41,520,846	2	1.17	40,078,392	2	1.21
Knickerbocker Properties, Inc.	24,534,496	3	0.69	24,079,653	3	0.73
Crossbrook Apartments	23,105,472	4	0.65	22,654,197	5	0.68
Santa Rosa Press Democrat	22,141,758	5	0.62	22,869,328	4	0.69
State Farm Mutual Auto Insur.	21,287,225	6	0.60	20,940,065	7	0.63
Costco Wholesale Corp	20,294,835	7	0.57	20,068,544	8	0.61
RLH Partnership	18,000,000	8	0.51	—		
Gi Realty Trust 1997	16,534,623	9	0.46	16,210,416	9	0.49
Millennium Housing Corporation	15,296,520	10	0.43	15,912,847	10	0.48
DoubleTree Hotel			—	21,470,512	6	0.65
Total	\$ 278,511,189		5.71%	\$ 297,444,844		6.20%

Source: Sonoma County Tax Collector Metroscan database

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 1,837,899	\$ 1,824,296	99.26%	\$ 13,603	\$ 1,837,899	100.0%
1998	1,881,393	1,865,496	99.16%	15,897	1,881,393	100.0%
1999	1,922,145	1,881,670	97.89%	40,475	1,922,145	100.0%
2000	1,985,000	1,975,045	99.50%	9,760	1,984,805	99.99%
2001	2,049,232	2,046,938	99.89%	2,001	2,048,939	99.99%
2002	2,099,148	2,093,456	99.73%	5,318	2,098,774	99.98%
2003	2,298,857	2,291,796	99.69%	6,459	2,298,255	99.97%
2004	2,303,177	2,295,714	99.68%	5,738	2,301,452	99.93%
2005	2,747,507	2,739,642	99.71%	-	2,739,642	99.71%
2006	3,127,448	3,113,048	99.54%	-	3,113,048	99.54%

Sources: Sonoma County Auditor-Controller

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

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Apparel stores	\$ 7,031	\$ 7,222	\$ 13,748	\$ 15,347	\$ 15,036	\$ 15,062	\$ 13,786	\$ 13,691	\$ 13,927	\$ 14,154
General merchandise	65,386	69,739	71,061	75,118	79,458	104,242	164,097	179,419	191,443	194,974
Food stores	26,997	27,885	29,806	30,996	31,844	35,023	34,990	38,929	39,765	40,923
Eating and drinking establishments	40,219	45,415	48,049	52,850	55,632	56,357	60,000	68,442	72,279	73,091
Home furnishings and appliances	21,077	18,261	26,776	29,134	29,521	45,674	39,276	36,601	32,707	29,879
Building materials and farm tools	78,961	90,189	98,845	107,922	109,540	109,063	114,615	126,268	126,436	125,132
Auto dealers and supplies	16,510	19,337	17,828	24,811	26,306	20,821	22,528	21,451	19,923	20,365
Service stations	22,948	21,191	27,814	33,728	31,010	29,556	31,805	31,960	34,155	36,395
Other retail stores	60,558	66,849	72,554	81,210	72,700	71,914	70,868	71,228	76,111	74,799
All other outlets	83,991	98,122	94,697	116,599	100,176	78,390	73,646	75,051	82,371	83,199
Total	\$ 423,677	\$ 464,210	\$ 501,179	\$ 567,714	\$ 551,223	\$ 566,101	\$ 625,611	\$ 663,040	\$ 689,114	\$ 692,912

City direct sales tax rate 1.00% 1.00% 1.00% 1.00% 1.00% 1.00% 1.00% 1.00% 0.75% 0.75%

Source: State Department of Commerce.

