

CITY OF RANCHO CORDOVA CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2008



RANCHO CORDOVA

City Life. Reinvented.

**CITY OF RANCHO CORDOVA,
CALIFORNIA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2008**

Prepared by the Finance Department

CITY OF RANCHO CORDOVA, CALIFORNIA

FOR THE YEAR ENDED JUNE 30, 2008

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INTRODUCTORY SECTION



Linda Budge
Mayor

Dan Skoglund
Vice Mayor

Ken Cooley
Council Member

Robert J. McGarvey
Council Member

David Sander
Council Member

December 19, 2008

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of Rancho Cordova,

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Rancho Cordova (City) for the fiscal year ended June 30, 2008, in compliance with California Government Code. This report is presented in conformance with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accounts. This report may also be accessed online at <http://www.cityofranhocordova.org>

This report consists of management's representations concerning the finances of the City of Rancho Cordova. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Rancho Cordova's financial statements. Because the cost of internal controls should not outweigh their benefits, the City of Rancho Cordova's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Gilbert Associates, Inc., a firm of license certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Rancho Cordova, for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements'; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Rancho Cordova's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Rancho Cordova was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the

fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Rancho Cordova’s separately issued Single Audit Report.

GAAP requires management to provide financial report users a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the 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 City of Rancho Cordova’s MD&A can be found in the financial section immediately following the report of the independent auditors.

CITY OF RANCHO CORDOVA PROFILE

Located in California’s northern Central Valley, the City of Rancho Cordova was incorporated on July 1, 2003 following a vote of the electorate in November 2002. The City is organized as a General Law City under the State of California. The City of Rancho Cordova encompasses 33.6 square miles in Sacramento County and has a population of 60,975, according to estimates of the State Department of Finance. The City is adjacent to the City of Sacramento and is situated south of the American River that transverses Sacramento County.



The City operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing council consisting of five members elected at large by voters. The City Council is responsible for appointing the City Manager and the City Attorney, who serves under contract to the City. All other department heads are appointed by the City Manager.

and law enforcement services. The City contracts for law enforcement services with the Sacramento County Sheriff’s Department. The City contracts for street maintenance services from the Sacramento County Public Works Department. Other contracted services are provided by private companies. In-house services include Code Enforcement, Animal Services, Public Works, Building and Safety, and general administration. Fire protection is provided by the Sacramento Metropolitan Fire District, and parks and recreation services are provided by the Cordova Recreation and Parks District.



ECONOMIC CONDITION AND OUTLOOK

The information presented in the financial statements is best understood when considered from the broader perspective of the specific environment within which the City of Rancho Cordova operates.

In an era of national recession and dramatic changes in consumer behavior in the areas of consumption and credit, state and local governments across the nation have taken blows to their budgets through the interconnected cycles of lower employment, lower personal income tax revenues, decreased consumer spending, decreased sales tax revenues, and decreased housing prices resulting in lower property and transfer tax receipts.

Positively, in this current time of economic stress, the City of Rancho Cordova remains fiscally strong. While we are responsibly monitoring revenues and expenses, we are concerned about what future uncertain years may hold. To that end, the City is strongly committed to innovatively and creatively using strategic actions to maintain good financial health.



Major Industries Past and Present - The area which became the City of Rancho Cordova was initially built around two major industries – Mather Air Force Base and Aerojet Manufacturing. Mather Air Force Base supplied the air navigators for the Vietnam War while Aerojet Manufacturing was instrumental in the race to the moon and supplier of the Cold War defense. In response to the closure of Mather Air Force Base in 1992 and the diminishing of the Cold War, the area reinvented itself as a business park center of Sacramento County. The largest industry employers

are in the professional and business services, wholesale and retail trade, financial activities, and transportation and utilities. There are approximately 45,000 jobs in over 2,900 business establishments citywide. Among these establishments are several private sector employers with over 1,000 employees, including Aerojet, Vision Service Plan, Delta Dental, EDS, Franklin Templeton, and Verizon.

Within the past year, several businesses have opened that are highly supported by the thriving work environment. Capital Village, a mixed-use development with a variety of different types of housing units, retail, and restaurant space, opened during the fiscal year. The site was also host to the successful inaugural International Festival, a celebration of Rancho Cordova’s diverse and culturally-rich community. Other developments were begun and are scheduled to be completed during the following fiscal year, including an office, restaurant, and retail development situated in the heart of the business park community, a complete remodel and update of Target, and remodeling of other shopping centers and retail spaces.



Regional Job Growth - The Sacramento Region is experiencing the symptoms of the current national and state economic condition as the United States continues to face a recession, rising unemployment rates, and declining consumer confidence. Regional job growth continues to fall, although the rate has stabilized over the last quarter. The region’s unemployment rate increased by 2.4 percentage points from July 2007 to October 2008, with an unemployment rate of 7.9% in October 2008. Regional job growth remains below many of the major regions in California and the statewide and national averages and falls

around the lowest level the Region has experienced since the first quarter of 1992, with a net decrease of 11,000 jobs from September 2007 to September 2008. Annual job losses are now occurring in 8 of the 11 major sectors with one other sector showing no growth. Only two major sectors, Professional & Business Services and Educational & Health Services, are adding jobs on an annual basis. The greatest losses were incurred in the Construction; Trade, Transportation, and Utilities; and Financial Activities sectors. Other sectors that posted yearly losses greater than 1,000 jobs include Manufacturing, Government, and Financial Activities. These losses generally reflect overall statewide trends, with the exception of opposite effects in the Leisure & Hospitality and Government sectors (the region lost jobs as opposed to additions statewide).

Undoubtedly, these trends impact Rancho Cordova's job market, comprised mainly of Financial Activities (19%); Trade, Transportation & Utilities (17%); Professional & Business Services (16%) and Educational & Health Services (13%). Rancho Cordova posted an approximately 9.3% unemployment rate in October 2008, compared with 8.1% countywide. In light of these changes, the City was able to provide assistance over the past year to several major employers that have invested in Rancho Cordova with a total of 1,400 jobs, including a pharmacy school, EdFund, BloodSource, Pearson, Sierra Machinery, and Target.



Real Estate – The changes in the housing market have been the major story in national news for the past year. Regionally, home sale prices continue to decline, falling by nearly one-third between the second quarters of 2007 and 2008, as compared with the national average of around 10 %. Currently, the Region's median home sale price is approximately \$237,000. In Rancho Cordova, home sales have tracked with the overall region trends, with a decrease of 17% in prices from 2006 to 2007. The current median value of all owner-occupied housing units estimated to be \$265,000. Rancho Cordova contains over 23,000 housing units, about 2.5 % of the Sacramento region's population and housing units. Over 62% of the City's housing units are single-family dwellings, and close to 38 % of the housing units are multi-family dwellings.

Despite these trends, Rancho Cordova remains one of the lowest jurisdictions in the region in terms of foreclosure rates. At less than 3%, the rate of foreclosures in the city remains well below the national, state, and regional averages.

Table 1: Mortgage Foreclosure Rates, as of June 2008

Statewide	6.7%
City of Stockton	12.3%
City of Sacramento	8.9%
County of Sacramento	7.3%
City of Elk Grove	6.7%
City of Rancho Cordova	<3%

Source: US Dept. of Housing and Urban Development

The City continues to closely monitor foreclosed properties in each neighborhood to ensure the safety and security of the properties themselves, of residents living near foreclosed properties, and to prevent blight and crime associated with vacant properties.

In commercial real estate, the Highway 50 corridor has generally seen a lower vacancy rate than neighboring office market areas, such as Folsom, Roseville/Rocklin, and Elk Grove. The overall market vacancy rate in Sacramento is currently at 13.6%, while the Highway 50 corridor rate is 12.5%. With the lowest average asking rates in the region, adequate parking, convenient transportation access and increasingly diverse options for dining and retail, Rancho Cordova remains a competitive business location in the Sacramento region.



Further information about the effects of the national and regional economy on the City's financial outlook is found in the Management's Discussion and Analysis.

MAJOR INITIATIVES



Our citizens, business leaders, and community leaders recognize that many other factors, including education, community health and vibrancy, and infrastructure among other things, contribute to the overall quality of life of Rancho Cordova. Over the past fiscal year, the City has accomplished several goals that further the desires of the community to foster a positive image and quality of life for Rancho Cordova.

Most notably, the City celebrated its Five Year Anniversary of cityhood. The community engaged in several neighborhood celebrations that culminated in a large celebration at City Hall on the City's "birthday," July 1. The celebration was well attended by community members, elected officials from both the State and Federal legislatures, and a signing ceremony with dignitaries from the City's first Sister City, Turrialba, Costa Rica.



During the 2007-08 fiscal year, the City continued to make progress towards its goal of fostering strong neighborhoods. The depression in housing markets and increasing awareness of foreclosures in the community and the region prompted City leaders to hold a community workshop in December 2007 focused on providing information to struggling homeowners about options for keeping their homes. The successful event garnered several hundred attendees from diverse groups in the community, exceptional media coverage, and attention from State and Federal leaders. While there are several factors that contribute to a community's foreclosure rate, Rancho Cordova maintains a low rate of foreclosures, at 3% compared with a regional rate of nearly 7.5%. The community event is now being duplicated in cities throughout California. Also on the housing front, the City held a highly successful mixed-income housing policy workshop with Henry Cisneros, former U.S. Secretary of Housing and Urban Development, as a keynote speaker, with feedback from the workshop used to inform the City's Housing Element update.

In terms of infrastructure, the City capitalized several major projects, for a total value of \$30.76 million, during 2007-08, including:

- 2005 Street Rehabilitation of several collector roads, rubberized asphalt overlay and ADA improvements. The following streets were rehabbed: Bradshaw Road, Lincoln Village Drive, Old Placerville Road, and White Rock Road.
- Complete street sign replacement with new, Rancho Cordova-unique signs
- Installation of lighted crosswalks at the intersection of White Rock Road and Evadna Drive, and at the intersection of Vanguard Drive and Pegasus Way, both of which are directly adjacent to elementary schools
- 2007 Sidewalk Improvement which repaired damaged curb, gutter, and sidewalk at 45 locations throughout the City.
- Improvements to intersections around the new Capital Village development

The City also secured several Federal, State, and regional funding for transportation projects, including:

- \$679,860 in State Safe Routes to School funding to build approximately 2,025 linear feet of new sidewalk on Folsom Boulevard
- \$352,642 in Road Rehabilitation funding through the Surface Transportation Improvement Program
- \$3 million awarded by SACOG in Community Design funding for Complete Streets Improvements on Folsom Boulevard
- \$2.5 million in Regional Surface Transportation Program funding from SACOG for the International Extension and Folsom South Canal Bridge project
- \$880,000 from SACOG in Bicycle and Pedestrian funding for improvements for the International Extension and Folsom South Canal Bridge project

Ensuring a safe community remains an important goal of the City. To that end, several accomplishments for 2007-08 continued to establish and strengthen policies and practices for keeping the community safe. An emergency Operations Plan was completed and adopted by the City Council towards the end of the fiscal year. The Police Department focused on its effectiveness and visibility through the formation of several specific task units and collaborated across department and jurisdictional lines to create a stronger presence throughout neighborhoods. The City also implemented several measures, including a vacant building monitoring ordinance, enforcement of business licenses, proactive commercial inspection to ensure safe building practices, and a progressive, Community Development Block grant (CDBG)-funded rental housing program to improve the rental housing stock and ensure all tenants live in safe and sanitary housing conditions.

The City also saw many milestones in fostering responsible citizenship through complete revamping of both the citywide and Police Department websites; implementing streaming video of council meetings on the website; conducting a public opinion survey to measure citizens' impressions of City services, show trends, and use feedback in development of the budget for programs and course modifications; creating an active Volunteers in Neighborhood Services (VIN) team; and participating in several important community events, such as the California Capital Airshow at Mather Field and the Rancho Cordova 4th of July Celebration.



Fiscal Year 2008-09 Initiatives – Every two years, the City retains an outside research firm to conduct a satisfaction survey of residents. The City's second biennial public opinion survey was conducted in March 2008, and provided valuable information about the city services and programs that our citizens feel are most important: improving the look and feel of neighborhoods, keeping neighborhoods safe, planning for future growth, and facilitating the development and redevelopment of Rancho Cordova as an attractive and economically viable city.

We consider this data to be of great importance during a time when making tough decisions about City priorities is not just wise, but necessary in order to appropriately utilize limited resources.

For the coming fiscal year, City management is committed to meeting these priorities in several ways:

- Continued funding of code enforcement activities such as “Blight Buster” events to proactively identify and resolve code violations
- Evaluation of the cost-effectiveness of the contracted police department, and comparing data with that of recently-established in-house police departments in the neighboring cities of Elk Grove and Citrus Heights
- Continuing to review and coordinate with all City departments and outside stakeholders on major development projects
- Completion of a comprehensive Zoning Code update to best position ourselves for future growth
- Initiation of focus groups and outreach events to strengthen the resident and business communities
- Completion of several Capital Improvement Projects, including several major road rehabilitations, White Rock Neighborhood Pedestrian Safety Improvement Project, neighborhood traffic calming project, and completion of design for several major infrastructure projects

These are only a few of the ways that we are prudently managing our financial resources and anticipating the continuing fiscal environment. We intend to largely focus our energies on the existing resources we have available, strengthening our physical, business, and social infrastructure.

FINANCIAL INFORMATION

Annual Budget – The City of Rancho Cordova operates on a fiscal year basis, beginning July 1st and ending June 30th. The budget is prepared under the supervision of the City Manager and transmitted to the City Council for deliberation and adoption in June, prior to the beginning of the fiscal year.

The budget is submitted to the City Council by the last day in May. Budget hearings are then held in June. The budget is approved by resolution. Upon adoption by the City Council, the City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget. Budget-to-actual comparisons are provided in the report for each individual governmental fund for which an appropriated annual budget has been adopted. The City’s budgetary procedures are further discussed in the *Required Supplementary Information*, which are located in the Financial Section of this report.

Cash Management, Policies and Practices – The City adopts an annual Investment Policy intended to provide specific criteria for the prudent investment of City funds. This Policy is in conformance with all federal, state and local laws governing the investment of City funds. Cash temporarily idle during the year was invested in various securities, as permitted in the City’s Investment Policy and state laws governing the deposit of public funds.

Risk Management – The City participates in CSAC Excess Insurance Authority for general liability insurance and workers compensation insurance. The total coverage is \$15 million for liability related claims and \$250 million for workers compensation claims. The City has commercial insurance policies for Excess Workers’ Compensation, Boiler and Machinery, Property and Commercial Crime.

Other – Additional information concerning the finances of the City is contained in the Notes to the Financial Statements. The City has refrained from duplicating information that is contained in the Management’s Discussion and Analysis (MD&A) or in the notes.

Acknowledgements

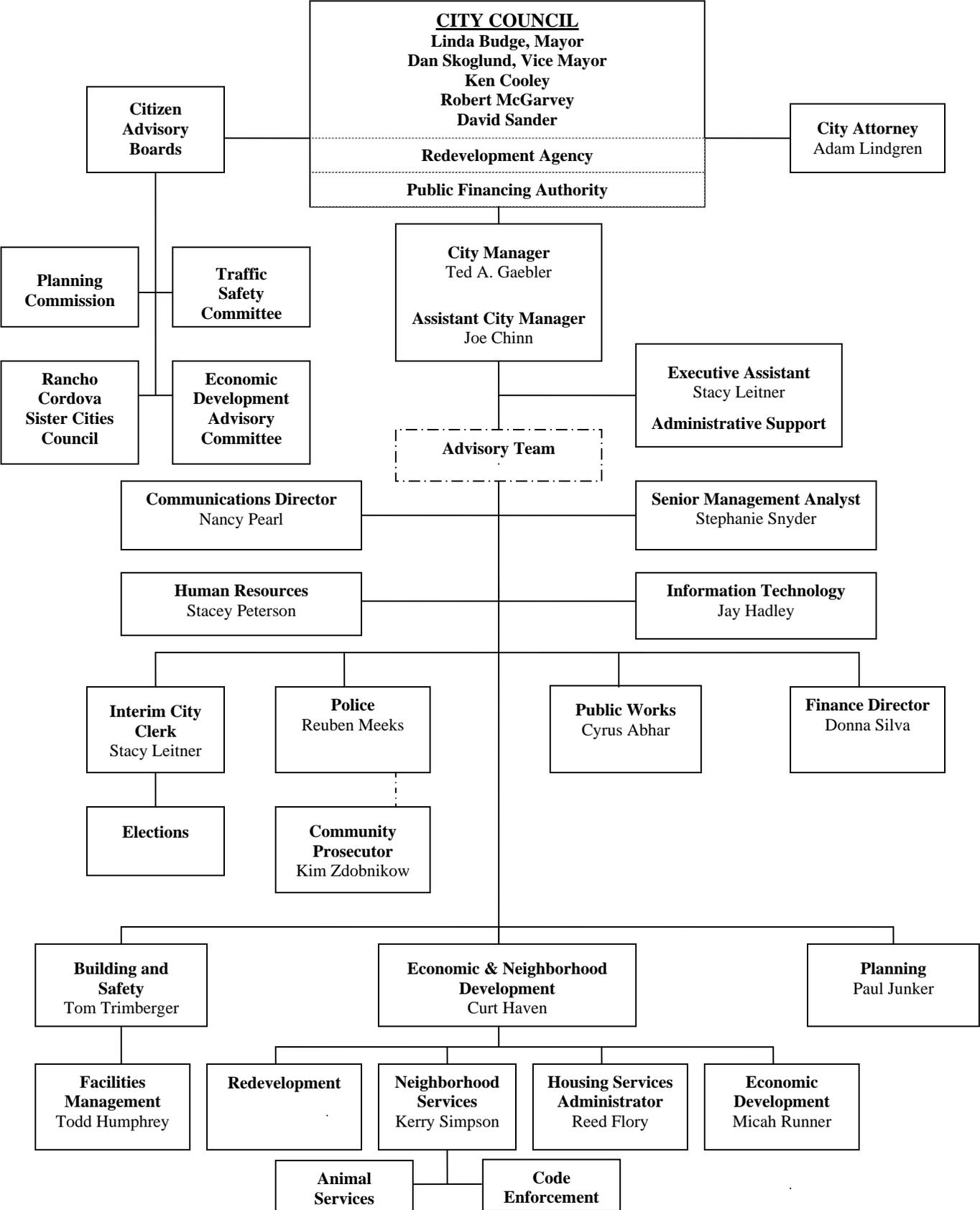
The City of Rancho Cordova and the Finance Department take great pride in the preparation of this report. The professionalism, commitment and effort of each member of the Finance Department have made this presentation possible. We also want to thank the other City departments who assisted and contributed to the preparation of this report. Finally, we appreciate the dedication of the Mayor, City Council and City Manager who have supported our goal of excellence in all aspects of financial management, consistent with the City’s mission to protect, preserve and enhance the quality of life for present and future generations.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Donna Silva', with a stylized flourish at the end.

Donna Silva, CPA
Finance Director

Organizational Chart City of Rancho Cordova



CITY OF RANCHO CORDOVA

LIST OF PRINCIPAL OFFICIALS

ELECTED

Linda Budge

Mayor

Dan Skoglund

Vice Mayor

Ken Cooley

Councilmember

Robert McGarvey

Councilmember

David Sander

Councilmember

APPOINTED BY CITY COUNCIL

Ted Gaebler

City Manager

Adam Lindgren

City Attorney

APPOINTED BY THE CITY MANAGER

Joe Chinn

Assistant City Manager

Stacy Leitner

Interim City Clerk

Tom Trimberger

Building & Safety Official

Nancy Pearl

Communications Director

Curt Haven

Economic Development Director

Donna Silva

Finance Director

Reuben Meeks

Police Chief

Paul Junker

Planning Director

Cyrus Abhar

Public Works Director

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, City Manager
And Members of the City Council
City of Rancho Cordova
Rancho Cordova, 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 Rancho Cordova, California, (the City), as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof 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 our report dated December 19, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Honorable Mayor, City Manager
And Members of the City Council
City of Rancho Cordova, California

The Management's Discussion and Analysis, respective budgetary information for the general fund and special revenue funds for the year ended June 30, 2008, and note to required supplementary information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section 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.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 19, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Rancho Cordova, CA (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City during the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with our letter of transmittal which begins on page i and the basic financial statements, beginning on page 24.

The CAFR is presented in three sections:

- An *Introductory Section* which includes the Transmittal Letter and general information
- The *Financial Section* which includes:
 - Auditor's Report
 - Management's Discussion and Analysis
 - Basic Financial Statements
 - Government-wide Financial Statements
 - Fund Financial Statements; and
 - Notes to the Financial Statements
 - Required Supplementary Information
 - Combining Financial Statements and Schedules
- *Statistical Information*

FINANCIAL HIGHLIGHTS

- As of June 30, 2008, total assets of the City exceeded its liabilities by \$328.7 million (*net assets*). Of this amount, \$17.9 million (*unrestricted net assets*) may be used to meet ongoing obligations to citizens and creditors, but is subject to designation for specific City programs, \$66.7 million of the total amount are *restricted net assets* and must be used only for specific purposes. The remaining \$224.1 million is *invested in capital assets, net of related debt*.
- The City's total net assets increased by \$21.9 million. Net assets of the governmental activities increased \$21.9 million, which represents a 7.1% increase from 2007, and business-type assets decreased \$72 thousand, which represents a 36.2% decrease from 2007.
- As of June 30, 2008 the City governmental activities reported combined fund balances of \$328.6 million. Of that, \$19.3 million is available to meet the City's current and future needs (*unreserved fund balance*).
- The City's reserve policy requires a minimum fund balance reserve be maintained at all times in the General Fund. The minimal, optimal level required for this reserve will be 20% of the General Fund operating budget. At the end of the fiscal year, the economic uncertainty reserve balance was \$9.4 million, unchanged from last year. The General Fund budget for 2008/09 is \$43.5 million, requiring an \$8.7 million reserve at a minimum. In light of the current economic situation, management felt it was appropriate *not to* decrease the reserve amount.
- The City's General Fund reported a surplus of \$1.0 million for the year ending June 30, 2008, creating an ending fund balance of \$26.8 million.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The financial statements presented herein include all of the activities of the City of Rancho Cordova and its component units using the integrated approach as prescribed by GASB

Statement No. 34. The City's basic financial statements consist of three components: **1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.** This report also includes Required Supplementary Information in addition to the basic financial statements themselves.

The Primary unit of the government is the City of Rancho Cordova and its component units are described as follows:

- **The Primary Government** - The City of Rancho Cordova was incorporated in 2003 under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: Public Safety (Police and District Attorney), Streets, Public Improvements, Planning and Zoning, and General Administrative Services.

The accompanying annual financial report includes the financial activities of the City of Rancho Cordova, the primary government, and its component units, which are the City of Rancho Cordova Community Redevelopment Agency, and the City of Rancho Cordova Public Financing Corporation. Financial information for the City and these component units are accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board. The City Council members, in concurrent session, serve as the governing board of the Redevelopment Agency and the Public Financing Corporation, and, as such, these entities are presented on a blended basis.

- **The City of Rancho Cordova Community Redevelopment Agency** (the Agency) was established December 6, 2004 pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law". The Agency was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of blighted areas within the geographic boundaries of the City. City staff provides management assistance to the Agency. The funds of the Agency have been included in the governmental activities in the financial statements.
- **The City of Rancho Cordova Public Financing Corporation** (the Corporation) is a joint powers authority organized pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the California Government Code on February 15, 2005, between the City and the Agency for the purpose of acting as a vehicle for various financing activities of the City and the Agency. The Authority's Board of Directors is the City Council. The funds of the Corporation have been included in the governmental activities in the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government-wide Financial Statements are designed to provide readers information about the activities of the City as a whole, presenting a broad overview of the City's finances. They include all assets (including infrastructure) and liabilities (including long term debt) of the City from the economic resources measurement focus using the ***accrual basis of accounting***, similar to the accounting used by most private-sector companies.

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. The amount of the City's net assets is one way to measure the City's financial health. Over time, increases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. When combined with other nonfinancial factors, such as changes in the City's property tax base and the condition of the City's roads, it enables us to assess the *overall* health of the City.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses that are reported in this statement will result in cash flows in future fiscal periods, such as earned but unused vacation leave. Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to interfund activity, payables and receivables.

In these statements, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including police, public works and general administration. Property taxes, sales tax and state and federal grants finance most of these activities.
- Business-type activities – These City intends to recover all or a significant portion of the cost to provide these services by charging a fee to customers. The Kilgore Cemetery is reported here.

The Government-wide Financial Statements can be found on pages 24 and 25 of this report.

FUND FINANCIAL STATEMENTS

The Fund Financial Statements report the City's operations in more detail than the Government-wide Financial Statements by providing information about the City's most significant funds – not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law or by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes (such as impact fees for infrastructure construction) or to show it is meeting legal responsibilities for using certain taxes, grants and other money (such as grants received from the U.S. Department of Transportation for public works projects). The basis of accounting used in each fund depends upon the fund type, i.e. Governmental, Fiduciary or Proprietary.

GOVERNMENTAL FUNDS – Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. Most of the City's basic services are reported in governmental funds with a focus on the near-term inflow and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using an accounting method called ***modified accrual accounting***, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. This information directs City policymakers when considering whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Because the focus of each governmental fund 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. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities and explain the differences created by the integrated approach.

The City maintains various governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the major funds. This year the City has 6 major funds:

- General Fund
- Sunrise Douglas Special Revenue Fund
- Traffic Mitigation Special Revenue Fund
- Redevelopment Administration Fund
- Capital Improvements Projects Fund
- General Plan Fund

All of the remaining governmental funds are presented in the aggregate under the heading of Non-Major Governmental Funds. Individual fund data for each of the Non-Major Governmental Funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriation for its General Fund and certain other Funds. Budgetary comparison statements for the major special revenue funds are included as Required Supplemental Information.

The governmental fund financial statements can be found on pages 26 and 29 of this report.

PROPRIETARY FUNDS - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in either Enterprise Funds or Internal Service Funds. The City uses an enterprise fund to account for the Kilgore Cemetery, presented as business-type activities in the government-wide financial statements, using the economic resources measurement focus and the **accrual basis of accounting**. Internal service funds are used to report activities that provide supplies or services for the City's other programs and activities. The supplies or services provided by these funds predominantly benefit the governmental rather than the business-like functions. Therefore, they are included within governmental activities in the Government-wide Financial Statements.

The proprietary fund financial statements can be found on pages 32 and 33 of this report.

FIDUCIARY FUNDS - These funds are used to account for resources held for the benefit of parties outside of the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. While the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes, the City itself does not directly provide those services or programs. The fiduciary fund financial statements only report a balance sheet and do not have a measurement focus.

The fiduciary fund financial statements can be found on page 35.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the 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 notes to the financial statements can be found immediately following the financial statements, beginning with page 36.

REQUIRED SUPPLEMENTARY INFORMATION - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that follows the notes to the basic financial statements.

Budgetary comparison schedules are presented for the General Fund and the major Special Revenue funds. The Note to Required Supplementary Information discusses the budgetary data.

The combining statements referred to earlier in connection with non-major governmental funds are presented for all non-major Special Revenue Funds, non-major Debt Service Funds, major and non-major Capital Project Funds, Internal Service Funds and Fiduciary Funds. These combining and individual fund statements and schedules can be found following the note to the required supplementary information.

This report also contains statistical information that may be useful to readers of this report. This information can be found in the last section of this report, starting at page 138.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

STATEMENT OF NET ASSETS

As noted earlier, net assets may serve over time as a useful indicator of results of the City's operations. At June 30, 2008, net assets of the City were \$328.7 million which is an increase of \$21.9 million from the prior year. Last year, net assets increased by \$251.2 million, primarily due to the restatement of fund balance with the inclusion of the City's infrastructure. The continued increases in net assets each year (\$21.9 million this year and \$50.8 million last year prior to restatement) indicate the City is maintaining its financial position. City policymakers, management and staff have diligently monitored City activities and adjusted as needed facing the current economic downturn. Governmental activities assets (exceeding liabilities) increased by \$22.0 million over last year, while business-type activities assets (exceeding liabilities) decreased minimally (from \$197,183 to \$125,623).

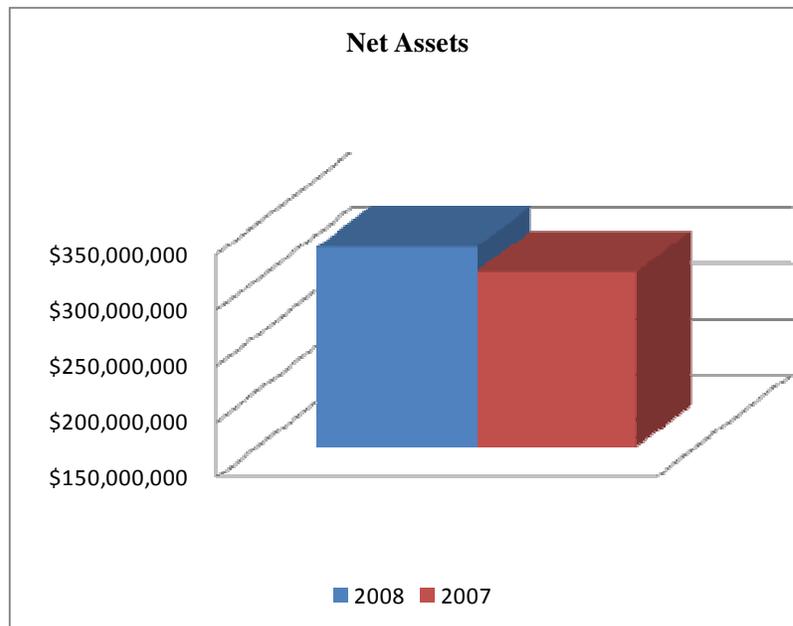
The condensed Statement of Net Assets for the fiscal years ended June 30, 2008 and 2007 allows for analysis of the City's net assets as a whole.

Net Assets of Governmental and Business-type Activities

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current assets	\$ 98,420,766	\$ 90,747,794	\$(1,341,578)	\$(1,220,506)	\$ 97,079,188	\$ 89,527,288
Capital assets	265,058,336	251,332,916	1,470,806	1,422,003	266,529,142	252,754,919
Total Assets	363,479,102	342,080,710	129,228	201,497	363,608,330	342,282,207
Current liabilities	\$ 9,630,924	\$ 8,908,899	\$ 3,605	\$ 4,314	\$ 9,634,529	\$ 8,913,213
Long-term liabilities outstanding	25,280,010	26,600,048	-	-	25,280,010	26,600,048
Total Liabilities	34,910,934	35,508,947	3,605	4,314	34,914,539	35,513,261
Net Assets:						
Invested in capital, net of related debt	\$ 242,668,370	\$ 228,382,846	\$ 1,470,806	\$ 1,422,003	\$ 244,139,176	\$ 229,804,849
Restricted	66,637,771	53,397,757	-	-	66,637,771	53,397,757
Unrestricted	19,262,027	24,791,160	(1,345,183)	(1,224,820)	17,916,844	23,566,340
Total Net Assets	\$ 328,568,168	\$ 306,571,763	\$ 125,623	\$ 197,183	\$ 328,693,791	\$ 306,768,946

The City's net assets as of June 30, 2008, were comprised of the following:

- Again this year, the largest portion of total assets consists of the City's capital assets (for example, land, buildings and infrastructure), totaling \$266.5 million or 73.3%.
- Cash and investments comprised \$82.0 million in the city treasury and \$2.7 million of restricted cash held with fiscal agents. Substantially all of these amounts were held in relatively short term investments in governmental securities, as detailed in Note 2 of the financial statements. To meet current needs, the significant cash and investment reserves provide ongoing operating resources.
- Receivables (\$11.6 million) consist of accounts receivable, interest receivable and monies due from other governments. The accounts receivable and due from other government amounts are further detailed in Note 3 of the financial statements.
- Net assets invested in capital assets, net of related debt (\$244.1 million) represents the City's investment in infrastructure and other capital assets.
- Restricted net assets, totaling \$66.6 million, represent resources that are subject to restrictions on how they may be used, such as to construct specified capital projects, debt service or for other community projects.
- Unrestricted net assets that can be used to meet the government's ongoing obligations to citizens and creditors decreased by \$5.6 million due to improved classifications of restricted net assets.



The following is the condensed Statement of Activities and Changes in Net Assets for the fiscal years ending June 30, 2008 and 2007:

	Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	<u>2007/08</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2006/07</u>
Revenues:						
Program Revenues						
Charges for services	\$ 22,585,801	\$ 33,364,367	\$ -	\$ -	\$ 22,585,801	\$ 33,364,367
Operating grants & contributions	3,578,050	6,718,186	-	-	3,578,050	6,718,186
Capital grants & contributions	9,461,811	3,820,997	-	225,000	9,461,811	4,045,997
General Revenues:						
Taxes	32,496,991	28,916,615	-	-	32,496,991	28,916,615
Investment Earnings	5,188,665	4,402,877	120	320	5,188,785	4,403,197
Transfers	-	18,149	-	(18,149)	-	-
Other	6,621,970	5,232,716	-	-	6,621,970	5,232,716
Total Revenues	<u>79,933,288</u>	<u>82,473,907</u>	<u>120</u>	<u>207,171</u>	<u>79,933,408</u>	<u>82,681,078</u>
Expenses:						
General Government	28,454,471	22,055,441	-	-	28,454,471	22,055,441
Community Development	7,353,683	6,447,185	-	-	7,353,683	6,447,185
Public Safety	15,614,787	13,778,468	-	-	15,614,787	13,778,468
Public Works	4,950,568	4,121,579	-	-	4,950,568	4,121,579
Interest and fiscal charges	1,563,374	1,359,131	-	-	1,563,374	1,359,131
Cemetery	-	-	71,680	9,988	71,680	9,988
Total Expenses	<u>57,936,883</u>	<u>47,761,804</u>	<u>71,680</u>	<u>9,988</u>	<u>58,008,563</u>	<u>47,771,792</u>
Increase in Net Assets	<u>21,996,405</u>	<u>34,712,103</u>	<u>(71,560)</u>	<u>197,183</u>	<u>21,924,845</u>	<u>34,909,286</u>
Net Assets -- Beginning of Year, as restated						
	306,571,763	255,866,226	197,183	-	306,768,946	255,866,226
Prior Period Adjustment	-	15,993,434	-	-	-	15,993,434
Net Assets -- End of Year	<u>\$ 328,568,168</u>	<u>\$ 306,571,763</u>	<u>\$ 125,623</u>	<u>\$ 197,183</u>	<u>\$ 328,693,791</u>	<u>\$ 306,768,946</u>

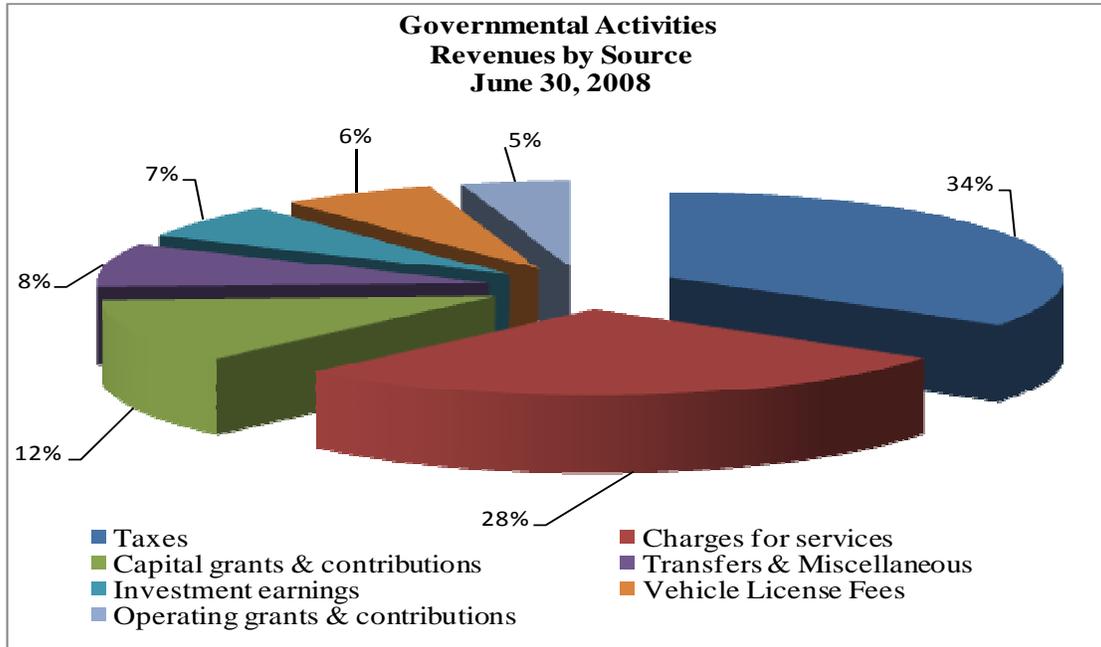
Revenue Highlights

As the table above shows, the Kilgore Cemetery (the City's lone business-type activity) is still in its infancy. The City spent the year establishing a partnership with the Fair Oaks Cemetery District and implementing a cemetery data management software system. With this accomplished the City was able to begin selling burial rights to our citizens in September 2008. With minimal activity relating to the cemetery, the remainder of this discussion will focus more on the governmental activities.

As anticipated considering the current economy, total revenues decreased over the prior year by \$2.7 million. Taxes were our largest revenue source this year, a switch from last year's leader, charges for services. The continued decline in the construction industry and related fees supports the decreased revenues in charges for services. Additionally, the Redevelopment Agency received tax increment for the first time (\$2.5 million), providing additional monies to the Taxes category.

The City continues to seek outside funding to support its activities, as evidenced in the significant increase in capital grants and contributions (\$5.4 million or 2.3 times the prior year). The Public Works department expended federal and state capital grants on the Mather Field at US 50 Interchange Landscaping project, the Folsom Blvd and Mather Field Road Enhancement project

and the Promenade project. The City obtained multiple Office of Traffic Safety (OTS) grants in its first years of incorporation. These grants typically had a three year cycle, resulting in the decline in the operating grants and contributions now that their term has ended. Many of the departments utilized operating grants this year, with the police department obtaining \$879 thousand dollars towards public safety through new OTS grants as well as other sources.

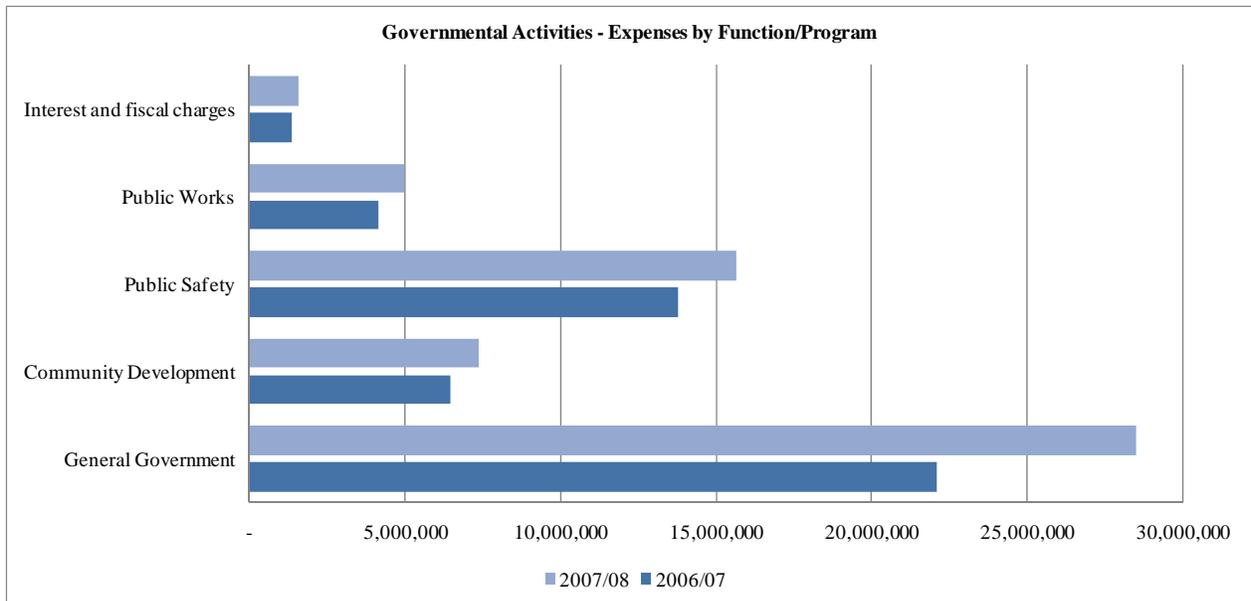


Expense Highlights

As previously mentioned in the revenue discussion, the Kilgore Cemetery had minimal activity this year as the City prepared to open the cemetery to new burials. The total expenses of approximately \$72 thousand were primarily on-going maintenance costs and software costs. Total expenses for governmental activities were \$57.9 million, \$10.2 million more than the prior fiscal year. These expenses were offset by:

- capital grants and contributions from outside agencies (an increase of \$5.6 million from FY 2006/07)
- taxes (increased \$3.6 million, primarily due to the Redevelopment Agency receiving tax increment for the first time)

On a functional level, General Government program expenses (\$28.5 million), comprised 49% of the total, increasing \$6.4 million from the prior year. Sunrise Douglas Special Revenue Fund has increased costs of \$6.5 million, which will be discussed further in the governmental fund analysis. The cost of Public Safety was increased from \$13.8 million in FY 2006/07 to \$15.6 million in FY 2007/08. This increase was primarily due to vehicle cost increases passed on to the City from the Sacramento County Sheriff’s Office, the City’s contract provider of police services.



FINANCIAL ANALYSIS OF THE GOVERNMENTAL 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 spendable resources. Such information may be useful in assessing the City’s financing requirements. Fund Accounting utilizes the modified accrual method of accounting which expenses the purchase of capital assets and current year debt payments. Revenues earned during the year are only recognized if received within a short time frame of year end. This is the basis of accounting used for the Quarterly Financial Reporting to the City Council.

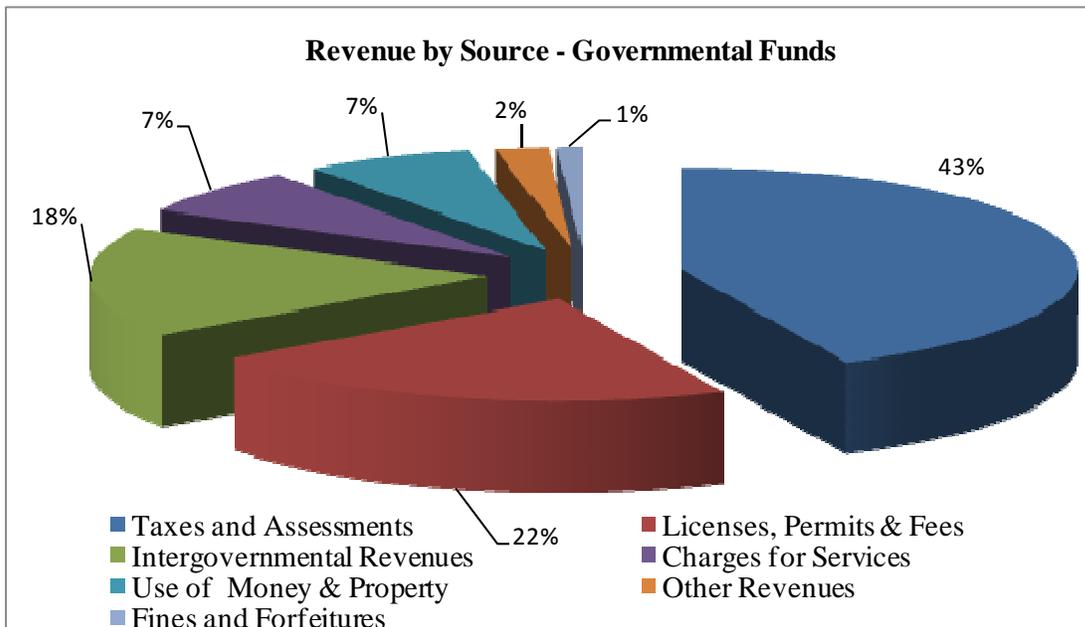
The General Fund and five major funds are included in the City’s governmental funds statements for fiscal year 2007/08. An analysis of the significant balances and transactions in these funds are to follow.