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

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

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Sonoma County</u>	<u>State</u>
1997	1.00%	0.25%	6.00%
1998	1.00%	0.25%	6.00%
1999	1.00%	0.25%	6.00%
2000	1.00%	0.25%	6.00%
2001	1.00%	0.25%	6.00%
2002	1.00%	0.25%	5.75%
2003	1.00%	0.25%	6.00%
2004	1.00%	0.25%	6.00%
2005	0.75%	0.50%	6.25%
2006	0.75%	0.50%	6.25%

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

2006 / 5	2005 / 4	2004 / 3	2003 / 2
BUSINESS NAME	BUSINESS NAME	BUSINESS NAME	BUSINESS NAME
101 INTERNATIONAL TRUCK SALES	101 INTERNATIONAL TRUCK SALES	101 INTERNATIONAL TRUCK SALES	101 INTERNATIONAL TRUCK SALES
BURLINGTON COAT FACTORY	BURLINGTON COAT FACTORY	BURLINGTON COAT FACTORY	BURLINGTON COAT FACTORY
CASTINO RESTRNT EQPMNT SUPPLY	CASTINO RESTRNT EQPMNT SUPPLY	CASTINO RESTRNT EQPMNT SUPPLY	CASTINO RESTRNT EQPMNT SUPPLY
CHEVRON SERVICE STATIONS	CHEVRON SERVICE STATIONS	CHEVRON SERVICE STATIONS	CHEVRON SERVICE STATIONS
COSTCO WHOLESALE	COSTCO WHOLESALE	COSTCO WHOLESALE	COSTCO WHOLESALE
EXXON SERVICE STATIONS	EXXON SERVICE STATIONS	EXXON SERVICE STATIONS	EXXON SERVICE STATIONS
FOOD MAXX	FOOD MAXX	FOOD MAXX	FOOD MAXX
GOODE PRINTING & MAILING	GOODE PRINTING & MAILING	HERTZ EQUIPMENT RENTAL	HERTZ EQUIPMENT RENTAL
HERTZ EQUIPMENT RENTAL	HERTZ EQUIPMENT RENTAL	HOME DEPOT	HOME DEPOT
HOME DEPOT	HOME DEPOT	J.E.HIGGINS LUMBER COMPANY	J.E.HIGGINS LUMBER COMPANY
J.E.HIGGINS LUMBER COMPANY	J.E.HIGGINS LUMBER COMPANY	LEVITZ FURNITURE	LEVITZ FURNITURE
LINENS N THINGS	LINENS N THINGS	LINENS N THINGS	LINENS N THINGS
MCPHAIL'S APPLIANCES	MCPHAIL'S APPLIANCES	MCPHAIL'S APPLIANCES	MCPHAIL'S APPLIANCES
OFFICE DEPOT	OFFICE DEPOT	NORTRAX WEST	NORTRAX WEST
PAPE MACHINERY	PAPE MACHINERY	OFFICE DEPOT	OFFICE DEPOT
PETSMART	PETSMART	PETSMART	PETSMART
RALEY'S SUPERMARKET	RALEY'S SUPERMARKET	RALEY'S SUPERMARKET	RALEY'S SUPERMARKET
ROSS STORES	ROSS STORES	ROSS STORES	ROSS STORES
SAFEWAY STORES	SAFEWAY STORES	ROTTEN ROBBIE SERVICE STATIONS	ROTTEN ROBBIE SERVICE STATIONS
SHELL SERVICE STATIONS	SHELL SERVICE STATIONS	SAFEWAY STORES	SAFEWAY STORES
TARGET STORES	TARGET STORES	SHELL SERVICE STATIONS	SHELL SERVICE STATIONS
UNITED FURNITURE	UNITED FURNITURE	SHELL SERVICE STATIONS	SHELL SERVICE STATIONS
W.W.GRAINGER	W.W.GRAINGER	TARGET STORES	TARGET STORES
WAL MART STORES	WAL MART STORES	UNITED FURNITURE	UNITED FURNITURE
O'DELL PRINTING COMPANY	YARDBIRDS HOME CENTER	W.W.GRAINGER	W.W.GRAINGER
		WAL MART STORES	WAL MART STORES
		YARDBIRDS HOME CENTER	YARDBIRDS HOME CENTER