**Revenues, Expenditures and Changes in Fund Balances
Governmental Funds**

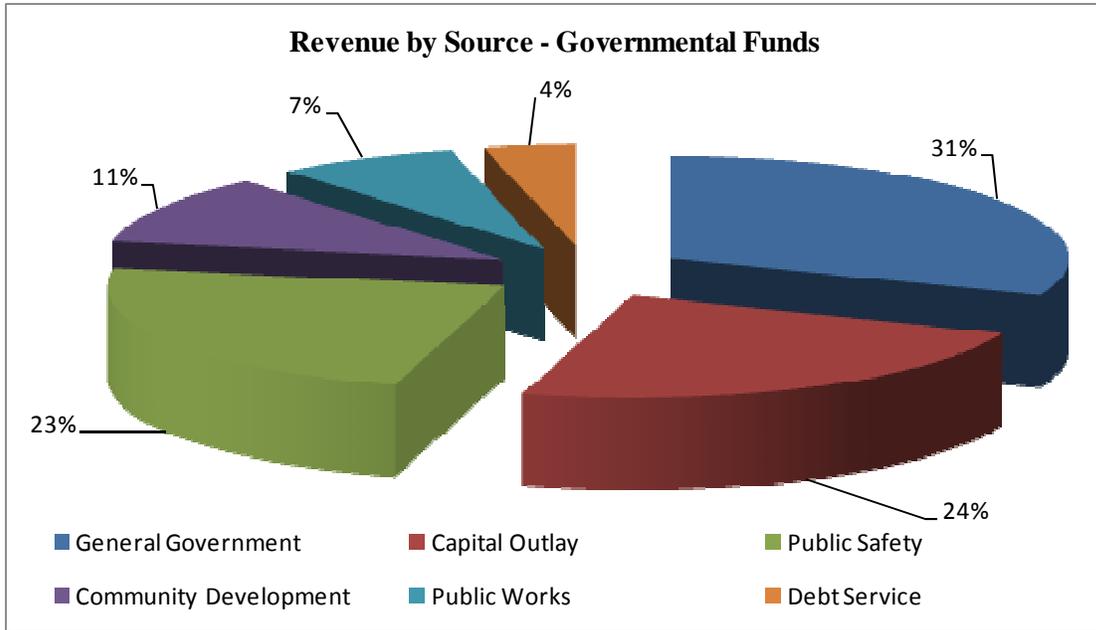
	2007/08	2006/07
Revenues:		
Taxes and Assessments	\$ 32,140,342	\$ 28,916,615
Licenses, Permits & Fees	16,406,734	26,554,572
Fines and Forfeitures	735,999	567,078
Use of Money & Property	5,095,186	4,254,559
Intergovernmental Revenues	13,000,346	10,492,415
Charges for Services	5,443,068	6,242,718
Other Revenues	<u>1,581,394</u>	<u>4,547,716</u>
Total Revenues	<u>74,403,069</u>	<u>81,575,673</u>
Expenditures:		
General Government	20,729,058	17,594,828
Community Development	7,353,683	6,447,185
Public Safety	15,614,787	13,778,468
Public Works	4,950,568	4,121,579
Debt Service	2,531,128	2,837,101
Capital Outlay	<u>15,697,381</u>	<u>11,840,393</u>
Total Expenditures	<u>66,876,605</u>	<u>56,619,554</u>
Excess (Deficiency) of Revenues over Expenditures	7,526,464	24,956,119
Other Financing Sources (Uses):		
Proceeds from Issuance of Refunding Debt	-	20,400,000
Payment to Refunded Bond Escrow Agent	-	(19,637,790)
Discount on Refunding Debt	-	(341,335)
Transfers In	18,212,921	20,710,051
Transfers Out	<u>(18,712,921)</u>	<u>(21,812,102)</u>
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>(681,176)</u>
Net Change in Fund Balances	7,026,464	24,274,943
Fund Balances, beginning of year	<u>81,406,613</u>	<u>57,131,670</u>
Fund Balances, end of year	<u>88,433,077</u>	<u>81,406,613</u>

As of the end of the fiscal year 2007/08, the City's governmental funds reported total combined ending fund balances of \$88.4 million, a net increase of \$7.0 million over the prior year of \$81.4 million. Of this amount \$8.3 million (9.4%) is reserved to indicate that it is not available for appropriation because it had already been committed for various purposes (See Note 1 in the Notes to the Basic Financial Statements). The remaining unreserved \$80.1 million is comprised of \$21.7 million in the General Fund, \$34.5 million in the Major Special Revenue Funds and \$24.8 million in the other Non-Major Governmental Funds. Of the \$21.7 million in the General Fund fund balance, \$9.4 million (43.3%) is designated for the economic uncertainty reserve. A

challenge in today's economy, management is pleased to report the General Fund had a modest increase of fund balance this year, \$1 million. The major governmental funds remained fairly stable with the exception of the Sunrise Douglas Special Revenue Fund. This fund had a decrease in fund balance of \$5.5 million in support of park and infrastructure improvements. These expenditures will be discussed further in the major fund analysis. The nonmajor governmental funds had an increase of \$12.3 million in fund balance from fiscal year 2006/07. Two funds had significant increases in fund balance – the Roadway Improvement Fund, a new fund this year with an increase of \$5.7 million, and the Measure A Special Revenue Fund, which was a major fund last year, increased \$2.8 million. The Roadway Improvement Fund accounts for additional contributions the Public Works department has obtained related to supplemental roadway fees. The negotiations are non-nexus based and are not directly associated with the existing traffic fees collected in the special revenue funds. These funds will be used for a variety of roadway improvement projects included in the capital improvement program. The Measure A Special Revenue fund received additional funding this year from the New Measure A bond monies. A further discussion of the new Measure is included in the Financial Analysis of Non-Major Governmental Funds.



As shown in the table on page 12, Taxes and Assessments revenues increased by \$3.2 million, mostly due to the Redevelopment Agency receiving tax increment for the first time. Licenses, Permits & Fee revenues had a significant decline of \$10.1 million from FY 2006/07. This is due to the ongoing slowdown of construction as the resulting decrease in special revenue impact fees. Intergovernmental Revenues increased by \$2.5 million largely due to capital improvement projects for the widening of Sunrise Boulevard and the Folsom Boulevard Beautification projects, funded in part by the New Measure A bond monies, as well as state and federal grants supporting the Mather Field at US 50 Interchange Landscaping project, the Folsom Boulevard and Mather Field Road Enhancement project and the Promenade project. The decrease in other revenues was due to the revenue neutrality settlement last year, when the City recognized \$4.4 million in miscellaneous revenue. The terms of the settlement resulted in a retroactive calculation of the revenue neutrality payment to the County since incorporation. The corrected payment to the County was \$4.4 million less than the City had paid since fiscal year 2003, resulting in a one-time recognition of miscellaneous revenue.



The total cost of all programs and services was \$66.9 million which represented an increase of \$10.3 million over the prior year. The General Government expenditures of \$20.7 million includes the 2007/08 annual property tax obligation due to the County under the Revenue Neutrality Agreement (\$5.8 million this year). The Public Safety component, which includes both Police and Community Prosecutor, was \$15.6 million or 23.3% of total expenditures. The largest increase was capital outlay, increasing \$3.9 million over last year, as public works continues working on their capital improvement projects.

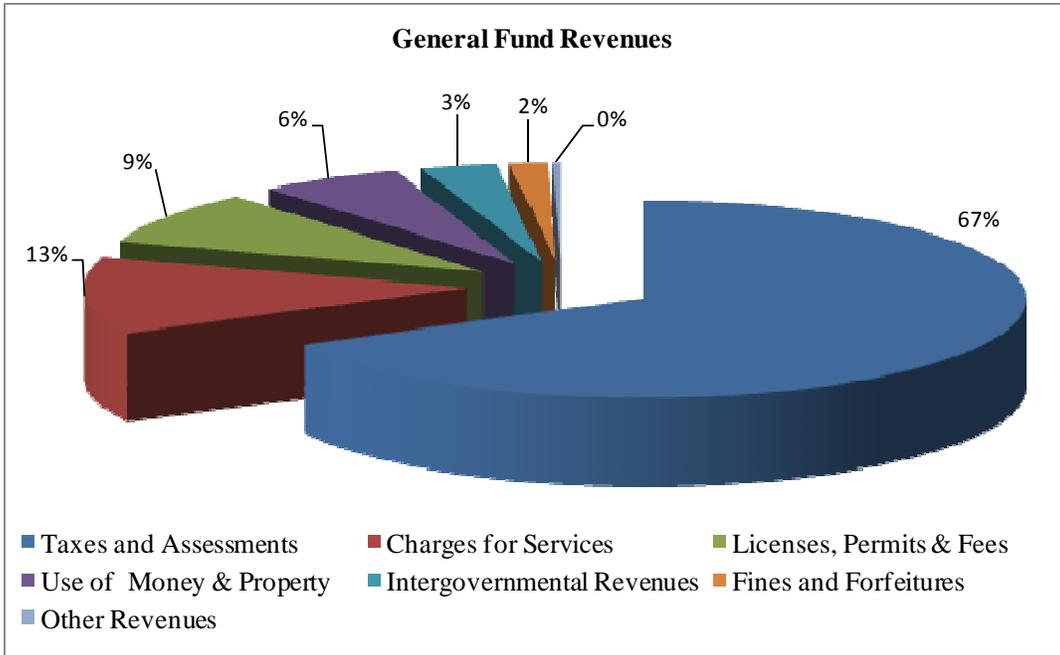
GENERAL FUND FINANCIAL INFORMATION

The General Fund is the chief operating fund of the City. At the end of fiscal year 2007/08, the unreserved fund balance was \$21.7 million while the total fund balance was \$26.8 million. \$9.4 million of the unreserved fund balance is designated for economic uncertainty as required by the reserve policy. Additionally, the General Fund has \$5.1 million in general fund encumbrances that is not available for appropriation, leaving of \$7.2 million. Due to the constant monitoring and diligent management of the City’s activities, this represents an increase of \$1.0 million in FY 2007/08.

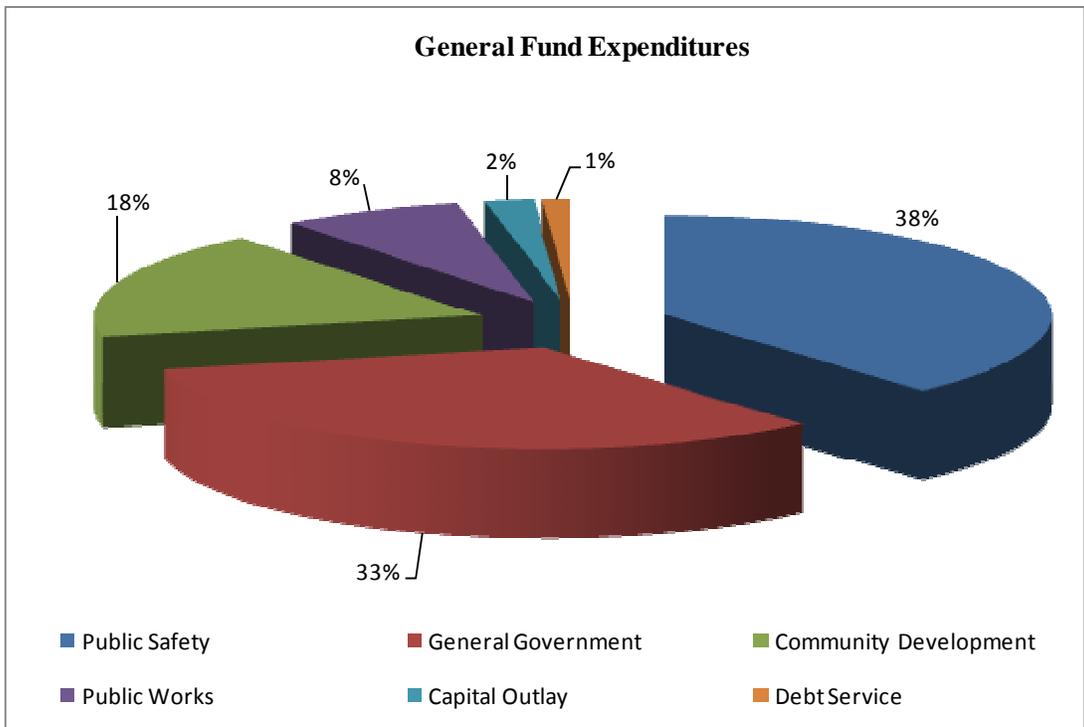
For the fiscal year ended June 30, 2008, cash and investments were \$18.3 million, other assets were \$12.5 million while overall assets were \$30.8 million. Liabilities included accounts payable of \$2.0 due mainly to contract service companies. Other liabilities include deposits payable of \$1.3 million which consists of deposits by developers to cover the cost of processing their development plans.

Revenues, Expenditures and Changes in Fund Balances - General Fund

	2007/08	2006/07
Revenues:		
Taxes and Assessments	\$ 28,863,869	\$ 28,724,117
Licenses, Permits & Fees	3,791,783	4,911,840
Fines and Forfeitures	671,907	554,146
Use of Money & Property	2,593,488	2,103,892
Intergovernmental Revenues	1,364,640	1,428,607
Charges for Services	5,415,270	4,955,221
Other Revenues	<u>141,543</u>	<u>4,511,260</u>
Total Revenues	<u>42,842,500</u>	<u>47,189,083</u>
Expenditures:		
General Government	13,116,880	12,692,611
Community Development	7,022,819	6,413,576
Public Safety	15,229,329	13,575,670
Public Works	2,981,825	2,352,553
Debt Service	456,677	476,671
Capital Outlay	<u>797,580</u>	<u>434,775</u>
Total Expenditures	<u>39,605,110</u>	<u>35,945,856</u>
Excess (Deficiency) of Revenues over Expenditures	3,237,390	11,243,227
Other Financing Sources (Uses):		
Transfers In	152,734	294,898
Transfers Out	<u>(2,389,896)</u>	<u>(1,120,200)</u>
Total Other Financing Sources (Uses)	<u>(2,237,162)</u>	<u>(825,302)</u>
Net Change in Fund Balances	1,000,228	10,417,925
Fund Balances, beginning of year	<u>25,821,610</u>	<u>15,403,685</u>
Fund Balances, end of year	<u><u>26,821,838</u></u>	<u><u>25,821,610</u></u>



The majority of General Fund Revenues comes from Taxes (67.4%). These Taxes consist of Property Tax including Motor Vehicle in Lieu of Property Tax, Sales Tax, Transient Occupancy Tax, Utility Users Tax, Property Transfer Tax and Police Tax. As anticipated, this category remained relatively unchanged this year with no noticeable growth in any of the taxes. Charges for Services (12.6%) consists primarily of cost recovery revenue for City provided services. Licenses, Permits and Fees decreased to 8.9%, the largest share of which is Building Permits at \$1.9 million for fiscal year 2007/08. The 2006/07 spike in Other Revenues was the one time recognition of the revenue neutrality settlement.



The most significant single cost to the General Fund is Public Safety (\$15.2 million). The City contracts with the Sacramento County Sheriff's Department for law enforcement costs. The increase in the service contract was due primarily to the end of a three year Office of Traffic Safety grant which offset salaries and equipment for two officers. Monthly payments equal to 1/12 of the contract amount are paid to the Sheriff's Department. Reconciliations between the contract amount and actual amounts are made quarterly. General Government expenditures were \$13.1 million, and includes the following departments: City Council, Advisory Boards, City Attorney, City Manager, City Clerk, PIO, Human Resources, Administrative Support, Finance, and Information Technology. Community Development, consisting of Economic Development, Facilities Management, Planning, Building & Safety and Neighborhood Services expended \$7.0 million. Public Works General Fund expenditures were \$3.0 million, with the major expenditures out of Special Revenue funds. Other expenditures included \$456 thousand for debt service and \$798 thousand for Capital Outlay. Other usual General Fund activities such as Fire and Parks and Recreation are performed by independent districts established to provide those services.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City had one amendment to its General Fund budget during the year. The amendment included increased expenditures to many special revenue funds primarily for transfers to fund the capital improvement projects, increased expenditures in the Sunrise Douglas Park Impact Fee due to the MOU with the Cordova Parks and Recreation District, a correction to the Redevelopment Agency to transfer the tax increment appropriately, a correction to CFD 2004-1 debt payment and minor other adjustments. The General Fund did not need an amendment. Differences and/or variances between the budget and actual results are shown below.

	Original Budget	Final Budget	Actual	Variance	Percentage Variance with Final Budget
Revenues:					
Taxes and Assessments	\$ 29,404,000	\$ 29,404,000	\$ 28,863,869	\$ (540,131)	-1.8%
Licenses, Permits & Fees	4,518,000	4,518,000	3,791,783	(726,217)	-16.1%
Fines and Forfeitures	422,000	422,000	671,907	249,907	59.2%
Use of Money & Property	1,195,000	1,195,000	2,593,488	1,398,488	117.0%
Intergovernmental Revenues	1,215,000	1,215,000	1,364,640	149,640	12.3%
Charges for Services	9,405,512	9,405,512	5,415,270	(3,990,242)	-42.4%
Other Revenues and Transfers In	985,105	985,105	294,277	(690,828)	-70.1%
Total Revenues	<u>47,144,617</u>	<u>47,144,617</u>	<u>42,995,234</u>	<u>(4,149,383)</u>	-8.8%
Expenditures					
General Government	13,824,530	13,835,547	13,116,880	(718,667)	-5.2%
Community Development	8,613,945	8,613,945	7,022,819	(1,591,126)	-18.5%
Public Safety	15,522,000	15,522,000	15,229,329	(292,671)	-1.9%
Public Works	7,273,512	7,284,329	2,981,825	(4,302,504)	-59.2%
Debt Service	475,000	475,000	456,677	(18,323)	-3.9%
Capital Outlay	-	-	797,580	797,580	100.0%
Transfers Out	1,390,000	1,390,000	2,389,896	999,896	71.9%
Total Expenditures	<u>47,098,987</u>	<u>47,120,821</u>	<u>41,995,006</u>	<u>(5,125,815)</u>	-10.9%
Excess/(Deficiency) of Revenues over Expenditures	<u>\$ 45,630</u>	<u>\$ 23,796</u>	<u>\$ 1,000,228</u>		

The budget had anticipated a net increase of only \$24 thousand to net assets but in reality we experienced an actual increase in net assets of \$1.0 million. Primary reasons for this favorable variance are as follows:

- The City did not budget for interest income, a large component of the “Use of Money & Property” line item which yielded actual revenues of \$2.6 million.
- Departmental spending was monitored closely throughout the year and adjusted to the current economy.

FINANCIAL ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

Five major funds were included in the City’s governmental fund statements for fiscal year 2007/08. An analysis of significant balances and transactions are as follows:

Sunrise Douglas Special Revenue Fund – These specific plan development impact fees are imposed on development in the Sunridge Specific Plan, which is part of the Sunrise Douglas Community Plan development area. It includes additional fees for roadway improvements, transit shuttles, supplemental offsite water facilities, interim sewer facilities, park development improvements, library facilities and fee program updates. The revenues consist of impact fees of \$5.1 million and interest earnings of \$843 thousand. The City entered into a memorandum of understanding with the Cordova Recreation and Park District for the reimbursement of development impact fees in December of 2007. Reimbursements were issued for park projects at Sandpiper Park, Eagles Nest Park, Argonaut Park and bike/pedestrian trail work, totaling \$5.7 million. Three contracts relating to Anatolia I Major Roads, Anatolia III Major Roads and Sunridge Anatolia Infrastructure Improvement Projects were executed, resulting in payments of \$3.1 million. The City’s capital improvement projects, recorded in the Capital Improvements Project Fund, were funded by the transfers out of \$1.7 million.

Traffic Mitigation Special Revenue Fund – This development impact fee is a Citywide fee imposed on new development in the City to cover the fair share cost of traffic impacts resulting from new development. The funds collected are used for the construction of transportation improvements listed in the Transportation CIP Development Impact Fee Program. The revenues consist of impact fees totaling \$4.9 million and interest earnings of \$877 thousand. Expenditures this year included developer fee credits of \$755 thousand and a \$4.7 million transfer to the Capital Improvements Project Fund.

Redevelopment Administration Fund – The Redevelopment Agency received property tax increment for the first time this year. The increment is received in the Redevelopment Agency Debt Service Fund and then apportioned 80% to the Redevelopment Administration Fund and 20% to the Low/Moderate Income Housing Fund. The apportionment for fiscal year 2007/08 totaled \$2.0 million, recorded as a transfer in. Expenditures in the fund include the general operating expenditures of the Agency (such as salaries, professional services and supplies) and interest payments to the general fund of \$204 thousand. The primary expenditure of the Agency this year was the purchase of the Grandee Apartments, which the City intends to demolish and then market the site for a future development project in accordance with the Folsom Boulevard Specific Plan.

Capital Improvements Projects Fund – This fund accounts for the expenditures relating to capital improvements projects, receiving the funding for the projects from other City funds via a transfer in. In fiscal year 2007/08, all of the projects tracked in this fund are public works infrastructure projects.

General Plan Fund – The General Plan impact fee is imposed on all new development to defray the costs of completing the City’s first General Plan and pay for the maintenance of that plan over the next ten years. Significant effort was expended this year to amend the zoning code inherited from Sacramento County upon incorporation to implement the vision established by the City’s General Plan, contributing to the Fund’s expenditures of \$387 thousand.

FINANCIAL ANALYSIS OF NON-MAJOR GOVERNMENTAL FUNDS

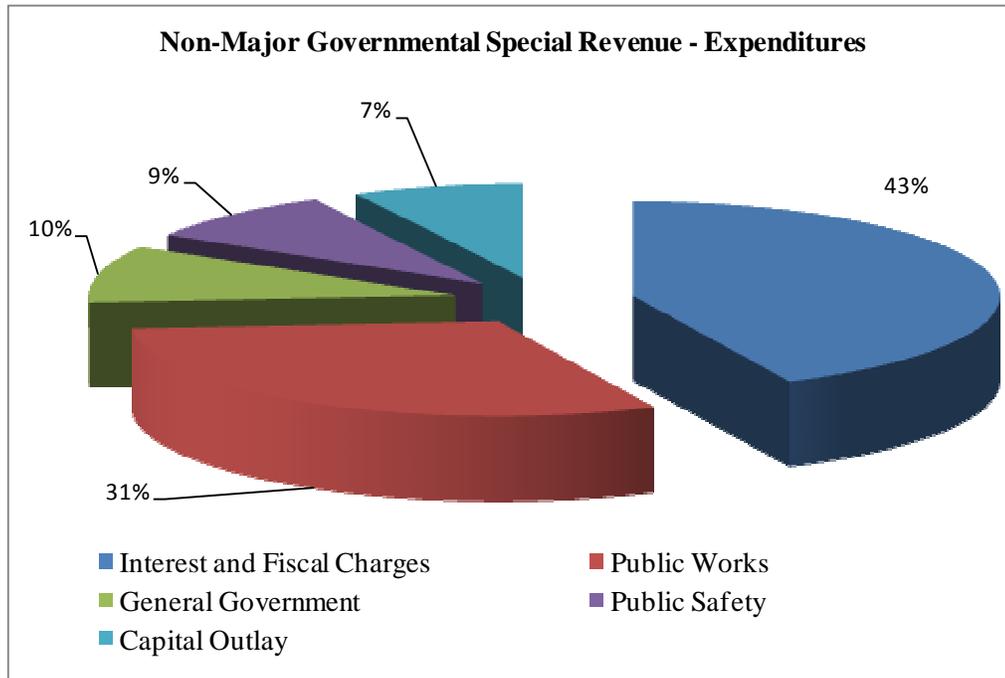
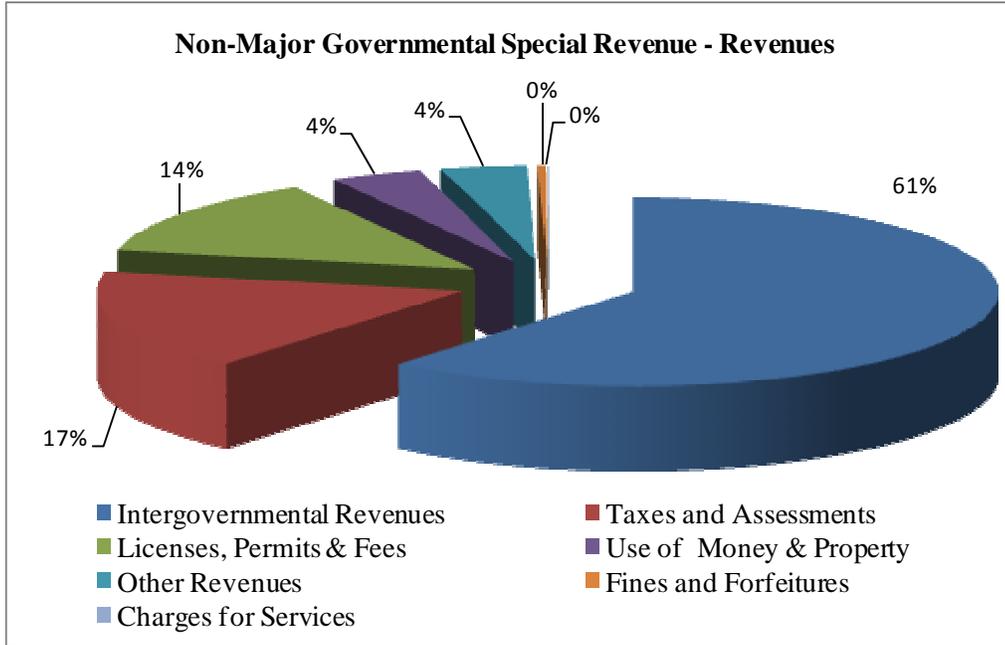
These funds, consisting mostly of Special Revenue Funds, were not of sufficient volume to warrant a “major-fund” designation. Special Revenue Funds highlights included:

Measure A Special Revenue Fund – Measure A is a voter approved, one-half percent sales tax in Sacramento County to be levied over a 20-year period (1989-2009). The proceeds of the tax are used to fund a comprehensive program of roadway and transit improvements. In 2004, voters approved a 30-year extension of this program that will go into effect in April 2009. Once approved, bonds were sold to fund the New Measure A capital projects in addition to the monies available from the first Measure for maintenance and capital projects. This year the City received \$5.1 million in Measure A revenues, expending \$1.1 million on maintenance and \$1.3 million in capital improvement projects such as the widening of Sunrise Boulevard and the Folsom Boulevard Beautification projects.

Gas Tax Fund – The Gas Tax revenue is generated from the per gallon state tax on fuel used to propel a motor vehicle or aircraft. These funds can be used for construction, improvements, studies and/or maintenance of public streets. The funds received in FY 2007/08 were \$1.3 million. Public Works capital improvement projects funded by the Gas Tax Fund expended \$878 thousand of the total Gas Tax monies available, resulting in a fund balance of \$2.5 million.

Community Facilities Fees Fund - There are several development impact fees that are collected by the City to cover the costs of municipal facilities required to serve an increased population as a result of new development. These facilities include a city hall, a police station, a community center, a corporation yard, a library, a city museum, a parking structure, animal services equipment, telecommunication and computer systems and a records management system. \$1.1 million was collected in impact fees during fiscal year 2007/08. The transfers out of \$1.4 million was to support debt service payments on City Hall and the Kilgore building.

The accompanying graphs provide the makeup of the revenues and expenditures associated with all Non-Major Governmental Special Revenue Funds.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

Capital Assets at End of Year

	Governmental Activities		Business Activities		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 7,720,792	\$ 6,254,725	\$ 225,000	\$ 225,000	\$ 7,945,792	\$ 6,479,725
Construction in progress	34,375,843	30,417,808	78,728	-	34,454,571	30,417,808
Infrastructure	251,016,380	236,694,480	-	-	251,016,380	236,694,480
Building & Improvements	21,032,952	20,254,094	1,197,003	1,197,003	22,229,955	21,451,097
Equipment	2,460,157	1,709,449	-	-	2,460,157	1,709,449
Accumulated Depreciation	(51,547,788)	(43,997,640)	(29,925)	-	(51,577,713)	(43,997,640)
Total	\$ 265,058,336	\$ 251,332,916	\$ 1,470,806	\$ 1,422,003	\$ 266,529,142	\$ 252,754,919

The City’s investment in capital assets includes land, infrastructure, building and improvements, equipment and construction in progress. The City completed thirteen capital improvement projects this year, contributing to the increase in road assets of \$13.4 million. The City also added \$13.4 million to construction in progress this year while completing \$9.5 million. Additional information on our capital assets and depreciation can be found in Note 4 of the financial statements.

Debt

The following schedule shows the changes in long-term debt for the year.

Long-Term Debt

	Governmental Activities		Business Activities		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Compensated Absences	\$ 516,632	\$ 341,367	\$ -	\$ -	\$ 516,632	\$ 341,367
County Debt	423,011	846,023	-	-	423,011	846,023
Certificates of Participation	26,285,000	26,865,000	-	-	26,285,000	26,865,000
Less deferred amount on refunding	(110,546)	(114,705)	-	-	(110,546)	(114,705)
Issuance discounts	(322,537)	(334,625)	-	-	(322,537)	(334,625)
Total	\$26,791,560	\$27,603,060	\$ -	\$ -	\$26,791,560	\$27,603,060

The City did not issue any additional debt this year. The County provided many of our general services in the first year of incorporation (such as street maintenance and animal services) and received our Measure A apportionments and some Sales Tax as partial payment. At the end of fiscal year 2003/04 a reconciliation of the County expenses on our behalf against the Rancho Cordova monies they received was conducted. The reconciliation resulted in an amount due to the County, to be paid over 5 years. Next year will be the final payment on this loan.

The certificates of participation were issued by the City of Rancho Cordova Financing Corporation to purchase City Hall and the Kilgore building. The City makes rental payments to the Corporation equal to the Certificates of Participation’s principal and interest payments.

At year end, there were four outstanding Mello Roos debt instruments. The City does not have liability for the payment of these bonds. The bonds are secured by the properties within the districts and the debt is paid from the payments received from the special assessments.

Further information concerning long-term debt is contained in the Notes 6 & 7 of the financial statements. The compensated absences description can be found in Note 1 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's primary revenue sources are all affected by the economic factors or legislative action. Sales taxes, utility users taxes, transient occupancy taxes and property transfer taxes are all affected not only by the national economy but also by the local economy.

The bursting of the housing bubble and the resulting decline in property values, increasing foreclosure rates and tightening of the credit markets, combined with rising unemployment has led to one of the deepest recessions since the Great Depression in 1929. How long the recession will last and how deeply it will be felt is the topic of much discussion amongst professional economists and government leaders. The national recession officially started in December 2008 and the California recession probably started before that as we led the nation in the housing market crash. The rapid decline in the housing market in the Sacramento region has slowed and some are proclaiming the market to have stabilized. However, no one is predicting growth in the short term and most analysts are pegging the beginning of the recovery to occur in fiscal year 2010/11.

In addition to direct impacts from economic conditions, the City's revenues can be greatly affected by State actions. While Proposition 1A, passed by voters in November 2004, amends the states constitution in an effort to restore predictability and stability to local government budgets, there are still ways in which the State can take a portion of a local governments' property taxes in times of fiscal emergency. In a fiscal emergency, Proposition 1A allows the State to take a maximum amount of 8% of previous year ad valorem property taxes from local agencies. The allocation is not required to be consistent amongst the local agencies; therefore, an agency could potentially suffer a loss of revenues greater than 8%. Governor Schwarzenegger declared a fiscal emergency for the State of California on December 1, 2008. At the time of printing this report we are not aware of a proposal by the State to invoke Proposition 1A property tax borrowing.

The City of Rancho Cordova Community Redevelopment Agency, (the "Agency") intends to conduct its first bond issuance in fiscal year 2008/09. Due to the tightening of the credit markets the interest rates on such issuances are higher than they previously have been but the projects we are funding are vital to the mission of the Redevelopment Agency. The issuance will be structured such that a refinancing will be available when interest rates drop to lower levels.

With the adoption of the State's 2008/09 budget came approval of AB 1389, which affects property tax revenues of Redevelopment Agencies. Specifically, it required redevelopment agencies to shift a total of \$350 million in property tax revenues to K-12 schools and community colleges during the 2008-09 year, thereby reducing the funding needed from the State's coffers. Because the Rancho Cordova Redevelopment Agency is a new agency, it was not required to make this one-time contribution. However, given the State's fiscal emergency, it is possible that this contribution will be required in future years and we would then be required to participate. An estimate of this possible contribution has been factored into our calculations for the upcoming bond issuance to ensure that the Agency has adequate funding for operations, debt service and fulfilling this possible obligation to the State.

In spite of the current severe recession, the City of Rancho Cordova remains fiscally strong, with a fully funded economic uncertainty reserve. We do not anticipate dipping into that reserve fund. Instead we are proactively managing our activities and our expenses to match our available revenues. In the upcoming years we anticipate an estimated 5% decline in property tax revenues, decreased sales tax revenues, decreased transient occupancy revenue and decreased charges for services. That said, we have created an internal team focused on finding innovative ways of generating new revenues and are using the down-turn in the economy as the opportune time to hone our administrative processes and revisit our comprehensive fee schedule to ensure that our fees are set at the proper cost recovery levels. This will ensure that we are well prepared to offer the best public service in the region, while maintaining fiscal strength, as the economy begins its cyclical recovery.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The CAFR is intended to provide citizens, taxpayers, investors and creditors with a general overview of the City's finances. This report will also be provided on the City's website at: www.cityofranhocordova.org. Questions concerning any of the information contained in the CAFR should be addressed to the City of Rancho Cordova, Finance Department, 2729 Prospect Park Drive, Rancho Cordova, CA 95670 or send us a message online. Log onto our website and click on *My City Hall Online* to submit your question/request.

CITY OF RANCHO CORDOVA, CALIFORNIA

STATEMENT OF NET ASSETS

JUNE 30, 2008

	Primary government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 81,930,991	\$ 305	\$ 81,931,296
Accounts receivable	2,536,881	-	2,536,881
Interest and other receivables	828,158	-	828,158
Due from other governments	8,265,290	-	8,265,290
Prepaid expenses	55,612	-	55,612
Internal balances	1,341,883	(1,341,883)	-
Deferred charges	728,832	-	728,832
Restricted cash and investments	2,733,119	-	2,733,119
Capital assets, net of accumulated depreciation:			
Nondepreciable	42,096,635	303,728	42,400,363
Depreciable	222,961,701	1,167,078	224,128,779
Total assets	<u>363,479,102</u>	<u>129,228</u>	<u>363,608,330</u>
LIABILITIES			
Accounts payable	5,212,898	3,605	5,216,503
Accrued payroll liability	230,957	-	230,957
Deposits payable	1,338,531	-	1,338,531
Due to other governments	1,662	-	1,662
Accrued interest payable	711,823	-	711,823
Unearned revenue	623,503	-	623,503
Long-term liabilities:			
Due within one year	1,511,550	-	1,511,550
Due in more than one year	25,280,010	-	25,280,010
Total liabilities	<u>34,910,934</u>	<u>3,605</u>	<u>34,914,539</u>
NET ASSETS			
Invested in capital assets, net of related debt	242,668,370	1,470,806	244,139,176
Restricted for:			
Debt service	2,708,709	-	2,708,709
Low and moderate income housing	452,710	-	452,710
Sunrise Douglas development	18,049,844	-	18,049,844
Traffic Mitigation	20,420,724	-	20,420,724
Community facilities	6,077,149	-	6,077,149
Park development	3,546,255	-	3,546,255
Environmental mitigation	6,073	-	6,073
Villages of Zinfandel development	465,480	-	465,480
Transit related services	12,339	-	12,339
Grant-funded projects	2,737,185	-	2,737,185
Drainage	293,392	-	293,392
Asset forfeiture	32,152	-	32,152
Community development	658,805	-	658,805
Road improvements	9,234,395	-	9,234,395
Landscape and lighting	1,436,502	-	1,436,502
Prop 42 funds	506,057	-	506,057
Unrestricted	19,262,027	(1,345,183)	17,916,844
Total net assets	<u>\$ 328,568,168</u>	<u>\$ 125,623</u>	<u>\$ 328,693,791</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANCHO CORDOVA, CALIFORNIA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 28,454,471	\$ 12,500,088	\$ 1,642,867	\$ -	\$ (14,311,516)	\$ -	\$ (14,311,516)
Community development	7,353,683	3,555,238	1,073	-	(3,797,372)	-	(3,797,372)
Public safety	15,614,787	878,827	817,778	-	(13,918,182)	-	(13,918,182)
Public works	4,950,568	5,651,648	1,116,332	9,461,811	11,279,223	-	11,279,223
Interest on long term debt	1,563,374	-	-	-	(1,563,374)	-	(1,563,374)
Total governmental activities	57,936,883	22,585,801	3,578,050	9,461,811	(22,311,221)	-	(22,311,221)
Business-type activities:							
Cemetery	71,680	-	-	-	-	(71,680)	(71,680)
Total business-type activities	71,680	-	-	-	-	(71,680)	(71,680)
Total primary government	\$ 58,008,563	\$ 22,585,801	\$ 3,578,050	\$ 9,461,811	(22,311,221)	(71,680)	(22,382,901)
GENERAL REVENUES:							
Taxes:							
Property					12,252,371	-	12,252,371
Sales and use					9,304,724	-	9,304,724
Transient occupancy					2,518,771	-	2,518,771
Utility user					1,930,878	-	1,930,878
Other taxes					1,371,957	-	1,371,957
Vehicle license fees					5,118,290	-	5,118,290
Investment earnings					5,188,665	120	5,188,785
Miscellaneous					6,621,970	-	6,621,970
Total general revenues					44,307,626	120	44,307,746
Change in net assets					21,996,405	(71,560)	21,924,845
Net Assets, beginning of year					306,571,763	197,183	306,768,946
Net assets, end of year					\$ 328,568,168	\$ 125,623	\$ 328,693,791

CITY OF RANCHO CORDOVA, CALIFORNIA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2008

	<u>General Fund</u>	<u>Sunrise Douglas Special Revenue Fund</u>	<u>Traffic Mitigation Special Revenue Fund</u>	<u>Redevelopment Administration Fund</u>
ASSETS				
Cash and investments	\$ 18,304,175	\$ 18,059,303	\$ 20,243,118	\$ 374,553
Restricted cash and investments	-	-	-	-
Receivables:				
Accounts receivable	2,222,521	-	171,775	99,474
Interest and other receivables	631,313	29,279	35,839	-
Due from other governmental agencies	1,486,670	-	-	-
Due from other funds	3,046,528	-	-	-
Advances to other funds	5,053,980	-	-	-
Prepaid costs and other assets	55,402	-	-	210
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 30,800,589</u>	<u>\$ 18,088,582</u>	<u>\$ 20,450,732</u>	<u>\$ 474,237</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,988,985	\$ 38,738	\$ 30,008	\$ 493,920
Accrued payroll liabilities	228,426	-	-	2,531
Deposits payable	1,314,031	-	-	-
Due to other governmental agencies	1,662	-	-	-
Accrued interest payable	-	-	-	204,274
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	1,679,646
Deferred revenues	445,647	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>3,978,751</u>	<u>38,738</u>	<u>30,008</u>	<u>2,380,371</u>
FUND BALANCES				
Reserved for:				
Low and moderate income housing	-	-	-	-
Advances to other funds	5,053,980	-	-	-
Prepaid costs	55,402	-	-	210
Debt service	-	-	-	-
Unreserved:				
Unreserved, designated for:				
Economic uncertainties	9,419,717	-	-	-
Unrealized gains	629,322	-	-	-
Unreserved, reported in:				
General fund	11,663,417	-	-	-
Special revenue funds	-	18,049,844	20,420,724	(1,906,344)
Capital projects funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>26,821,838</u>	<u>18,049,844</u>	<u>20,420,724</u>	<u>(1,906,134)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 30,800,589</u>	<u>\$ 18,088,582</u>	<u>\$ 20,450,732</u>	<u>\$ 474,237</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANCHO CORDOVA, CALIFORNIA

BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2008

Capital Improvements Projects Fund	General Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds	
ASSETS				
\$ 954,992	\$ -	\$ 22,573,704	\$ 80,509,845	Cash and investments
-	-	2,733,119	2,733,119	Restricted cash and investments
-	377	42,734	2,536,881	Receivables:
-	-	130,278	826,709	Accounts receivable
-	-	6,778,620	8,265,290	Interest and other receivables
-	-	-	3,046,528	Due from other governmental agencies
-	-	-	5,053,980	Due from other funds
-	-	-	55,612	Advances to other funds
-	-	-	-	Prepaid costs and other assets
<u>\$ 954,992</u>	<u>\$ 377</u>	<u>\$ 32,258,455</u>	<u>\$ 103,027,964</u>	TOTAL ASSETS
LIABILITIES AND FUND BALANCES				
LIABILITIES				
\$ 1,947,398	\$ 45,596	\$ 668,253	\$ 5,212,898	Accounts payable
-	-	-	230,957	Accrued payroll liabilities
-	-	24,500	1,338,531	Deposits payable
-	-	-	1,662	Due to other governmental agencies
-	-	-	204,274	Accrued interest payable
-	-	3,046,528	3,046,528	Due to other funds
-	2,032,451	-	3,712,097	Advances from other funds
-	-	402,293	847,940	Deferred revenues
<u>1,947,398</u>	<u>2,078,047</u>	<u>4,141,574</u>	<u>14,594,887</u>	TOTAL LIABILITIES
FUND BALANCES				
Reserved for:				
-	-	452,710	452,710	Low and moderate income housing
-	-	-	5,053,980	Advances to other funds
-	-	-	55,612	Prepaid costs
-	-	2,708,709	2,708,709	Debt service
Unreserved:				
Unreserved, designated for:				
-	-	-	9,419,717	Economic uncertainties
-	-	-	629,322	Unrealized gains
Unreserved, reported in:				
-	-	-	11,663,417	General fund
-	(2,077,670)	24,791,159	59,277,713	Special revenue funds
(992,406)	-	164,303	(828,103)	Capital projects funds
<u>(992,406)</u>	<u>(2,077,670)</u>	<u>28,116,881</u>	<u>88,433,077</u>	TOTAL FUND BALANCES
<u>\$ 954,992</u>	<u>\$ 377</u>	<u>\$ 32,258,455</u>	<u>\$ 103,027,964</u>	TOTAL LIABILITIES AND FUND BALANCES

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANCHO CORDOVA, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	General Fund	Sunrise Douglas Special Revenue Fund	Traffic Mitigation Special Revenue Fund	Redevelopment Administration Fund
REVENUES				
Taxes and assessments	\$ 28,863,869	\$ -	\$ -	\$ -
Licenses, permits and fees	3,791,783	5,071,729	4,908,194	-
Fines and forfeitures	671,907	-	-	-
Use of money and property	2,593,488	842,744	876,941	12,810
Intergovernmental revenues	1,364,640	-	-	-
Charges for services	5,415,270	-	-	-
Other revenues	141,543	-	-	-
TOTAL REVENUES	<u>42,842,500</u>	<u>5,914,473</u>	<u>5,785,135</u>	<u>12,810</u>
EXPENDITURES				
Current:				
General government	13,116,880	6,363,365	6,402	759,958
Community development	7,022,819	-	-	-
Public safety	15,229,329	-	-	-
Public works	2,981,825	172,711	453,500	-
Debt service:				
Principal retirement	423,012	-	-	-
Interest and fiscal charges	33,665	-	-	204,271
Capital outlay	797,580	3,085,548	754,764	1,465,068
TOTAL EXPENDITURES	<u>39,605,110</u>	<u>9,621,624</u>	<u>1,214,666</u>	<u>2,429,297</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,237,390	(3,707,151)	4,570,469	(2,416,487)
OTHER FINANCING SOURCES (USES)				
Transfers in	152,734	-	-	2,014,565
Transfers out	<u>(2,389,896)</u>	<u>(1,746,807)</u>	<u>(4,729,246)</u>	<u>(187,697)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,237,162)</u>	<u>(1,746,807)</u>	<u>(4,729,246)</u>	<u>1,826,868</u>
NET CHANGE IN FUND BALANCES	1,000,228	(5,453,958)	(158,777)	(589,619)
Fund balances, beginning of year	<u>25,821,610</u>	<u>23,503,802</u>	<u>20,579,501</u>	<u>(1,316,515)</u>
FUND BALANCES, END OF YEAR	<u>\$ 26,821,838</u>	<u>\$ 18,049,844</u>	<u>\$ 20,420,724</u>	<u>\$ (1,906,134)</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2008**