Source: MBIA sales tax consultants

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

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

2002 / 1	2001 / 0	2000 / 99
BUSINESS NAME	BUSINESS NAME	BUSINESS NAME
101 INTERNATIONAL TRUCK SALES	101 INTERNATIONAL TRUCK SALES	101 INTERNATIONAL TRUCK SALES
BURLINGTON COAT FACTORY	BURLINGTON COAT FACTORY	AGILENT TECHNOLOGIES
CASTINO RESTRNT EQPMNT SUPPLY	CASTINO RESTRNT EQPMNT SUPPLY	BURLINGTON COAT FACTORY
CHEVRON SERVICE STATIONS	CHEVRON SERVICE STATIONS	CASTINO RESTRNT EQPMNT SUPPLY
COSTCO WHOLESALE	EXXON SERVICE STATIONS	CHEVRON SERVICE STATIONS
FOOD 4 LESS	FOOD 4 LESS	DOUBLETREE HOTEL
HERTZ BIG 4 RENTS	HANSEL FORD	HERTZ BIG 4 RENTS
HOME DEPOT	HERTZ BIG 4 RENTS	HOME DEPOT
J.E.HIGGINS LUMBER COMPANY	HOME DEPOT	J.E.HIGGINS LUMBER COMPANY
LEVITZ FURNITURE	J.E.HIGGINS LUMBER COMPANY	LINENS N THINGS
LINENS N THINGS	LEVITZ FURNITURE	MCPHAIL'S APPLIANCES
LONGS DRUG STORES	LINENS N THINGS	NEXT LEVEL COMMUNICATIONS
MCPHAIL'S APPLIANCES	MCPHAIL'S APPLIANCES	NORTRAX WEST
NEXT LEVEL COMMUNICATIONS	NORTRAX WEST	OFFICE DEPOT
NORTRAX WEST	OFFICE DEPOT	RALEY'S SUPERMARKET
OFFICE DEPOT	RALEY'S SUPERMARKET	ROSS STORES
RALEY'S SUPERMARKET	ROSS STORES	ROTTEN ROBBIE SERVICE STATIONS
ROSS STORES	ROTTEN ROBBIE SERVICE STATIONS	SAFEWAY STORES
SAFEWAY STORES	SAFEWAY STORES	SEARS HOMELIFE FURNITURE STORE
SHELL SERVICE STATIONS	SHELL SERVICE STATIONS	SHELL SERVICE STATIONS
TARGET STORES	TARGET STORES	TARGET STORES
UNITED FURNITURE	UNITED FURNITURE	UNITED FURNITURE
W.W.GRAINGER	W.W.GRAINGER	W.W.GRAINGER
WAL MART STORES	WAL MART STORES	WAL MART STORES
YARDBIRDS HOME CENTER	YARDBIRDS HOME CENTER	YARDBIRDS HOME CENTER