Capital Improvements Projects Fund	General Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds	
				REVENUES
\$ -	\$ -	\$ 3,276,473	\$ 32,140,342	Taxes and assessments
-	76,248	2,558,780	16,406,734	Licenses, permits and fees
-	-	64,092	735,999	Fines and forfeitures
-	-	769,203	5,095,186	Use of money and property
-	-	11,635,706	13,000,346	Intergovernmental revenues
19,398	-	8,400	5,443,068	Charges for services
722,366	60	717,425	1,581,394	Other revenues
<u>741,764</u>	<u>76,308</u>	<u>19,030,079</u>	<u>74,403,069</u>	TOTAL REVENUES
				EXPENDITURES
				Current:
-	56,539	425,914	20,729,058	General government
-	330,864	-	7,353,683	Community development
-	-	385,458	15,614,787	Public safety
2,834	-	1,339,698	4,950,568	Public works
				Debt service:
-	-	580,000	1,003,012	Principal retirement
-	-	1,290,180	1,528,116	Interest and fiscal charges
9,266,756	-	327,665	15,697,381	Capital outlay
<u>9,269,590</u>	<u>387,403</u>	<u>4,348,915</u>	<u>66,876,605</u>	TOTAL EXPENDITURES
				EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
(8,527,826)	(311,095)	14,681,164	7,526,464	
				OTHER FINANCING SOURCES (USES)
8,765,928	995	7,278,699	18,212,921	Transfers in
(76)	-	(9,659,199)	(18,712,921)	Transfers out
<u>8,765,852</u>	<u>995</u>	<u>(2,380,500)</u>	<u>(500,000)</u>	TOTAL OTHER FINANCING SOURCES (USES)
238,026	(310,100)	12,300,664	7,026,464	NET CHANGE IN FUND BALANCES
<u>(1,230,432)</u>	<u>(1,767,570)</u>	<u>15,816,217</u>	<u>81,406,613</u>	Fund balances, beginning of year
<u>\$ (992,406)</u>	<u>\$ (2,077,670)</u>	<u>\$ 28,116,881</u>	<u>\$ 88,433,077</u>	FUND BALANCES, END OF YEAR

CITY OF RANCHO CORDOVA, CALIFORNIA
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

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

Net change in fund balances - total governmental		\$ 7,026,464
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. Capital outlays and depreciation expense are as follows:</p>		
Capitalized capital outlays	15,697,381	
Depreciation expense	<u>(7,550,148)</u>	8,147,233
<p>Donations of capital assets are not reported in governmental funds. However donations must be reported in government-wide funds.</p>		
		5,040,576
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		452,117
<p>Premiums, discounts, and other charges related to long-term debt are expended in the year of issuance by governmental funds. However, these costs are deferred and amortized in the statement of activities. This amount reflects the amortization of premiums, discounts, and deferred charges.</p>		
		(43,516)
<p>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 debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
Change in compensated absences	(175,265)	
Change in accrued interest	8,258	
Principal repayments on long term debt	<u>1,003,012</u>	836,005
<p>Internal service funds are used by management to charge the costs of insurance to individual funds. The net revenue (expense) of certain activities of the Internal Service Funds is reported with Governmental Activities.</p>		
		<u>537,526</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 21,996,405</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2008

	Business-type Activities Enterprise Fund	Governmental Activities
	Kilgore Cemetery	Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 305	\$ 1,421,146
Interest and other receivables	-	1,449
Total current assets	305	1,422,595
Noncurrent assets:		
Capital assets, net of accumulated depreciation:		
Nondepreciable	303,728	-
Depreciable	1,167,078	-
Total noncurrent assets	1,470,806	-
TOTAL ASSETS	1,471,111	1,422,595
LIABILITIES		
Current liabilities:		
Accounts payable	3,605	-
Total current liabilities	3,605	-
Noncurrent liabilities:		
Advances from other funds	1,341,883	-
TOTAL LIABILITIES	1,345,488	-
NET ASSETS		
Invested in capital assets	1,470,806	-
Unrestricted	(1,345,183)	1,422,595
TOTAL NET ASSETS	\$ 125,623	\$ 1,422,595

CITY OF RANCHO CORDOVA, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities Enterprise Fund	Governmental Activities-
	Kilgore Cemetery	Internal Service Funds
OPERATING EXPENSES		
Administration	\$ 41,755	\$ -
Depreciation expense	29,925	-
OPERATING LOSS	71,680	-
NONOPERATING REVENUES		
Investment earnings	120	37,526
NONOPERATING REVENUES BEFORE TRANSFERS	120	37,526
Transfers in	-	500,000
NET CHANGE IN NET ASSETS	(71,560)	537,526
NET ASSETS, BEGINNING OF YEAR	197,183	885,069
NET ASSETS, END OF YEAR	\$ 125,623	\$ 1,422,595

CITY OF RANCHO CORDOVA, CALIFORNIA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities- Enterprise Fund	Governmental Activities
	Kilgore Cemetery	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to suppliers	\$ (42,464)	\$ (17,998)
Net cash used by operating activities	(42,464)	(17,998)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Advances from other funds	341,883	-
Due from other funds	(220,826)	-
Transfers from other funds	-	500,000
Net cash provided by noncapital financing activities	121,057	500,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of fixed assets	(78,728)	-
Net cash used by capital and related financing activities:	(78,728)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	440	36,077
Net cash provided by investing activities	440	36,077
NET INCREASE IN CASH AND CASH EQUIVALENTS	305	518,079
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	903,067
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 305	\$ 1,421,146
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (71,680)	\$ -
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	29,925	-
Changes in assets and liabilities:		
Decrease in accounts payable	(709)	(17,998)
Net cash used by operating activities	\$ (42,464)	\$ (17,998)

The notes to the basic financial statements are an integral part of this statement.

CITY OF RANCHO CORDOVA, CALIFORNIA

STATEMENT OF FIDUCIARY NET ASSETS AGENCY FUNDS JUNE 30, 2008

	Total Agency Funds
ASSETS	
Cash and investments	\$ 4,692,622
Receivables:	
Interest receivable	8,828
Due from other governmental agencies	605,149
Restricted cash with fiscal agent	<u>14,796,592</u>
TOTAL ASSETS	<u><u>\$ 20,103,191</u></u>
LIABILITIES	
Accounts payable	\$ 9,306
Deposits	100,211
Due to assessment holders	<u>19,993,674</u>
TOTAL LIABILITIES	<u><u>\$ 20,103,191</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rancho Cordova (the City) was incorporated in May 2002, effective July 1, 2003, under the laws and regulations of the State of California. The City operates under a Council-City Manager form of government and provides the following services: public safety (Police), roads and streets, public improvements, planning and zoning, and general administrative services.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity: The City operates as a self-governing local government unit within the State of California (the State). It has the authority to levy taxes and has the authority to determine user fees for the services that it provides. The City's main funding sources include property taxes, sales taxes, transient occupancy taxes and other intergovernmental revenue from the State and County of Sacramento (County). The property taxes collected within the City's limits are shared with the County beginning fiscal year 2003/04 and continuing through fiscal year 2027/28. Payments to the County are adjusted by a 2% inflation factor annually.

The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the City has the ability to impose its will on the organization or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the City.

As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. These component units are reported on a blended basis. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The City's reporting entity includes the following blended component units:

Rancho Cordova Financing Corporation (the Corporation) - The Corporation is governed by a board comprised of the City's elected council. Bond issuance authorizations are approved by the City's council and legal liability for the Corporation's debt remains with the City. The Corporation provides services solely for the benefit of the City and is reported as a Debt Service Fund. Separate financial statements are issued for the Corporation and may be obtained by contacting the City.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

City of Rancho Cordova Community Redevelopment Agency (the Agency) - The Agency was formed as a separate legal entity under the Community Redevelopment Law. The City Council acts as the governing board of the Agency in concurrent session. The City Manager acts as the Redevelopment Agency's executive director. The Agency's Board of Directors approves the annual budget. The State's redevelopment process provides communities at a local level with a comprehensive tool for economic development. These tools are the powers of land assembly and site preparation for private development, the ability to finance necessary public improvements, the authority to impose conditions and restrictions for the quality of developments of an area, and the capability to broaden financing capabilities utilizing a variety of public and private sources. The major source of financing to undertake redevelopment is a "tax increment." The tax increment is the additional property taxes that are paid on the value of new development within the redevelopment project area. This increment can then be leveraged for financial investments to fund the identified projects. However, this tax increment revenue will not be sufficient until future years, so the General Fund will fund the activities until that time. The Agency provides services entirely for the benefit of the City and is presented as two Special Revenue Funds, one Capital Projects Fund, and one Debt Service Fund. Separate financial statements are issued for the Agency and may be obtained by contacting the City.

Basis of Presentation - Government-wide financial statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Exceptions to this general rule are interfund services provided and used which are not eliminated as part of the consolidation process. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation--Fund Financial Statements: The accounts of the City are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City generally considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due. Payable balances consist primarily of payables to vendors.

Investment earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. All other revenue items are considered measurable and available only when cash is received by the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, 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), are accounting principles generally accepted in the United States of America.

The City reports the following major governmental fund types:

General Fund - The general fund is the City's primary operating fund. It is used to account for all activities of the general government, except those required to be accounted for in another fund. All general operating revenues not restricted in use are recorded in this fund.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sunrise Douglas Special Revenue Fund - Used to account for funds received from the Sunrise Douglas area, which are in addition to the other fees imposed. The fees relate specifically to improvements that will be required as a result of the development in that area.

Traffic Mitigation Special Revenue Fund - Established to account for the roadway fee imposed on the development of real property.

Redevelopment Administration Fund – Accounts for property tax increment revenues net of the 20% set aside for low and moderate income housing. Accounts for expenditures for furtherance of project area goals.

Capital Improvements Capital Projects Fund - Used to account for financial resources for the acquisition or construction of major capital facilities.

General Plan Fund – Established to account for the fee imposed on new development to defray the costs of completing the City's first General Plan and pay for the maintenance of that plan over the next ten years.

The City reports the following major enterprise fund:

Kilgore Cemetery - the Kilgore Cemetery Fund is the City's only Enterprise Fund. It is used to account for the operations of the historic Kilgore Cemetery, rededicated and opened in fiscal year 2006-2007.

Additionally, the City reports the following fund types:

Internal Services Funds – Internal Service Funds are used to account for the financing of goods and services provided by one City department to other departments on a cost-reimbursement basis. The City maintains three Internal Service Funds. These funds accumulate funds to pay for potential litigation, insurance claims, replacement of vehicles and equipment and computer technology.

Agency Funds - Agency Funds account for assets held by the City in a purely custodial capacity. Agency Funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The City's agency funds account for assets held by the City as an agent for bonded assessment districts.

Cash Equivalents: For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash and equivalents.

Investments: All investments are generally stated at fair value, unless amortized cost approximates fair value, in which case those investments would be stated at amortized cost.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions: Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables, as appropriate, and are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the noncurrent portion of interfund loans). Advances between 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.

Prepaid Costs: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements. Prepaid costs are reported in the fund financial statements as a reservation of fund balance to indicate they do not constitute resources available for appropriation.

Capital Assets: Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as an expenditure in the governmental fund, and the related assets are reported in the government-wide financial statements. Capital assets owned by the City are stated at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. The estimated useful lives are as follows: roads – 20 years; drainage system – 40 years; buildings and improvements – 30 to 40 years; software – 3 years; vehicles – 5 years; and office equipment and furniture – 3 to 5 years.

It is the City's policy to capitalize all land, structures and improvements and equipment, except assets costing less than \$5,000. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement. Proceeds from the sale of capital assets are included in the statement of revenues, expenditures and changes in fund balances of the related fund. Proceeds reported in the governmental fund are eliminated and the gain or loss on sale is reported in the government-wide presentation.

Deposits Payable: Deposits payable consist of deposits received from developers to cover costs incurred by the City.

Long-term Obligations: In the government-wide financial statements, long-term debt is reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and are amortized over the life of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, incurred during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences: City employees are granted universal leave in varying amounts based on classification and length of service. City employees have vested interests in the amount of universal leave accrued and are paid on termination. Up to five days of universal leave may be cashed out in December of each year as long as the amount is not more than 50% of the employees leave balance. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements and is currently payable. The general fund is typically used to liquidate compensated absences.

Property Taxes: The County is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The City recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

Secured and unsecured property taxes are levied based on the assessed value as of January 1, the lien date, of the preceding fiscal year. Secured property tax is levied on September 30, and due in two installments, on November 1 and February 1. Collection dates are December 10 and April 10, which are also the delinquent dates.

Net Assets: The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Assets - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - This category represents net assets of the City not restricted for any project or other purpose.

Fund Balance Reserves: In the governmental fund financial statements, fund balance reserves are those portions of the fund balance that are not available for appropriation or expenditure and/or are legally segregated for a specific future use. The City uses the following reserves:

Reserved for low and moderate income housing - used to represent that portion of fund balance reserved for low and moderate income housing for the Redevelopment Agency.

Reserved for Advances to other funds – to reflect the amounts due from other funds that are long-term in nature and do not represent available spendable resources.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reserved for prepaid costs - used to indicate the balances of prepaid costs that benefit future periods and are not available for appropriation.

Reserved for debt service - represents amounts set aside to retire the debt owed to the County and the certificates of participation. This amount also represents a designation in the government-wide financial statements.

Fund Balance Designations: In the governmental fund financial statements, fund balance designations are those portions of the fund balance that represent the City's intended use of current available resources. The City uses the following designations:

Designated for economic uncertainty - used to indicate the minimum fund balance reserve in the General Fund to be maintained at all times. The minimal, optimal level required is 20% of the General Fund operating budget.

Designated for unrealized gains – used to indicate that the unrealized gains in the current market value of investments will not be realized as it is the City's policy to hold the securities on a long-term basis.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Future GASB Statement Implementation: In July of 2004, the GASB issued GASB Statement 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, with required implementation for the City during the June 30, 2010 fiscal year-end. The new statement will significantly change the way state and local governments report their "other postemployment benefits" to the public. As a result of GASB 45, state and local governments will be required to (1) recognize the cost of these benefits in periods when the related services were rendered to the employer, (2) provide information about the actuarial accrued liabilities for promised benefits associated with past services and to what extent those benefits have been funded, and (3) provide information useful in assessing potential demands on the employer's cash flow.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

2. CASH AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds. Cash represents cash on hand, demand deposits in the bank and amounts invested in the State of California Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP). Restricted cash and equivalents are restricted for the repayment of principal and interest on the related outstanding debt, and therefore, their use is limited by the applicable debt covenants. Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Governmental activities:		
Cash and investments	\$	81,930,991
Restricted cash and investments		2,733,119
Business - Type Activities:		
Cash and equivalents		305
Agency funds:		
Cash and investments		4,692,622
Restricted cash and investments		<u>14,796,592</u>
Total cash and investments	\$	<u>104,153,629</u>

As of June 30, 2008, the City's cash and investments consisted of the following:

Cash on hand	\$	1,250
Deposits with financial institutions		<u>18,670,027</u>
Total cash		<u>18,671,277</u>
U.S. Agency securities		24,480,863
U.S. Treasury obligations		8,509,046
Municipal bond		668,848
California Asset Management Program (CAMP)		16,592,917
Local Agency Investment Fund (LAIF)		18,343,942
Money market mutual fund		14,517,726
Investment agreement		2,298,262
Certificate of deposit		65,383
Financing Corporation bonds		<u>5,365</u>
Total investments		<u>85,482,352</u>
Total cash and investments	\$	<u>104,153,629</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

2. CASH AND INVESTMENTS (Continued)

Investment Policy: California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Money market funds	None	20%	None
U.S. Treasury obligations	None	None	None
U.S. Agency securities	None	None	None
Bankers' acceptances	180 days	40%	30%
High grade commercial paper	270 days	25%	10%
Certificates of deposit	360 days	20%	None
Negotiable certificates of deposit	None	30%	None
LAIF	N/A	None	\$40 Million
Repurchase agreements	30 days	20%	None
CAMP	N/A	None	\$40 Million

Investments Authorized by Debt Agreements: Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The 2005 Series A and B, and the 2007 Certificates of Participation contain certain provisions that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local agency bonds	None	None	None
U.S. Treasury obligations	None	None	None
U.S. Agency securities	None	None	None
Municipal obligations	None	None	None
Bankers' acceptances or federal funds	360 days	None	None
Commercial paper	270 days	None	None
Certificates of deposits	360 days	None	None
Money market funds	None	None	None
Investment agreements*	None	None	None
Other investments (including repurchase agreements)*	None	None	None

*Approved in writing by Insurer.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

2. CASH AND INVESTMENTS (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair value of the City's investment (including investments held by Bond Trustee) to market interest rate fluctuation is provided by the following table that shows the distribution of the City's investments by maturity.

	Less than <u>12 months</u>	<u>24 -36 Months</u>	More than <u>36 months</u>	Total <u>Fair Value</u>
U.S. Agency securities	\$ 4,498,704	\$ 14,476,087	\$ 5,506,072	\$ 24,480,863
U.S. Treasury obligations	2,269,840	5,714,987	524,219	8,509,046
Municipal bond	-	668,848	-	668,848
CAMP	16,592,917	-	-	16,592,917
LAIF	18,343,942	-	-	18,343,942
Money Market Mutual Funds	14,517,726	-	-	14,517,726
Investment Agreement	-	-	2,298,262	2,298,262
Certificate of deposit	65,383	-	-	65,383
Financing Corporation Bonds	-	-	5,365	5,365
Total	<u>\$ 56,288,512</u>	<u>\$ 20,859,922</u>	<u>\$ 8,333,918</u>	<u>\$ 85,482,352</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations: The City's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Mortgage Pass-Through Securities are issued by Government Sponsored Enterprises (GSEs), which are a group of financial services corporations created by the United States Congress. The GSEs include: the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Association (Freddie Mac), and the Federal Home Loan Banks. Another institution that issues these securities is the Government National Mortgage Association (Ginnie Mae). All agencies include short embedded prepayment options. Unanticipated prepayments by the obligees of the underlying assets reduce the total expected rate of return. As of June 30, 2008, the City held investments of \$7,329,482 in Fannie Mae, \$6,823,589 in Freddie Mac, and \$5,390,717 in Federal Home Loan Banks.

Callable Bonds, although bonds are issued with clearly defined maturities, an issuer may be able to redeem, or call, a bond earlier than its maturity date. The City must then replace the called bond with a bond that may have a lower yield than the original bond. The call feature causes the fair value to be highly sensitive to changes in interest rates. As of June 30, 2008, the City held callable bonds with a fair value of \$5,800,881.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

2. CASH AND INVESTMENTS (Continued)

Credit Risk: Credit risk is the risk that an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF, the investment agreement, and the certificate of deposit do not have a rating provided by a nationally recognized statistical rating organization. The U.S. Agency Securities and the money market mutual funds are AAA rated. The CAMP investment is rated AAAM, the Financing Corporation Bonds are rated A-, and the municipal bond is rated A+. The U.S. Treasury obligations are exempt from credit risk disclosure.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Governmental Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: \$19,302,451 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2008, City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Financing Corporation Bonds	\$ 5,365
U.S. Treasury obligations	23,740,350
U.S. Agency securities	24,480,863
Municipal bond	668,848
Investment agreements	<u>2,298,262</u>
	<u>\$ 51,193,688</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

2. CASH AND INVESTMENTS (Continued)

Concentration of credit risk: Concentration of credit risk is the risk associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments.

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. During fiscal year 2008 the City did have more than 5% of total investments in a single issuer aside from LAIF, CAMP, U.S. Treasury, and Money Market Mutual funds which are exempt and are as follows:

Federal National Mortgage (Fannie Mae)	\$ 7,329,482
Federal Home Loan Bank	5,390,717
Federal Home Loan Mortgage (Freddie Mac)	6,823,589
Federal Farm Credit Bank	<u>4,937,075</u>
	<u>\$ 24,480,863</u>

Investments LAIF: The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The City's investment in LAIF included a portion of the pool funds invested in collateralized mortgage obligations, mortgage backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. These investments included the following:

Structured Notes are debt securities (other than asset backed securities) whose cash flow characteristics (coupon rate, redemption amount or state maturity) depend on one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

Investments CAMP: The City is a voluntary participant in the California Asset Management Program (CAMP). Oversight of CAMP is provided by a Board of Trustees, which consists of seven trustees. The trustees are appointed to the Board of Trustees from members of the governing body, officers, or full-time employees of a public agency that is a participant in the trust and approved annually by the participants. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis. There are no CAMP funds invested in derivatives as of June 30, 2008.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

3. RECEIVABLES

Accounts receivable consisted of the following at June 30, 2008:

Developer deposits	\$ 1,458,268
Other	355,364
Transient occupancy taxes	266,494
Utility taxes	253,136
Impact fees	189,965
Vendor	137,437
Franchise fees	99,028
Fines	2,189
Less: allowance for bad debt	<u>(225,000)</u>
Totals	\$ <u>2,536,881</u>

Due from other governments consisted of the following at June 30, 2008:

Measure A funds	\$ 3,631,967
Grants	2,001,023
Property and related tax	970,438
Sales tax	511,500
Gas tax	428,728
Other	339,777
Transportation Development Act funds	201,128
Fines	111,814
Motor vehicle fees	<u>68,915</u>
Totals	\$ <u>8,265,290</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,254,725	\$ 1,466,067	\$ -	\$ 7,720,792
Construction in progress	<u>30,417,808</u>	<u>13,444,095</u>	<u>(9,486,060)</u>	<u>34,375,843</u>
Total capital assets, not being depreciated	<u>36,672,533</u>	<u>14,910,162</u>	<u>(9,486,060)</u>	<u>42,096,635</u>
Capital assets, being depreciated:				
Roads	1,556,315	13,369,592	-	14,925,907
Drainage System	235,138,165	952,308	-	236,090,473
Buildings and improvements	20,254,094	778,858	-	21,032,952
Office equipment and furniture	284,314	98,323	-	382,637
Software	1,126,779	606,400	-	1,733,179
Vehicles	<u>298,356</u>	<u>45,985</u>	-	<u>344,341</u>
Total capital assets, being depreciated	<u>258,658,023</u>	<u>15,851,466</u>	-	<u>274,509,489</u>
Less accumulated depreciation for:				
Roads	(1,296,071)	(390,061)	-	(1,686,132)
Drainage System	(40,823,853)	(5,877,447)	-	(46,701,300)
Buildings and improvements	(1,103,994)	(705,670)	-	(1,809,664)
Office equipment and furniture	(92,148)	(79,751)	-	(171,899)
Software	(622,732)	(430,587)	-	(1,053,319)
Vehicles	<u>(58,842)</u>	<u>(66,632)</u>	-	<u>(125,474)</u>
Total accumulated depreciation	<u>(43,997,640)</u>	<u>(7,550,148)</u>	-	<u>(51,547,788)</u>
Total capital assets, being depreciated, net	<u>214,660,383</u>	<u>8,301,318</u>	-	<u>222,961,701</u>
Governmental activities capital assets, net	<u>\$ 251,332,916</u>	<u>\$ 23,211,480</u>	<u>\$ (9,486,060)</u>	<u>\$ 265,058,336</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 225,000	\$ -	\$ -	\$ 225,000
Construction in progress	<u>-</u>	<u>78,728</u>	-	<u>78,728</u>
Total capital assets, not being depreciated	<u>225,000</u>	<u>-</u>	-	<u>303,728</u>
Capital assets, being depreciated:				
Buildings	1,197,003	-	-	1,197,003
Less accumulated depreciation for:				
Buildings	<u>-</u>	<u>(29,925)</u>	-	<u>(29,925)</u>
Total capital assets, being depreciated, net	<u>1,197,003</u>	<u>(29,925)</u>	-	<u>1,167,078</u>
Business-type activities capital assets, net	<u>\$ 1,422,003</u>	<u>\$ 48,803</u>	<u>\$ -</u>	<u>\$ 1,470,806</u>

Depreciation of \$7,550,148 during the year ended June 30, 2008 was charged to the general government function.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

5. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2008 are as follows:

Due to General Fund from:	
Non-major Governmental Funds	\$ <u>3,046,528</u>
Totals	\$ <u><u>3,046,528</u></u>

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

Advances from General Fund to:	
Redevelopment Administration	\$ 1,679,646
General Plan	2,032,451
Kilgore Cemetery	<u>1,341,883</u>
Totals	\$ <u><u>5,053,980</u></u>

These balances represent long-term loans until impact fees and property taxes are received.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

5. INTERFUND TRANSACTIONS (Continued)

The following schedule briefly summarizes the City's transfer activity for the fiscal year ended June 30, 2008.

<u>Transfer From:</u>	<u>Transfer To:</u>	
General Fund	Capital Improvements	\$ 968,887
	Internal Service Funds	500,000
	Nonmajor Funds	921,009
		2,389,896
Capital Improvements	General Fund	76
		76
Sunrise Douglas	Capital Improvements	223,065
	Nonmajor Funds	1,523,742
		1,746,807
Traffic Mitigation	General Fund	10,468
	Capital Improvements	1,823,518
	Nonmajor Funds	2,895,260
		4,729,246
Redevelopment Administration	Capital Improvements	23,394
	Nonmajor Funds	164,303
		187,697
Nonmajor Funds	General Fund	142,190
	Capital Improvements	5,727,064
	Redevelopment Admin	2,014,565
	General Plan	995
	Nonmajor Funds	1,774,385
		7,884,814
Total transfers		\$ 18,712,921

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

6. LONG-TERM LIABILITIES

Changes In Long-Term Liabilities

A schedule of changes in general long-term debt for the year ended June 30, 2008 is shown below:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Due Within One Year	Non Current
Governmental Activities						
Compensated Absences	\$ 341,367	\$ 645,362	\$ (470,097)	\$ 516,632	\$ 393,539	\$ 123,093
County debt	846,023	-	(423,012)	423,011	423,011	
Certificates of Participation	26,865,000	-	(580,000)	26,285,000	695,000	25,590,000
Less deferred amount on refunding	(114,705)	-	4,159	(110,546)	-	(110,546)
Issuance discounts	(334,625)	-	12,088	(322,537)	-	(322,537)
	<u>\$ 27,603,060</u>	<u>\$ 645,362</u>	<u>\$ (1,456,862)</u>	<u>\$ 26,791,560</u>	<u>\$ 1,511,550</u>	<u>\$ 25,280,010</u>

Long-term debt consists of the following:

2005 Series A & B Certificates of Participation: On August 1, 2005, \$3,695,000 and \$3,010,000 Certificates of Participation were issued by the Corporation to finance the acquisition and improvement of the new city operations facilities. To provide for repayment of the certificates, the City entered into an agreement to lease the administration facilities from the Corporation. Principal payments of \$75,000 to \$370,000 are due annually on September 1 through September 1, 2035. Interest rates range from 3.00% to 5.00%. Concurrently, the City entered into a facilities lease agreement with the Corporation for the use and occupancy of the facilities. The lease agreement requires the City to make rental payments to the Corporation equal to the Certificates of Participation's principal and interest payments.

2007 Series A & B Refunding Certificates of Participation: On January 24, 2007, \$12,100,000 and \$8,300,000 Certificates of Participation were issued by the Corporation with interest rates ranging from 4.43% to 5.65%. The debt was issued to advance refund the 2005 Certificates of Participation as tax-exempt and taxable Certificates to allow for leasing space to non-governmental users. The reacquisition price exceeded the net carrying amount of the old debt by \$116,438. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued.

Prior Year Defeasance: The 2007 Certificates of Participation advance refunded the 2005 Certificates of Participation totaling \$19,465,000. Proceeds from the 2007 Certificates were used to purchase U.S. Treasury securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 Certificates. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. As of June 30, 2008, \$19,075,000 of the 2005 Certificates of Participation was outstanding.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

6. LONG-TERM LIABILITIES (Continued)

County Debt: The County performed police, animal control and street maintenance services on behalf of the City from July 1, 2003 through June 30, 2004. The City prepaid the County \$3,500,000 during the year ended June 30, 2004 for these services. The County also retained property and sales tax collected within the City's limits and applied these amounts toward providing these services. As of June 30, 2008, the City's liability to the County is \$423,011 for the remaining cost of these services. The City is required to make quarterly principal payments of \$105,753 through July 2009, plus simple interest at the County Treasury pool rate. The interest rate can vary each quarter as the County Treasury pool rate changes.

Certificates of Participation

The following is a schedule of total debt service requirements to maturity as of June 30, 2008 for the certificates of participation:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 695,000	\$ 1,253,228	\$ 1,948,228
2010	725,000	1,217,912	1,942,912
2011	765,000	1,180,878	1,945,878
2012	805,000	1,141,641	1,946,641
2013	840,000	1,100,477	1,940,477
2014-2018	4,100,000	4,843,338	8,943,338
2019-2023	3,945,000	3,852,020	7,797,020
2024-2028	5,040,000	2,760,297	7,800,297
2029-2033	6,245,000	1,546,589	7,791,589
2034-2036	<u>3,125,000</u>	<u>212,961</u>	<u>3,337,961</u>
Total	<u>\$ 26,285,000</u>	<u>\$ 19,109,341</u>	<u>\$ 45,394,341</u>

County Debt

The following is a schedule of total debt service requirements to maturity as of June 30, 2008 for the County debt:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 423,011	\$ 6,071	\$ 429,082
Total	<u>\$ 423,011</u>	<u>\$ 6,071</u>	<u>\$ 429,082</u>

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 at least every five years. At June 30, 2008, the City does not expect to incur a liability.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

7. AGENCY BONDS PAYABLE

Special Tax Bonds have been issued under the Mello-Roos Community Facilities Act of 1982 to provide financial assistance to private-sector entities for the acquisition and construction infrastructure improvements deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received from special assessments. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2008, Special Tax Bonds outstanding were as follows:

Sunridge Anatolia CFD 2003-1 – Series 2003	\$	23,320,000
Sunridge Anatolia CFD 2003-1 – Series 2005		14,660,000
Sunridge Anatolia CFD 2004-1 – Series 2007		13,485,000
Sunridge Anatolia CFD 2003-1 – Series 2007		<u>20,695,000</u>
Total	\$	<u>72,160,000</u>

8. OPERATING LEASES

The City has entered into various operating leases for buildings and equipment with lease terms in excess of one year. Future minimum lease payments under these agreements as of June 30, 2008, are as follows:

<u>Year Ending June 30,</u>		<u>Lease Payments</u>
2009	\$	103,264
2010		105,619
2011		51,830
2012		33,165
2013		<u>7,159</u>
Total	\$	<u>301,037</u>

Total costs of such leases were \$88,948 for the fiscal year ended June 30, 2008.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

9. DEFICIT FUND BALANCE

The following funds have a fund deficit at June 30, 2008:

<u>Fund</u>	<u>Deficit</u>
Redevelopment Administration Fund	\$ (1,906,134)
Capital Improvements Projects Fund	(992,406)
General Plan Fund	(2,077,670)
Mather Field Traffic Impact Fees Fund	(152,866)
Community Development Block Grant Fund	<u>(61,759)</u>
Total	<u>\$ (5,190,835)</u>

The deficit of the Redevelopment Administration Fund will be eliminated with future property tax revenue. The deficit of the Capital Improvement Projects Fund, Mather Field Traffic Impact Fees Fund, and General Plan Fund will be eliminated with future fee collections. The deficit in the Community Development Block Grant Fund will be eliminated with future grant revenues.

10. DEFINED BENEFIT PENSION PLANS

Plan Description: The City contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. All permanent full and part time City employees working at least 1,000 hours per year are eligible to participate in CalPERS. Under CalPERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor times their highest average monthly salary over twelve consecutive months of employment. Benefit provisions and all other requirements are established by state statute. The establishment and amendment of specific benefit provisions of the plan is authorized by resolution of the City Council. Copies of CalPERS annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy: At the beginning of the fiscal year, participants were required to contribute 8% of their annual covered salary, and the City made the contributions required of the City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2008 was 12.75%. The City makes 5.5% of the current 8% participant contribution required by CalPERS. The contribution requirements of plan members and the City are established and may be amended by CalPERS. The City's contributions to CalPERS for the fiscal years ending June 30, 2008, 2007, and 2006, were \$885,150, \$744,010, and \$308,119, respectively, and equal 100% of the required contributions for each year.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

11. POST-RETIREMENT BENEFITS

In addition to the pension benefits, the City allows retired employees to purchase certain health care benefits through PERS at the City's rate. The City's full-time employees may become eligible for those benefits if they reach normal retirement age while working. At June 30, 2008, 1 retired employee met those eligibility requirements. The City pays on a pay-as-you-go basis and recognizes the cost of providing such benefits to retirees by expensing the related annual insurance premiums, which were approximately \$130.

12. INSURANCE

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 participates in the California State Association of Counties Excess Insurance Authority (CSAC EIA) a public entity risk pool of cities and counties within Northern California, for general liability insurance. Loss contingency reserves established by the CSAC EIA are funded by contributions from member agencies. The City pays an annual contribution to the CSAC EIA, which includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the risk pool. CSAC EIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained. CSAC EIA has never made an additional assessment and is currently fully funded. No provision has been made on these financial statements for liabilities related to possible additional assessments.

The City's self-insured retention level and maximum coverage under the CSAC EIA are as follows:

	Pool Coverage	Self-Insured Retention
Primary general liability	\$ 100,000	\$ 10,000
General liability	15,000,000	100,000
Workers compensation	250,000,000	125,000

Complete separate financial statements for CSAC EIA may be obtained from the CSAC EIA at 3017 Gold Canal Drive, Rancho Cordova, CA 95670.

Condensed financial information of CSAC EIA for the year ended June 30, 2007, the most current information available, is as follows:

Total assets	\$ <u>467,059,716</u>
Total liabilities	\$ 355,955,579
Net assets	<u>111,104,137</u>
Total liabilities and net assets	\$ <u>467,059,716</u>
Total revenues	\$ 339,467,476
Total expenses	<u>286,118,817</u>
Net increase in net assets	\$ <u>53,348,659</u>

The City purchases commercial insurance for all other risks of loss. The City is self-insured for amounts in excess of these amounts. There have been no significant reductions in insurance coverage from coverage in the prior year. Also, settlements have not exceeded the insurance coverage for the past three fiscal years.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

13. CONTINGENT LIABILITIES

The City is a party to claims arising in the ordinary course of business. The City's management and legal counsel are of the opinion that the ultimate liability, if any, arising from these claims will not have a material adverse impact on the financial position of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the federal and state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

14. COMMITMENTS

The City and County entered into a revenue neutrality agreement pursuant to Government Code §56845 as a means of mitigating the financial impacts of the incorporation of the City in 2003 on the County's general fund. A portion of the secured and unsecured ad valorem property taxes levied and collected pursuant to state law within the City's corporate limits are retained by the County, according to the Tax Sharing Agreement. The property taxes collected within the City's limits are shared with the County beginning fiscal year 2003/04 and continuing through fiscal year 2027/28. Amounts retained by the County are adjusted by a 2% inflation factor annually. Any tax increment related to redevelopment project areas are excluded from this Tax Sharing Agreement. For the fiscal year ended June 30, 2008, property taxes retained by the County in accordance with the revenue neutrality agreement totaled \$5,796,888.

The City has an agreement with the County to provide law enforcement services to the City commencing July 1, 2007 and continuing until June 30, 2010. The cost of providing this service will be outlined in a service plan, which will be provided to the City annually. The service plan for fiscal year 2008/09 projected total costs of \$16,568,948.

The City has an agreement with the County to provide maintenance services beginning July 1, 2005 and continuing through June 30, 2007. The agreement is renewable annually through June 30, 2014. Under the agreement, the City is required to budget \$1,000,000 annually for these services and is required to expend a minimum of \$750,000 each year of the contract. For the fiscal year ended June 30, 2008, actual costs totaled \$1,494,264, with the majority of the costs charged to the Measure A Special Revenue Fund.

The City had outstanding contracts for services in the amount of \$10,175,035 and outstanding contracts for construction in the amount of \$8,298,601 at June 30, 2008.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
REVENUES:				
Taxes:				
Property	\$ 13,595,000	\$ 13,595,000	\$ 14,043,342	\$ 448,342
Sales and use	10,370,000	10,370,000	9,304,724	(1,065,276)
Transient occupancy	2,510,000	2,510,000	2,518,771	8,771
Utility user	1,810,000	1,810,000	1,930,878	120,878
Other	1,119,000	1,119,000	1,066,154	(52,846)
Licenses, permits and fees	4,518,000	4,518,000	3,791,783	(726,217)
Intergovernmental revenues	1,215,000	1,215,000	1,364,640	149,640
Charges for current services	9,405,512	9,405,512	5,415,270	(3,990,242)
Fines and forfeitures	422,000	422,000	671,907	249,907
Use of money and property	1,195,000	1,195,000	2,593,488	1,398,488
Other revenue	96,000	96,000	141,543	45,543
Total revenues	<u>46,255,512</u>	<u>46,255,512</u>	<u>42,842,500</u>	<u>(3,413,012)</u>
EXPENDITURES:				
Current operating:				
General government	13,824,530	13,835,547	13,116,880	718,667
Community development	8,613,945	8,613,945	7,022,819	1,591,126
Public safety	15,522,000	15,522,000	15,229,329	292,671
Public works	7,273,512	7,284,329	2,981,825	4,302,504
Debt service:				
Principal retirements	475,000	475,000	423,012	51,988
Interest and fiscal charges	-	-	33,665	(33,665)
Capital Outlay	-	-	797,580	(797,580)
Total expenditures	<u>45,708,987</u>	<u>45,730,821</u>	<u>39,605,110</u>	<u>6,125,711</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>546,525</u>	<u>524,691</u>	<u>3,237,390</u>	<u>2,712,699</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	889,105	889,105	152,734	(736,371)
Transfers out	(1,390,000)	(1,390,000)	(2,389,896)	(999,896)
Total other financing sources (uses)	<u>(500,895)</u>	<u>(500,895)</u>	<u>(2,237,162)</u>	<u>(1,736,267)</u>
NET CHANGE IN FUND BALANCE	45,630	23,796	1,000,228	<u>\$ 976,432</u>
FUND BALANCE, BEGINNING OF YEAR	<u>25,821,610</u>	<u>25,821,610</u>	<u>25,821,610</u>	
FUND BALANCE, END OF YEAR	<u>\$ 25,867,240</u>	<u>\$ 25,845,406</u>	<u>\$ 26,821,838</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL — SUNRISE DOUGLAS SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Licenses, permits and fees	\$ 7,750,000	\$ 7,750,000	\$ 5,071,729	\$ (2,678,271)
Use of money and property	103,500	7,500	842,744	835,244
Total revenues	<u>7,853,500</u>	<u>7,757,500</u>	<u>5,914,473</u>	<u>(1,843,027)</u>
EXPENDITURES:				
Current operating:				
General government	-	5,684,890	6,363,365	(678,475)
Public Works	-	-	172,711	(172,711)
Capital Outlay	-	-	3,085,548	(3,085,548)
Total expenditures	<u>-</u>	<u>5,684,890</u>	<u>9,621,624</u>	<u>(3,936,734)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,853,500</u>	<u>2,072,610</u>	<u>(3,707,151)</u>	<u>(5,779,761)</u>
OTHER FINANCING USES:				
Transfers out	<u>(17,568,596)</u>	<u>(17,568,596)</u>	<u>(1,746,807)</u>	<u>15,821,789</u>
Total other financing uses	<u>(17,568,596)</u>	<u>(17,568,596)</u>	<u>(1,746,807)</u>	<u>15,821,789</u>
NET CHANGE IN FUND BALANCE	(9,715,096)	(15,495,986)	(5,453,958)	<u>\$ 10,042,028</u>
FUND BALANCE, BEGINNING OF YEAR	<u>23,503,802</u>	<u>23,503,802</u>	<u>23,503,802</u>	
FUND BALANCE, END OF YEAR	<u>\$ 13,788,706</u>	<u>\$ 8,007,816</u>	<u>\$ 18,049,844</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL — TRAFFIC MITIGATION SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		(NEGATIVE)
REVENUES:				
Licenses, permits and fees	\$ 3,229,910	\$ 3,229,910	4,908,194	\$ 1,678,284
Use of money and property	3,000	3,000	876,941	873,941
Total revenues	<u>3,232,910</u>	<u>3,232,910</u>	<u>5,785,135</u>	<u>2,552,225</u>
EXPENDITURES:				
Current operating:				
General government	-	-	6,402	(6,402)
Public works	-	-	453,500	(453,500)
Capital Outlay	-	-	754,764	(754,764)
Total expenditures	<u>-</u>	<u>-</u>	<u>1,214,666</u>	<u>(1,214,666)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,232,910</u>	<u>3,232,910</u>	<u>4,570,469</u>	<u>1,337,559</u>
OTHER FINANCING USES:				
Transfers out	<u>(6,868,000)</u>	<u>(6,888,000)</u>	<u>(4,729,246)</u>	<u>2,158,754</u>
Total other financing uses	<u>(6,868,000)</u>	<u>(6,888,000)</u>	<u>(4,729,246)</u>	<u>2,158,754</u>
NET CHANGE IN FUND BALANCE	<u>(3,635,090)</u>	<u>(3,635,090)</u>	<u>(158,777)</u>	<u>\$ 3,496,313</u>
FUND BALANCE, BEGINNING OF YEAR	<u>20,579,501</u>	<u>20,579,501</u>	<u>20,579,501</u>	
FUND BALANCE, END OF YEAR	<u>\$ 16,944,411</u>	<u>\$ 16,944,411</u>	<u>\$ 20,420,724</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL — REDEVELOPMENT ADMINISTRATION SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Taxes	\$ 1,797,400	\$ 1,797,400	\$ -	\$ (1,797,400)
Use of money and property	-	-	12,810	12,810
Total revenues	1,797,400	1,797,400	12,810	(1,784,590)
EXPENDITURES:				
Current operating:				
General government	1,284,000	1,284,000	759,958	524,042
Interest and fiscal charges	-	-	204,271	(204,271)
Capital Outlay	-	1,355,000	1,465,068	(110,068)
Total expenditures	1,284,000	2,639,000	2,429,297	209,703
DEFICIENCY OF				
REVENUES OVER EXPENDITURES	513,400	(841,600)	(2,416,487)	(1,574,887)
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	2,014,565	2,014,565
Transfers out	(455,000)	(455,000)	(187,697)	267,303
Total other financing sources (uses)	(455,000)	(455,000)	1,826,868	2,281,868
NET CHANGE IN FUND BALANCE	58,400	(1,296,600)	(589,619)	\$ 706,981
FUND BALANCE, BEGINNING OF YEAR	(1,316,515)	(1,316,515)	(1,316,515)	
FUND BALANCE, END OF YEAR	\$ (1,258,115)	\$ (2,613,115)	\$ (1,906,134)	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — GENERAL PLAN SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Licenses, permits and fees	\$ -	\$ -	\$ 76,248	\$ 76,248
Other revenue	-	-	60	60
Total revenues	-	-	76,308	76,308
EXPENDITURES:				
Current operating:				
General government	-	322,200	56,539	265,661
Community development	-	-	330,864	(330,864)
Total expenditures	-	322,200	387,403	(65,203)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(322,200)	(311,095)	11,105
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	995	995
Total other financing sources (uses)	-	-	995	995
NET CHANGE IN FUND BALANCE	-	(322,200)	(310,100)	\$ 12,100
FUND BALANCE, BEGINNING OF YEAR	(1,767,570)	(1,767,570)	(1,767,570)	
FUND BALANCE, END OF YEAR	\$ (1,767,570)	\$ (2,089,770)	\$ (2,077,670)	

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2008

Note 1 - Budgetary Data

The City Council annually adopts the budget resolution for all operating funds of the City. Budgetary control is legally maintained at the fund (not subfund) level. The Transportation Development Act Fund did not have any budget or actual revenues or expenditures, as the apportionment was deferred for the fiscal year ended June 30, 2008. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30.