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

1999 / 98	1998 / 97	1997 / 96
BUSINESS NAME	BUSINESS NAME	BUSINESS NAME
101 INTERNATIONAL TRUCK SALES	101 INTERNATIONAL TRUCK SALES	101 INTERNATIONAL TRUCK SALES
BURLINGTON COAT FACTORY	CASTINO RESTRNT EQPMNT SUPPLY	CASTINO RESTRNT EQPMNT SUPPLY
CASTINO RESTRNT EQPMNT SUPPLY	CHEVRON SERVICE STATIONS	CHEVRON SERVICE STATIONS
CHEVRON SERVICE STATIONS	FOOD 4 LESS	DOUBLETREE HOTEL
HERTZ BIG 4 RENTS	HERTZ BIG 4 RENTS	EXXON SERVICE STATIONS
HEWLETT-PACKARD	HEWLETT-PACKARD	FOOD 4 LESS
HOME DEPOT	HOME DEPOT	HERTZ BIG 4 RENTS
J.E.HIGGINS LUMBER COMPANY	J.E.HIGGINS LUMBER COMPANY	HEWLETT-PACKARD
LEVITZ FURNITURE	LEVITZ FURNITURE	HOME DEPOT
LINENS N THINGS	LINENS N THINGS	HOME EXPRESS
LONGS DRUG STORES	LONGS DRUG STORES	LEVITZ FURNITURE
MCPHAIL'S APPLIANCES	NEXT LEVEL COMMUNICATIONS	LONGS DRUG STORES
NEXT LEVEL COMMUNICATIONS	NORTRAX WEST	NEXT LEVEL COMMUNICATIONS
NORTRAX WEST	O'DELL PRINTING COMPANY	NORTRAX WEST
OFFICE DEPOT	OFFICE DEPOT	OFFICE DEPOT
RALEY'S SUPERMARKET	PETSMART	PETSMART
ROSS STORES	RALEY'S SUPERMARKET	RALEY'S SUPERMARKET
ROTTEN ROBBIE SERVICE STATIONS	ROSS STORES	ROSS STORES
SAFEWAY STORES	SAFEWAY STORES	SAFEWAY STORES
SHELL SERVICE STATIONS	SEARS HOMELIFE FURNITURE STORE	SHELL SERVICE STATIONS
TARGET STORES	TARGET STORES	TARGET STORES
UNITED FURNITURE	UNITED FURNITURE	UNITED FURNITURE
W.W.GRAINGER	W.W.GRAINGER	W.W.GRAINGER
WAL MART STORES	WAL MART STORES	WAL MART STORES
YARDBIRDS HOME CENTER	YARDBIRDS HOME CENTER	YARDBIRDS HOME CENTER

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

Fiscal Year	Government-type Activities					Business-type Activities					Total Primary Government ^a	Percentage of Personal Income ^b	Per Capita ^b	
	Bonds	Redevelopment Bonds	Certificates of Participation	Lease Revenue Bonds	Special Assessment Bonds	Capital Leases	Water Revenue Bonds	Certificates of Participation	Water Revenue Bonds	Capital Leases				
1997	\$	11,620	\$	7,565	\$	4,385	\$	-	\$	-	\$	23,570	2.11 %	\$ 614
1998		11,240		7,340		4,255		-		-		22,835	1.86	577
1999		22,772		13,991		3,765		-		-		40,528	3.14	1,012
2000		23,557		13,572		3,295		-		-		40,424	2.78	1,012
2001		23,462		13,017		2,700		-		-		39,179	2.55	928
2002		23,649		12,247		2,010		799		-		38,705	2.49	908
2003		23,444		11,530		1,495		602		2,090		39,161	2.52	928
2004		23,347		4,545		1,185		449		2,010		38,486	2.35	914
2005		23,244		4,405		910		1,485		6,930	13,000	56,684	not available	1,335
2006		23,082		4,265		620		2,027		6,725	13,000	56,204	not available	1,306

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

^a The city issued \$7 million of new certificates of participation and \$11 million of tax allocation bonds in 1999.

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

^b See Schedule 20 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita
	Redevelopment Bonds	Total		
1997	\$ 11,620	\$ 11,620	0.59%	\$ 302.82
1998	11,240	11,240	0.5495	284.08
1999	22,772	22,772	1.1010	568.84
2000	23,557	23,557	1.0724	589.63
2001	23,462	23,462	0.9984	555.50
2002	23,649	23,649	0.9930	554.49
2003	23,444	23,444	0.8123	555.57
2004	23,347	23,347	0.7528	554.21
2005	23,244	23,244	0.7024	547.63
2006	23,082	23,082	0.6478	536.45

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

**City of Rohnert Park
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2006**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Cotati-Rohnert Park Unified School District	\$ 71,707,070	83.450%	59,839,201
Other debt			
Subtotal, overlapping debt			59,839,201
City direct debt			-
Total direct and overlapping debt			<u>\$ 59,839,201</u>

Source: Sonoma County Tax Collector

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

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

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	\$ 3,563,372
Debt limit (15% of assessed value)	534,506
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>534,506</u>
Legal debt margin	\$ <u>534,506</u>

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 308,334	\$ 324,781	\$ 325,508	\$ 343,238	\$ 369,559	\$ 445,713	\$ 478,156	\$ 487,694	\$ 526,849	\$ 534,506
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 308,334	\$ 324,781	\$ 325,508	\$ 343,238	\$ 369,559	\$ 445,713	\$ 478,156	\$ 487,694	\$ 526,849	\$ 534,506
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Fiscal Year	Water Revenue Bonds						Sewer Revenue Bonds						Special Assessment Bonds											
	Utility Service Charges			Less: Operating Expenses			Net Available Revenue			Coverage			Utility Service Charges			Less: Operating Expenses			Net Available Revenue			Coverage		
	Charges	Principal	Interest	Charges	Principal	Interest	Revenue	Principal	Interest	Coverage	Charges	Principal	Interest	Revenue	Principal	Interest	Coverage	Assessment Collections	Principal	Interest	Coverage			
1997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
1998	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
1999	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2001	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2002	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2003	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2004	4,622	80	72	5,061	80	72	(439)	80	72	(2.89)	-	-	-	-	-	-	-	-	-	-	-	-		
2005	4,933	80	70	5,031	80	70	(98)	80	70	(0.65)	-	-	-	-	-	-	-	-	-	-	-	-		
2006	6,406	205	237	5,480	205	237	926	205	237	2.10	9,955	9,112	843	-	-	-	-	319	290	37	n/a	-		

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

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
1997	38,372	\$ 1,118,582	\$ 29,151	not available	7,711	4.6%
1998	39,567	1,225,350	30,969	not available	7,983	3.8%
1999	40,032	1,290,271	32,231	38.4	7,756	3.2%
2000	39,952	1,455,771	36,438	35.5	8,033	3.1%
2001	42,236	1,539,207	36,443	35.7	7,829	3.3%
2002	42,650	1,553,612	36,427	35.9	7,836	4.7%
2003	42,198	1,554,743	36,844	36	7,678	4.8%
2004	42,127	1,638,782	38,901	38.9	7,482	5.3%
2005	42,445	not available	not available	38.9	7,260	4.1%
2006	43,027	not available	not available	31.5 est	6,816	3.9%

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

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

**City of Rohnert Park
Principal Employers,
Current Year**

<u>Employer</u>	<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Sonoma State University	1,532	1	14.25%
State Farm Insurance	625	2	5.81%
Wal-Mart	600	3	5.58%
Cross Check	285	4	2.65%
Target	210	5	1.95%
Costco	190	6	1.77%
City of Rohnert Park	182	7	1.69%
Home Depot	160	8	1.49%
Parker Hannifin Corp	137	9	1.27%
Alvarado Street Bakery	116	10	1.08%
Total	4,217		37.55%

Source: Chamber of Commerce for top employers and www.epodunk.com for total employment

Note: Data not available for prior years

Total number of jobs in Rohnert Park = 10,752

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

<u>Function/Program</u>	<u>Full-time-Equivalent Employees as of June 30</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government										
City Manager's Office	4	5	5	6	6	6	6	4	5	5
Finance	12	12	12	13	12	12	11	10	11	12
Information Systems	1	1	1	2	2	2	2	2	2	2
Planning	2	2	3	3	3	3	3	2	2	3
Human Resource	2	2	2	2	2	3	3	2	2	2
Other	4	4	4	3	3	3	3	1	2	2
Public Safety										
Officers ^a	56	61	63	67	67	70	70	70	76	77
Civilians	32	33	33	33	33	31	31	30	30	30
Building Inspection	2	3	4	4	4	4	4	2	2	3
Public Works										
Engineering ^b	4	4	4	4	4	4	4	3	4	5
Public Works	23	23	24	28	28	28	27	23	25	25
Park Maintenance	9	9	9	9	9	9	9	7	6	5
Parks and recreation	10	10	10	10	10	10	10	7	7	7
Performing Arts Center	3	4	4	4	4	4	4	3	4	4
Total	<u>164</u>	<u>173</u>	<u>178</u>	<u>188</u>	<u>187</u>	<u>189</u>	<u>187</u>	<u>166</u>	<u>178</u>	<u>182</u>

Source: City Budget Office.