All budget amounts presented in the accompanying financial statements and supplementary information have been adjusted for legally authorized revisions of the annual budgets during the year. Appropriations lapse at the end of each fiscal year. Budget amounts shown in the financial statements represent the original budget adjusted by board approved amendments during the June 30, 2008 fiscal year end. The budgetary data is prepared on the modified accrual basis consistent with the related "actual" amounts.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders and contracts) do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**COMBINING FUND FINANCIAL
STATEMENTS AND SCHEDULES**

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Total Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 22,409,401	\$ -	\$ 164,303	\$ 22,573,704
Restricted cash with fiscal agent	-	2,733,119	-	2,733,119
Receivables:				
Accounts receivable	42,734	-	-	42,734
Interest and other receivables	114,006	16,272	-	130,278
Due from other governmental agencies	<u>6,555,184</u>	<u>223,436</u>	<u>-</u>	<u>6,778,620</u>
TOTAL ASSETS	<u><u>\$ 29,121,325</u></u>	<u><u>\$ 2,972,827</u></u>	<u><u>\$ 164,303</u></u>	<u><u>\$ 32,258,455</u></u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 543,911	\$ 124,342	\$ -	\$ 668,253
Deposits payable	-	24,500	-	24,500
Due to other funds	3,046,528	-	-	3,046,528
Deferred revenues	<u>287,017</u>	<u>115,276</u>	<u>-</u>	<u>402,293</u>
TOTAL LIABILITIES	<u><u>3,877,456</u></u>	<u><u>264,118</u></u>	<u><u>-</u></u>	<u><u>4,141,574</u></u>
 FUND BALANCES				
Reserved for:				
Low and moderate income housing	452,710	-	-	452,710
Debt service	-	2,708,709	-	2,708,709
Undesignated	<u>24,791,159</u>	<u>-</u>	<u>164,303</u>	<u>24,955,462</u>
TOTAL FUND BALANCES	<u><u>25,243,869</u></u>	<u><u>2,708,709</u></u>	<u><u>164,303</u></u>	<u><u>28,116,881</u></u>
 TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 29,121,325</u></u>	<u><u>\$ 2,972,827</u></u>	<u><u>\$ 164,303</u></u>	<u><u>\$ 32,258,455</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Total Non-Major Governmental Funds
REVENUES				
Taxes and assessments	\$ 760,521	\$ 2,515,952	\$ -	\$ 3,276,473
Licenses, permits and fees	2,558,780	-	-	2,558,780
Fines and forfeitures	64,092	-	-	64,092
Use of money and property	640,589	128,614	-	769,203
Intergovernmental revenues	11,635,706	-	-	11,635,706
Charges for services	8,400	-	-	8,400
Other revenues	717,425	-	-	717,425
TOTAL REVENUES	16,385,513	2,644,566	-	19,030,079
EXPENDITURES				
Current:				
General government	411,009	14,905	-	425,914
Public safety	385,458	-	-	385,458
Public works	1,339,698	-	-	1,339,698
Debt service:				
Principal retirement	-	580,000	-	580,000
Interest and fiscal charges	-	1,290,180	-	1,290,180
Capital outlay	327,665	-	-	327,665
TOTAL EXPENDITURES	2,463,830	1,885,085	-	4,348,915
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,921,683	759,481	-	14,681,164
OTHER FINANCING SOURCES (USES)				
Transfers in	5,083,133	2,031,263	164,303	7,278,699
Transfers out	(7,140,993)	(2,518,206)	-	(9,659,199)
TOTAL OTHER SOURCES (USES)	(2,057,860)	(486,943)	164,303	(2,380,500)
NET CHANGE IN FUND BALANCES	11,863,823	272,538	164,303	12,300,664
Fund balances, beginning of year	13,380,046	2,436,171	-	15,816,217
FUND BALANCES, END OF YEAR	\$ 25,243,869	\$ 2,708,709	\$ 164,303	\$ 28,116,881

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute, local ordinance or Federal grant regulation to record particular operating functions of the City.

The Nonmajor Special Revenue Funds of the City are outlined as follows:

MEASURE A FUND - Accounts for the one-half percent sales tax that is imposed in Sacramento County for transportation related projects.

LOW/MODERATE INCOME HOUSING FUND – Accounts for 20% of property tax increment revenues set aside for low and moderate income housing. Accounts for expenditures for the furtherance of project area goals.

ASSET FORFEITURE FUND – Accounts for revenues and expenditures associated with the City’s share of federally forfeited property derived from illegal activities.

VILLAGES OF ZINFANDEL FUND – Accounts for developer impact fees that are imposed on certain development. Includes both road impact and library impact fees that are to be spent in the specific development area.

COMMUNITY FACILITIES FEES FUND – Community Facilities Fees are imposed on all future growth within the City limits. The funds will be used to construct municipal facilities that will serve the City’s current as well as future populace.

PARK DEVELOPMENT FUND – Accounts for funds received from developers for the impact of development on existing parks and the need to build additional parks. The City charges a 3.75% administrative fee and then passes through the remainder to the Cordova Recreation and Park District (a Special District).

GAS TAX FUND – Established to account for revenues and expenditures on road related projects in the City of Rancho Cordova. Financing is provided by the City’s share of the statewide tax on gasoline and other fuels.

STREET CUT FEE FUND -The funds will be used for the resurfacing, maintenance, administration and protection of City streets where excavation has occurred.

MATHER FIELD TRAFFIC IMPACT FEES FUND - Accounts for developer impact fees that are imposed on certain development.

GRANT REVENUE FUND - Accounts for grant monies awarded to the City.

CAP VILL PARK DEVELOPMENT FEE FUND - The funds will be used to fund park construction in new development areas.

TRANSPORTATION DEVELOPMENT ACT FUND – Accounts for revenues and the associated expenditures of appropriated Transportation Development Act funds, which are restricted for public transit services or streets and roads projects.

VERY LOW INCOME HOUSING FUND – Established to account for tax increment revenues and the associated expenditures specifically set aside for affordable housing as mandated by law.

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

TRANSIT-RELATED SERVICES TAX FUND – Accounts for revenues and expenditures related to provide transit related services.

ROAD MAINTENANCE FUND – The road maintenance assessment district was formed to create a financial mechanism to provide street and lighting operations and maintenance services for public improvements resulting from new development.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND– Established to account for the federal grants received under the Housing and Community Development Act of 1974.

RENTAL CODE COMPLIANCE PROGRAM FUND – The City of Rancho Cordova assesses a \$10 per door fee on all rental properties in the City. These monies are used to fund the Rental Inspection Program, seeking to improve the quality of rental housing.

ROADWAY IMPROVEMENTS FUND – The Public Works Dept has obtained certain additional contributions related to supplemental roadway fees. The negotiations are non-nexus based and are not directly associated with the existing traffic fees. These funds may be used at the City’s discretion for a variety of roadway improvement projects.

STORM WATER UTILITY TAX FUND – The Public Works Dept has negotiated the annual transfer of funds from utility taxes collected by the County of Sacramento for storm water utility. These funds may be used at the Public Works Director’s discretion for any drainage related expenses, including staff costs.

PROP 42 FUND – Proposition 42 established the Traffic Congestion Relief Fund in the State Treasury to allocate funds to cities and counties for the purpose of street or road maintenance or reconstruction.

ENVIRONMENTAL MITIGATION FUND – Established to account for developer fee revenues and expenditures related to the mitigation of habitat losses for the Swainson Hawk due to construction.

LANDSCAPING AND LIGHTING FUND – Accounts for funds received to mitigate the cost of maintaining public landscape areas in the majority of the City. This fund is being transferred from Sacramento County to the City and continued operation of the district will be dependent on voter approval in the future.

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2008**

	Measure A Special Revenue Fund	Low/Mod. Income Housing Fund	Asset Forfeiture Fund	Villages of Zinfandel Fund
ASSETS				
Cash and investments	\$ -	\$ 439,954	\$ 23,819	\$ 464,229
Receivables:				
Accounts receivable	-	24,868	-	
Interest and other receivables	-	(47)	38	1,251
Due from other governmental agencies	<u>3,631,967</u>	<u>-</u>	<u>8,295</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 3,631,967</u></u>	<u><u>\$ 464,775</u></u>	<u><u>\$ 32,152</u></u>	<u><u>\$ 465,480</u></u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 327,324	\$ 12,065	\$ -	\$ -
Due to other funds	1,071,879	-	-	-
Deferred revenues	-	-	-	-
TOTAL LIABILITIES	<u>1,399,203</u>	<u>12,065</u>	<u>-</u>	<u>-</u>
 FUND BALANCES				
Reserved for:				
Low and moderate income housing	-	452,710	-	-
Unreserved:				
Undesignated	<u>2,232,764</u>	<u>-</u>	<u>32,152</u>	<u>465,480</u>
TOTAL FUND BALANCES	<u>2,232,764</u>	<u>452,710</u>	<u>32,152</u>	<u>465,480</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,631,967</u></u>	<u><u>\$ 464,775</u></u>	<u><u>\$ 32,152</u></u>	<u><u>\$ 465,480</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2008**

	Community Facilities Fees Fund	Park Development Fund	Gas Tax Fund	Street Cut Fee Fund
ASSETS				
Cash and investments	\$ 6,126,665	\$ 2,098,361	\$ 2,637,586	\$ 77,043
Receivables:				
Accounts receivable	17,854	-	-	-
Interest and other receivables	10,140	3,729	5,660	-
Due from other governmental agencies	-	-	428,728	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 6,154,659</u>	<u>\$ 2,102,090</u>	<u>\$ 3,071,974</u>	<u>\$ 77,043</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 64,280	\$ -	\$ -	\$ -
Due to other funds	13,230	-	-	-
Deferred revenues	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>77,510</u>	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCES				
Reserved for:				
Low and moderate income housing	-	-	-	-
Unreserved:				
Undesignated	6,077,149	2,102,090	3,071,974	77,043
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>6,077,149</u>	<u>2,102,090</u>	<u>3,071,974</u>	<u>77,043</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,154,659</u>	<u>\$ 2,102,090</u>	<u>\$ 3,071,974</u>	<u>\$ 77,043</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2008**

	<u>Mather Field Traffic Impact Fees Fund</u>	<u>Grant Revenue Fund</u>	<u>Cap Vill Park Development Fee Fund</u>	<u>Transportation Development Act Fund</u>
ASSETS				
Cash and investments	\$ -	\$ 358,856	\$ 1,441,843	\$ -
Receivables:				
Accounts receivable	-	-	-	-
Interest and other receivables	-	-	2,322	-
Due from other				
Governmental agencies	-	1,599,564	-	201,128
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 1,958,420</u>	<u>\$ 1,444,165</u>	<u>\$ 201,128</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 43,063	\$ -	\$ -
Due to other funds	152,866	1,410,936	-	-
Deferred revenues	-	-	-	201,128
TOTAL LIABILITIES	<u>152,866</u>	<u>1,453,999</u>	<u>-</u>	<u>201,128</u>
FUND BALANCES				
Reserved for:				
Low and moderate income housing	-	-	-	-
Unreserved:				
Undesignated	(152,866)	504,421	1,444,165	-
TOTAL FUND BALANCES	<u>(152,866)</u>	<u>504,421</u>	<u>1,444,165</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 1,958,420</u>	<u>\$ 1,444,165</u>	<u>\$ 201,128</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2008**

	Very Low Income Housing Fund	Transit- Related Services Tax Fund	Road Maintenance Fund	Community Development Block Grant Fund
ASSETS				
Cash and investments	\$ 657,746	\$ 12,023	\$ 414,056	\$ -
Receivables:				
Accounts receivable	-	-	-	2
Interest and other receivables	1,059	73	667	85,889
Due from other				
Governmental agencies	-	243	2,972	403,614
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 658,805</u>	<u>\$ 12,339</u>	<u>\$ 417,695</u>	<u>\$ 489,505</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 3,028	\$ 67,758
Due to other funds	-	-	-	397,617
Deferred revenues	-	-	-	85,889
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>3,028</u>	<u>551,264</u>
 FUND BALANCES				
Reserved for:				
Low and moderate income housing	-	-	-	-
Unreserved:				
Undesignated	658,805	12,339	414,667	(61,759)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>658,805</u>	<u>12,339</u>	<u>414,667</u>	<u>(61,759)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 658,805</u>	<u>\$ 12,339</u>	<u>\$ 417,695</u>	<u>\$ 489,505</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2008**

	Rental Code Compliance Program Fund	Roadway Improvement Fund	Storm Water Utility Tax Fund
ASSETS			
Cash and investments	\$ 7,635	\$ 5,670,711	\$ 292,903
Receivables:			
Accounts receivable	10	-	-
Interest and other receivables			489
Due from other			
Governmental agencies	-	-	-
	<u>7,645</u>	<u>5,670,711</u>	<u>293,392</u>
TOTAL ASSETS	\$ 7,645	\$ 5,670,711	\$ 293,392
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 7,645	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenues	-	-	-
	<u>7,645</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	7,645	-	-
FUND BALANCES			
Reserved for:			
Low and moderate income housing	-	-	-
Unreserved:			
Undesignated	-	5,670,711	293,392
	<u>-</u>	<u>5,670,711</u>	<u>293,392</u>
TOTAL FUND BALANCES	-	5,670,711	293,392
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,645	\$ 5,670,711	\$ 293,392

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2008**

	<u>Prop 42 Fund</u>	<u>Environmental Mitigation Fund</u>	<u>Landscape and Lighting Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS				
Cash and investments	\$ 505,242	\$ 6,063	\$ 1,174,666	\$ 22,409,401
Receivables:				
Accounts receivable	-	-	-	42,734
Interest and other receivables	815	10	1,911	114,006
Due from other				
Governmental agencies	-	-	278,673	6,555,184
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 506,057</u>	<u>\$ 6,073</u>	<u>\$ 1,455,250</u>	<u>\$ 29,121,325</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 18,748	\$ 543,911
Due to other funds	-	-	-	3,046,528
Deferred revenues	-	-	-	287,017
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>18,748</u>	<u>3,877,456</u>
 FUND BALANCES				
Reserved for:				
Low and moderate income housing	-	-	-	452,710
Unreserved:				
Undesignated	506,057	6,073	1,436,502	24,791,159
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>506,057</u>	<u>6,073</u>	<u>1,436,502</u>	<u>25,243,869</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 506,057</u>	<u>\$ 6,073</u>	<u>\$ 1,455,250</u>	<u>\$ 29,121,325</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

**NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	Measure A Special Revenue Fund	Low/Mod. Income Housing Fund	Asset Forfeiture Fund	Villages of Zinfandel Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-
Fines and forfeitures	-	-	27,947	-
Use of money and property	-	-	1,252	32,511
Intergovernmental revenues	5,107,015	-	-	-
Charges for services	-	-	-	6,050
Other revenues	-	-	-	-
TOTAL REVENUES	<u>5,107,015</u>	<u>-</u>	<u>29,199</u>	<u>38,561</u>
EXPENDITURES				
Current:				
General government	-	94,347	-	-
Public safety	-	-	31,121	-
Public works	1,104,741	-	-	1,273
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>1,104,741</u>	<u>94,347</u>	<u>31,121</u>	<u>1,273</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,002,274	(94,347)	(1,922)	37,288
OTHER FINANCING SOURCES (USES)				
Transfers in	-	503,641	-	-
Transfers out	(1,291,016)	-	-	(312,802)
TOTAL OTHER SOURCES (USES)	<u>(1,291,016)</u>	<u>503,641</u>	<u>-</u>	<u>(312,802)</u>
NET CHANGE IN FUND BALANCES	2,711,258	409,294	(1,922)	(275,514)
Fund balances, beginning of year	<u>(478,494)</u>	<u>43,416</u>	<u>34,074</u>	<u>740,994</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 2,232,764</u>	<u>\$ 452,710</u>	<u>\$ 32,152</u>	<u>\$ 465,480</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

FOR THE YEAR ENDED JUNE 30, 2008

	Community Facilities Fees Fund	Park Development Fund	Gas Tax Fund	Street Cut Fee Fund
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	1,129,870	228,381	-	61,335
Fines and forfeitures	-	-	-	-
Use of money and property	250,076	90,982	129,418	-
Intergovernmental revenues	-	-	1,291,781	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	1,379,946	319,363	1,421,199	61,335
EXPENDITURES				
Current:				
General government	1,297	-	-	-
Public safety	-	-	-	-
Public works	-	-	238	-
Capital outlay	135,817	-	-	-
TOTAL EXPENDITURES	137,114	-	238	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,242,832	319,363	1,420,961	61,335
OTHER FINANCING SOURCES (USES)				
Transfers in	136,065	-	-	-
Transfers out	(1,365,332)	(221,108)	(877,570)	-
TOTAL OTHER SOURCES (USES)	(1,229,267)	(221,108)	(877,570)	-
NET CHANGE IN FUND BALANCES	13,565	98,255	543,391	61,335
Fund balances, beginning of year	6,063,584	2,003,835	2,528,583	15,708
FUND BALANCES (DEFICITS), END OF YEAR	\$ 6,077,149	\$ 2,102,090	\$ 3,071,974	\$ 77,043

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

FOR THE YEAR ENDED JUNE 30, 2008

	Mather Field Traffic Impact Fees Fund	Grant Revenue Fund	Cap Vill Park Development Fee Fund	Transportation Development Act Fund
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	400,353	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	-	50,129	-
Intergovernmental revenues	-	3,370,070	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>3,370,070</u>	<u>450,482</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	354,337	-	-
Public works	-	109,271	-	-
Capital outlay	-	191,848	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>655,456</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	2,714,614	450,482	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	13,018	-	-
Transfers out	-	(2,750,250)	-	-
TOTAL OTHER SOURCES (USES)	<u>-</u>	<u>(2,737,232)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(22,618)	450,482	-
Fund balances, beginning of year	<u>(152,866)</u>	<u>527,039</u>	<u>993,683</u>	<u>-</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ (152,866)</u>	<u>\$ 504,421</u>	<u>\$ 1,444,165</u>	<u>\$ -</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

FOR THE YEAR ENDED JUNE 30, 2008

	Very Low Income Housing Fund	Transit- Related Services Tax Fund	Road Maintenance Fund	Community Development Block Grant Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Taxes and assessments	\$ -	\$ 34,884	\$ 356,314	\$ -
Licenses, permits and fees	359,013	-	-	-
Fines and forfeitures	-	-	-	36,145
Use of money and property	21,620	1,182	9,435	-
Intergovernmental revenues	-	-	-	616,964
Charges for services	-	2,350	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	<u>380,633</u>	<u>38,416</u>	<u>365,749</u>	<u>653,109</u>
EXPENDITURES				
Current:				
General government	4,051	-	-	270,509
Public safety	-	-	-	-
Public works	-	9,462	37,370	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>4,051</u>	<u>9,462</u>	<u>37,370</u>	<u>270,509</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	376,582	28,954	328,379	382,600
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(33,214)	-	(228,500)
TOTAL OTHER SOURCES (USES)	<u>-</u>	<u>(33,214)</u>	<u>-</u>	<u>(228,500)</u>
NET CHANGE IN FUND BALANCES	376,582	(4,260)	328,379	154,100
Fund balances, beginning of year	<u>282,223</u>	<u>16,599</u>	<u>86,288</u>	<u>(215,859)</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 658,805</u>	<u>\$ 12,339</u>	<u>\$ 414,667</u>	<u>\$ (61,759)</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

FOR THE YEAR ENDED JUNE 30, 2008

	Rental Code Compliance Program Fund	Roadway Improvement Fund	Storm Water Utility Tax Fund
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ -
Licenses, permits and fees	77,995	301,833	-
Fines and forfeitures	-	-	-
Use of money and property	-	-	4,104
Intergovernmental revenues	-	949,876	300,000
Charges for services	-	-	-
Other revenues	-	-	-
TOTAL REVENUES	<u>77,995</u>	<u>1,251,709</u>	<u>304,104</u>
EXPENDITURES			
Current:			
General government	40,805	-	-
Public safety	-	-	-
Public works	-	-	10,712
Capital outlay	-	-	-
TOTAL EXPENDITURES	<u>40,805</u>	<u>-</u>	<u>10,712</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	37,190	1,251,709	293,392
OTHER FINANCING SOURCES (USES)			
Transfers in	-	4,419,002	-
Transfers out	(37,190)	-	-
TOTAL OTHER SOURCES (USES)	<u>(37,190)</u>	<u>4,419,002</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	5,670,711	293,392
Fund balances, beginning of year	-	-	-
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ -</u>	<u>\$ 5,670,711</u>	<u>\$ 293,392</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

FOR THE YEAR ENDED JUNE 30, 2008

	Prop 42 Fund	Environmental Mitigation Fund	Landscape and Lighting Fund	Nonmajor Special Revenue Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 369,323	\$ 760,521
Licenses, permits and fees	-	-	-	2,558,780
Fines and forfeitures	-	-	-	64,092
Use of money and property	21,152	254	28,474	640,589
Intergovernmental revenues	-	-	-	11,635,706
Charges for services	-	-	-	8,400
Other revenues	-	-	717,425	717,425
TOTAL REVENUES	<u>21,152</u>	<u>254</u>	<u>1,115,222</u>	<u>16,385,513</u>
EXPENDITURES				
Current:				
General government	-	-	-	411,009
Public safety	-	-	-	385,458
Public works	-	-	66,631	1,339,698
Capital outlay	-	-	-	327,665
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>66,631</u>	<u>2,463,830</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	21,152	254	1,048,591	13,921,683
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	11,407	5,083,133
Transfers out	-	-	(24,011)	(7,140,993)
TOTAL OTHER SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(12,604)</u>	<u>(2,057,860)</u>
NET CHANGE IN FUND BALANCES	21,152	254	1,035,987	11,863,823
Fund balances, beginning of year	<u>484,905</u>	<u>5,819</u>	<u>400,515</u>	<u>13,380,046</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 506,057</u>	<u>\$ 6,073</u>	<u>\$ 1,436,502</u>	<u>\$ 25,243,869</u>

NONMAJOR SUBCOMBINING SPECIAL REVENUE FUNDS

VILLAGES OF ZINFANDEL FUNDS:

ROADWAY FUND – To account for road impact fees that are to be spent in the specific development area.

ADMIN FUND – To account for administration fees collected and will be used to pay the costs of administration.

LIBRARY FUND – To account for library impact fees that are to be spent in the specific development area.

GRANT REVENUE FUNDS:

STATE GRANT FUND – Accounts for state governmental grants that fund programs that include: Office of Traffic Safety Programs, Community Oriented Public Safety Programs, State Transportation Improvement Programs, and Used Oil Recycling.

FEDERAL GRANT FUND – Accounts for federal governmental grants administered by the California Department of Transportation that are used for capital transportation enhancement projects. This fund also accounts for federal grants for the Weed and Seed and economic development programs.