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

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government										
Building permits issued	627	623	818	712	800	746	801	634	736	574
Building inspections conducted	not available	not available	not available	not available	not available	not available	not available	not available	2,228	1,875
Police										
Physical arrests	not available	not available	not available	not available	not available	not available	not available	1,839	2,174	2,485
Parking violations	not available	not available	not available	not available	not available	not available	not available	1,111	3,583	3,794
Traffic violations	not available	not available	not available	not available	not available	not available	not available	265	286	264
Fire										
Emergency responses	188	168	185	111	123	119	103	107	113	134
Inspections	not available	not available	not available	not available	not available	not available	not available	not available	not available	not available
Refuse Collection ^a										
Refuse collected (tons per day)	not available	not available	not available	not available	not available	not available	not available	65.6	61.3	64.3
Recyclables collected (tons per day)	not available	not available	not available	not available	not available	not available	not available	29.5	27.5	30.9
Parks and recreation										
Sports & Fitness Center Attendance	120,233	135,919	136,434	130,000	113,926	127,530	113,552	135,259	136,490	119,803
Community Center Attendance ^b	not available	not available	not available	not available	65,071	85,511	86,121	71,069	41,120	42,019
Library										
Volumes in collection	56,764	55,452	56,127	56,740	59,031	57,179	60,254	65,078	74,868	75,718
Water										
Water main breaks	not available	not available	not available	not available	not available	not available	not available	not available	2	2
Average daily consumption (millions of gallons)	7.31	6.56	6.99	6.72	6.61	6.33	6.31	6.18	5.42	5.00
Peak daily consumption (millions of gallons)	10.93	10.38	9.70	9.42	9.20	9.87	10.18	8.81	8.44	7.86
Wastewater										
Average daily sewage treatment (millions of gallons)	not available	not available	4.24	3.90	3.64	3.80	3.69	3.60	3.88	3.87

Sources: Various city departments.

Notes:

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

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

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

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol officers	43	43	43	43	43	44	44	48	48	48
Fire stations	4	4	4	4	4	4	4	4	4	4
Refuse Collection *										
Collection trucks	not available	not available	not available	not available	not available	not available	13	11	11	11
Street Sweepers	not available	not available	not available	not available	not available	not available	2	2	2	2
Other public works										
Streets (miles)	82.67	82.67	82.67	82.67	82.67	85.12	85.12	85.12	85.12	85.12
Streetslights	2,844	2,668	2,682	2,750	2,756	2,784	2,794	2,794	2,794	2,794
Parks and recreation										
Acres	102	102	102	102	102	102	102	102	102	102
Playgrounds	30	30	30	30	30	30	30	30	30	30
Baseball/softball diamonds	14	14	14	14	14	14	14	14	14	14
Soccer fields	9	9	9	9	9	9	9	9	9	9
Tennis Courts	25	25	25	25	25	25	25	25	25	25
Water										
Water mains (miles)	82.67	82.67	82.67	82.67	82.67	82.81	82.81	115.70	115.70	115.7
Fire hydrants	not available	not available	not available	not available	not available	not available	not available	not available	not available	1,450
Storage capacity (thousands of gallons)	2,250.8	2,250.8	4,374.6	4,374.6	4,374.6	4,374.6	4,374.6	4,374.6	4,374.6	4,374.6
Wastewater										
Sanitary sewers (miles)	77.0	77.0	77.0	77.0	77.0	77.0	77.0	77.0	77.0	80.0
Storm sewers (miles)	30.9	30.9	30.9	32.0	32.0	32.0	32.0	32.0	32.0	32.0
Peak flow million of gallons)	not available	not available	5.13	4.79	4.36	4.75	4.88	4.44	5.11	5.41

Sources: Various city departments.

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

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

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