OTHER GRANT FUND - Accounts for revenues and expenditures associated with grants from sources other than the federal or state governments.

COMMUNITY FACILITIES FEES FUNDS:

LIBRARY IMPACT FUND – The funds will be used for library buildings, furnishings, equipment and books.

MUSEUM IMPACT FUND – The funds will be used to construct municipal facilities such as a building, furnishings and equipment.

PARKING FACILITY FUND – The funds will be used to finance and purchase land.

CITY HALL FUND – The funds will be used to construct municipal facilities such as a new city hall building, land acquisition, equipment and furnishings.

POLICE FUND – The funds will be used to construct police stations and to purchase police vehicles.

COMMUNITY CENTER FUND – The funds will be used to construct municipal facilities, such as the construction of a community center building and the purchase of land.

CORPORATE YARD FUND – The funds will be used to construct a corporation yard building and the purchase of land.

ADMINISTRATION FUND – The funds will be used to help cover administration costs incurred in development of the city.

ANIMAL SERVICES FUND – The funds will be used to fund facilities and equipment needed to accommodate growth and the increased population of the City.

NONMAJOR SUBCOMBINING SPECIAL REVENUE FUNDS (Continued)

COMMUNITY FACILITIES FEES FUNDS (Continued):

RECORDS MANAGEMENT FUND – The funds will be used to help cover record management costs incurred in development of the city.

TELECOMMUNICATIONS IMPACT FUND – The funds will be used to help cover telecommunications start-up costs incurred in development of the city.

ART AND CULTURE FUND- The funds will be collected as a percentage of construction budgets for public projects and used to enhance public spaces.

TECHNOLOGY IMPACT FUND- The funds will be used to help cover technology costs incurred by the City.

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING BALANCE SHEET
VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS
JUNE 30, 2008**

	<u>VOZ Roadway Fund</u>	<u>VOZ Admin Fund</u>	<u>VOZ Library Fund</u>	<u>Total VOZ Special Revenue Funds</u>
ASSETS				
Cash and investments	\$ 289,858	\$ 5,724	\$ 168,647	\$ 464,229
Receivables:				
Interest receivable	<u>970</u>	<u>9</u>	<u>272</u>	<u>1,251</u>
TOTAL ASSETS	<u><u>\$ 290,828</u></u>	<u><u>\$ 5,733</u></u>	<u><u>\$ 168,919</u></u>	<u><u>\$ 465,480</u></u>
LIABILITIES AND FUND BALANCES				
FUND BALANCES				
Unreserved:				
Undesignated	<u>\$ 290,828</u>	<u>\$ 5,733</u>	<u>\$ 168,919</u>	<u>\$ 465,480</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 290,828</u></u>	<u><u>\$ 5,733</u></u>	<u><u>\$ 168,919</u></u>	<u><u>\$ 465,480</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2008

	<u>VOZ Roadway Fund</u>	<u>VOZ Admin Fund</u>	<u>VOZ Library Fund</u>	<u>Total VOZ Special Revenue Funds</u>
REVENUES				
Use of money and property	\$ 25,188	\$ 264	\$ 7,059	\$ 32,511
Charges for services	3,998	1,017	1,035	6,050
TOTAL REVENUES	<u>29,186</u>	<u>1,281</u>	<u>8,094</u>	<u>38,561</u>
EXPENDITURES				
Current:				
Public works	-	1,273	-	1,273
TOTAL EXPENDITURES	<u>-</u>	<u>1,273</u>	<u>-</u>	<u>1,273</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>29,186</u>	<u>8</u>	<u>8,094</u>	<u>37,288</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(312,802)	-	-	(312,802)
TOTAL OTHER SOURCES (USES)	<u>(312,802)</u>	<u>-</u>	<u>-</u>	<u>(312,802)</u>
NET CHANGE IN FUND BALANCES				
	(283,616)	8	8,094	(275,514)
Fund balances, beginning of year	<u>574,444</u>	<u>5,725</u>	<u>160,825</u>	<u>740,994</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 290,828</u></u>	<u><u>\$ 5,733</u></u>	<u><u>\$ 168,919</u></u>	<u><u>\$ 465,480</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

SUBCOMBINING BALANCE SHEET GRANT REVENUE SPECIAL REVENUE FUNDS JUNE 30, 2008

	State Grant Fund	Federal Grant Fund	Other Grant Fund	Total Grant Special Revenue Funds
ASSETS				
Cash and investments	\$ 358,856	\$ -	\$ -	\$ 358,856
Due from other Governmental agencies	126,758	1,379,493	93,313	1,599,564
TOTAL ASSETS	\$ 485,614	\$ 1,379,493	\$ 93,313	\$ 1,958,420
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 37,894	\$ 5,169	\$ -	\$ 43,063
Due to other funds	-	1,379,493	31,443	1,410,936
TOTAL LIABILITIES	37,894	1,384,662	31,443	1,453,999
 FUND BALANCES				
Unreserved:				
Undesignated	447,720	(5,169)	61,870	504,421
TOTAL FUND BALANCES	447,720	(5,169)	61,870	504,421
TOTAL LIABILITIES AND FUND BALANCES	\$ 485,614	\$ 1,379,493	\$ 93,313	\$ 1,958,420

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GRANT REVENUE SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	State Grant Fund	Federal Grant Fund	Other Grant Fund	Total Grant Special Revenue Funds
REVENUES				
Intergovernmental revenues	\$ 594,181	\$ 2,539,019	\$ 236,870	\$ 3,370,070
TOTAL REVENUES	594,181	2,539,019	236,870	3,370,070
EXPENDITURES				
Current:				
Public safety	139,316	215,021	-	354,337
Public works	13,270	98,001	(2,000)	109,271
Capital outlay	191,848	-	-	191,848
TOTAL EXPENDITURES	344,434	313,022	(2,000)	655,456
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	249,747	2,225,997	238,870	2,714,614
OTHER FINANCING SOURCES (USES)				
Transfers in	13,018	-	-	13,018
Transfers out	(351,774)	(2,398,476)	-	(2,750,250)
TOTAL OTHER SOURCES (USES)	(338,756)	(2,398,476)	-	(2,737,232)
NET CHANGE IN FUND BALANCES	(89,009)	(172,479)	238,870	(22,618)
Fund balances, beginning of year	536,729	167,310	(177,000)	527,039
FUND BALANCES (DEFICITS), END OF YEAR	\$ 447,720	\$ (5,169)	\$ 61,870	\$ 504,421

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING BALANCE SHEET
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
JUNE 30, 2008**

	CFF Library Impact Fund	CFF Museum Impact Fund	CFF Parking Facility Fund	CFF City Hall Fund	CFF Police Fund
ASSETS					
Cash and investments	\$ 423,637	\$ 832,222	\$ 890,303	\$ 519,847	\$ 1,749,636
Receivables:					
Accounts receivable	-	-	1,839	4,045	4,780
Interest receivable	682	1,338	1,435	841	2,821
TOTAL ASSETS	<u>\$ 424,319</u>	<u>\$ 833,560</u>	<u>\$ 893,577</u>	<u>\$ 524,733</u>	<u>\$ 1,757,237</u>
 LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCES					
Unreserved:					
Undesignated	424,319	833,560	893,577	524,733	1,757,237
TOTAL FUND BALANCES	<u>424,319</u>	<u>833,560</u>	<u>893,577</u>	<u>524,733</u>	<u>1,757,237</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 424,319</u>	 <u>\$ 833,560</u>	 <u>\$ 893,577</u>	 <u>\$ 524,733</u>	 <u>\$ 1,757,237</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING BALANCE SHEET
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2008**

	CFF Community Center Fund	CFF Corporate Yard Fund	CFF Admin Fund	CFF Animal Services Fund	CFF Records Management Fund
ASSETS					
Cash and investments	\$ 631,334	\$ 728,697	\$ 276,795	\$ 69,818	\$ 4,376
Receivables:					
Accounts receivable	4,780	1,471	645	-	37
Interest receivable	1,021	1,175	615	111	7
TOTAL ASSETS	\$ 637,135	\$ 731,343	\$ 278,055	\$ 69,929	\$ 4,420
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Unreserved:					
Undesignated	637,135	731,343	278,055	69,929	4,420
TOTAL FUND BALANCES	637,135	731,343	278,055	69,929	4,420
TOTAL LIABILITIES AND FUND BALANCES	\$ 637,135	\$ 731,343	\$ 278,055	\$ 69,929	\$ 4,420

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING BALANCE SHEET
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2008**

	CFF Telecom -munication Impact Fund	CFF Art and Culture Fund	CFF Technology Impact Fund	Total CFF Special Revenue Funds
ASSETS				
Cash and investments	\$ -	\$ -	\$ -	\$ 6,126,665
Receivables:				
Accounts receivable	257	-	-	17,854
Interest receivable	94	-	-	10,140
	<u>351</u>	<u>-</u>	<u>-</u>	<u>6,154,659</u>
TOTAL ASSETS	\$ 351	\$ -	\$ -	\$ 6,154,659
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 64,280	\$ -	\$ -	\$ 64,280
Due to other funds	13,230	-	-	13,230
TOTAL LIABILITIES	<u>77,510</u>	<u>-</u>	<u>-</u>	<u>77,510</u>
FUND BALANCES				
Unreserved:				
Undesignated	(77,159)	-	-	6,077,149
TOTAL FUND BALANCES	<u>(77,159)</u>	<u>-</u>	<u>-</u>	<u>6,077,149</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 351	\$ -	\$ -	\$ 6,154,659

CITY OF RANCHO CORDOVA, CALIFORNIA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	CFF Library Impact Fund	CFF Museum Impact Fund	CFF Parking Facility Fund	CFF City Hall Fund	CFF Police Fund
REVENUES					
Licenses, permits and fees	\$ 52,655	\$ 69,382	\$ 91,086	\$ 216,007	\$ 281,076
Use of money and property	16,134	33,082	35,265	22,873	66,421
Intergovernmental revenues	-	-	-	-	-
TOTAL REVENUES	68,789	102,464	126,351	238,880	347,497
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	68,789	102,464	126,351	238,880	347,497
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(360,523)	(322,109)
TOTAL OTHER SOURCES (USES)	-	-	-	(360,523)	(322,109)
NET CHANGE IN FUND BALANCES	68,789	102,464	126,351	(121,643)	25,388
Fund balances, beginning of year	355,530	731,096	767,226	646,376	1,731,849
FUND BALANCES, END OF YEAR	\$ 424,319	\$ 833,560	\$ 893,577	\$ 524,733	\$ 1,757,237

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

**COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2008**

	CFF Community Center Fund	CFF Corporate Yard Fund	CFF Admin Fund	CFF Animal Services Fund	CFF Records Management Fund
REVENUES					
Licenses, permits and fees	\$ 264,390	\$ 77,531	\$ 43,037	\$ 16,338	\$ 1,143
Use of money and property	27,811	28,777	14,971	2,494	158
Intergovernmental revenues	-	-	-	-	-
TOTAL REVENUES	<u>292,201</u>	<u>106,308</u>	<u>58,008</u>	<u>18,832</u>	<u>1,301</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	292,201	106,308	58,008	18,832	1,301
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	344	-
Transfers out	(440,640)	-	(105,000)	-	-
TOTAL OTHER SOURCES (USES)	<u>(440,640)</u>	<u>-</u>	<u>(105,000)</u>	<u>344</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(148,439)	106,308	(46,992)	19,176	1,301
Fund balances, beginning of year	<u>785,574</u>	<u>625,035</u>	<u>325,047</u>	<u>50,753</u>	<u>3,119</u>
FUND BALANCES, END OF YEAR	<u>\$ 637,135</u>	<u>\$ 731,343</u>	<u>\$ 278,055</u>	<u>\$ 69,929</u>	<u>\$ 4,420</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

**COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2008**

	CFF Telecom -munication Impact Fund	CFF Art and Culture Fund	CFF Technology Impact Fund	Total CFF Special Revenue Funds
REVENUES				
Licenses, permits and fees	\$ 16,880	\$ 345	\$ -	\$ 1,129,870
Use of money and property	2,089	-	1	250,076
Intergovernmental revenues	-	-	-	-
TOTAL REVENUES	<u>18,969</u>	<u>345</u>	<u>1</u>	<u>1,379,946</u>
EXPENDITURES				
Current:				
General government	-	-	1,297	1,297
Capital outlay	-	-	135,817	135,817
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>137,114</u>	<u>137,114</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	18,969	345	(137,113)	1,242,832
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	135,721	136,065
Transfers out	(135,721)	(1,339)	-	(1,365,332)
TOTAL OTHER SOURCES (USES)	<u>(135,721)</u>	<u>(1,339)</u>	<u>135,721</u>	<u>(1,229,267)</u>
NET CHANGE IN FUND BALANCES	(116,752)	(994)	(1,392)	13,565
Fund balances, beginning of year	39,593	994	1,392	6,063,584
FUND BALANCES, END OF YEAR	<u>\$ (77,159)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,077,149</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — MEASURE A SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental revenues	\$ 3,009,309	\$ 3,009,309	\$ 5,107,015	\$ 2,097,706
Total revenues	<u>3,009,309</u>	<u>3,009,309</u>	<u>5,107,015</u>	<u>2,097,706</u>
EXPENDITURES:				
Current operating:				
General government				
Public works	<u>1,299,309</u>	<u>1,299,309</u>	<u>1,104,741</u>	<u>194,568</u>
Debt service:				
Capital Outlay	<u>1,710,000</u>	<u>1,710,000</u>	<u>-</u>	<u>1,710,000</u>
Total expenditures	<u>3,009,309</u>	<u>3,009,309</u>	<u>1,104,741</u>	<u>1,904,568</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>4,002,274</u>	<u>4,002,274</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	<u>(2,801,100)</u>	<u>(3,394,200)</u>	<u>(1,291,016)</u>	<u>2,103,184</u>
Total other financing sources (uses)	<u>(2,801,100)</u>	<u>(3,394,200)</u>	<u>(1,291,016)</u>	<u>2,103,184</u>
NET CHANGE IN FUND BALANCE	(2,801,100)	(3,394,200)	2,711,258	<u>\$ 6,105,458</u>
FUND BALANCE, BEGINNING OF YEAR	<u>(478,494)</u>	<u>(478,494)</u>	<u>(478,494)</u>	
FUND BALANCE, END OF YEAR	<u>\$ (3,279,594)</u>	<u>\$ (3,872,694)</u>	<u>\$ 2,232,764</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — LOW/MODERATE INCOME HOUSING FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES:				
Current operating:				
General government	\$ 266,500	\$ 266,500	\$ 94,347	\$ 172,153
Capital Outlay	-	200,000	-	200,000
Total expenditures	<u>266,500</u>	<u>466,500</u>	<u>94,347</u>	<u>372,153</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(266,500)</u>	<u>(466,500)</u>	<u>(94,347)</u>	<u>372,153</u>
OTHER FINANCING SOURCES:				
Transfer in	<u>360,000</u>	<u>360,000</u>	<u>503,641</u>	<u>143,641</u>
Total other financing sources	<u>360,000</u>	<u>360,000</u>	<u>503,641</u>	<u>143,641</u>
NET CHANGE IN FUND BALANCE	93,500	(106,500)	409,294	<u>\$ 515,794</u>
FUND BALANCE, BEGINNING OF YEAR	<u>43,416</u>	<u>43,416</u>	<u>43,416</u>	
FUND BALANCE, END OF YEAR	<u>\$ 136,916</u>	<u>\$ (63,084)</u>	<u>\$ 452,710</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — ASSET FORFEITURE FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Fines and forfeitures	\$ 10,000	\$ 10,000	\$ 27,947	\$ 17,947
Use of money and property	-	-	1,252	1,252
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>29,199</u>	<u>19,199</u>
EXPENDITURES:				
Current operating:				
Public safety	-	24,600	31,121	(6,521)
Total expenditures	<u>-</u>	<u>24,600</u>	<u>31,121</u>	<u>(6,521)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>10,000</u>	<u>(14,600)</u>	<u>(1,922)</u>	<u>12,678</u>
NET CHANGE IN FUND BALANCE	10,000	(14,600)	(1,922)	<u>\$ 12,678</u>
FUND BALANCE, BEGINNING OF YEAR	<u>34,074</u>	<u>34,074</u>	<u>34,074</u>	
FUND BALANCE, END OF YEAR	<u>\$ 44,074</u>	<u>\$ 19,474</u>	<u>\$ 32,152</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — VILLAGES OF ZINFANDEL FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Licenses, permits and fees	\$ 10,500	\$ 10,500	\$ -	\$ (10,500)
Charges for current services	-	-	6,050	6,050
Use of money and property	6,200	6,200	32,511	26,311
Total revenues	<u>16,700</u>	<u>16,700</u>	<u>38,561</u>	<u>21,861</u>
EXPENDITURES:				
Current operating:				
Public works	-	-	1,273	(1,273)
Total expenditures	<u>-</u>	<u>-</u>	<u>1,273</u>	<u>(1,273)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>16,700</u>	<u>16,700</u>	<u>37,288</u>	<u>20,588</u>
OTHER FINANCING USES:				
Transfers out	<u>(8,000)</u>	<u>(338,000)</u>	<u>(312,802)</u>	<u>25,198</u>
Total other financing uses	<u>(8,000)</u>	<u>(338,000)</u>	<u>(312,802)</u>	<u>25,198</u>
NET CHANGE IN FUND BALANCE	8,700	(321,300)	(275,514)	<u>\$ 45,786</u>
FUND BALANCE, BEGINNING OF YEAR	<u>740,994</u>	<u>740,994</u>	<u>740,994</u>	
FUND BALANCE, END OF YEAR	<u>\$ 749,694</u>	<u>\$ 419,694</u>	<u>\$ 465,480</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — COMMUNITY FACILITIES FEES FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Licenses, permits and fees	\$ 1,836,065	\$ 1,836,065	\$ 1,129,870	\$ (706,195)
Use of money and property	7,500	7,500	250,076	242,576
Total revenues	<u>1,843,565</u>	<u>1,843,565</u>	<u>1,379,946</u>	<u>(463,619)</u>
EXPENDITURES:				
Current operating:				
General government	-	-	1,297	(1,297)
Capital Outlay	<u>790,000</u>	<u>790,000</u>	<u>135,817</u>	<u>654,183</u>
Total expenditures	<u>790,000</u>	<u>790,000</u>	<u>137,114</u>	<u>652,886</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,053,565</u>	<u>1,053,565</u>	<u>1,242,832</u>	<u>189,267</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	136,065	136,065
Transfers out	<u>(1,402,490)</u>	<u>(1,742,635)</u>	<u>(1,365,332)</u>	<u>377,303</u>
Total other financing sources (uses)	<u>(1,402,490)</u>	<u>(1,742,635)</u>	<u>(1,229,267)</u>	<u>513,368</u>
NET CHANGE IN FUND BALANCE	(348,925)	(689,070)	13,565	<u>\$ 702,635</u>
FUND BALANCE, BEGINNING OF YEAR	<u>6,063,584</u>	<u>6,063,584</u>	<u>6,063,584</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,714,659</u>	<u>\$ 5,374,514</u>	<u>\$ 6,077,149</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — PARK DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Licenses, permits and fees	\$ 500,000	\$ 500,000	\$ 228,381	\$ (271,619)
Use of money and property	-	-	90,982	90,982
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>319,363</u>	<u>(180,637)</u>
OTHER FINANCING USES:				
Transfers out	-	-	(221,108)	(221,108)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(221,108)</u>	<u>(221,108)</u>
NET CHANGE IN FUND BALANCE	500,000	500,000	98,255	<u>\$ (401,745)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>2,003,835</u>	<u>2,003,835</u>	<u>2,003,835</u>	
FUND BALANCE, END OF YEAR	<u>\$ 2,503,835</u>	<u>\$ 2,503,835</u>	<u>\$ 2,102,090</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — GAS TAX FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Intergovernmental revenues	\$ 1,320,500	\$ 1,320,500	\$ 1,291,781	\$ (28,719)
Use of money and property	28,010	28,010	129,418	101,408
Other revenue	-	-	-	-
Total revenues	<u>1,348,510</u>	<u>1,348,510</u>	<u>1,421,199</u>	<u>72,689</u>
EXPENDITURES:				
Current operating:				
Public works	-	-	238	(238)
Total expenditures	<u>-</u>	<u>-</u>	<u>238</u>	<u>(238)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,348,510</u>	<u>1,348,510</u>	<u>1,420,961</u>	<u>72,451</u>
OTHER FINANCING USES:				
Transfers out	<u>(1,395,500)</u>	<u>(1,395,500)</u>	<u>(877,570)</u>	<u>517,930</u>
Total other financing uses	<u>(1,395,500)</u>	<u>(1,395,500)</u>	<u>(877,570)</u>	<u>517,930</u>
NET CHANGE IN FUND BALANCE	(46,990)	(46,990)	543,391	<u>\$ 590,381</u>
FUND BALANCE, BEGINNING OF YEAR	<u>2,528,583</u>	<u>2,528,583</u>	<u>2,528,583</u>	
FUND BALANCE, END OF YEAR	<u>\$ 2,481,593</u>	<u>\$ 2,481,593</u>	<u>\$ 3,071,974</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — STREET CUT FEE FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Licenses, permits and fees	\$ 5,050	\$ 5,050	\$ 61,335	\$ 56,285
Total revenues	5,050	5,050	61,335	56,285
NET CHANGE IN FUND BALANCE	5,050	5,050	61,335	\$ 56,285
FUND BALANCE, BEGINNING OF YEAR	15,708	15,708	15,708	
FUND BALANCE, END OF YEAR	\$ 20,758	\$ 20,758	\$ 77,043	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — MATHER FIELD TRAFFIC IMPACT FEES FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OTHER FINANCING USES:				
Transfers out	\$ -	\$ (190,500)	\$ -	\$ 190,500
Total other financing uses	-	(190,500)	-	190,500
NET CHANGE IN FUND BALANCE	-	(190,500)	-	\$ 190,500
FUND BALANCE, BEGINNING OF YEAR	-	-	(152,866)	
FUND BALANCE, END OF YEAR	\$ -	\$ (190,500)	\$ (152,866)	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — GRANT REVENUE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Intergovernmental revenues	\$ 2,415,969	\$ 2,415,969	\$ 3,370,070	\$ 954,101
Total revenues	<u>2,415,969</u>	<u>2,415,969</u>	<u>3,370,070</u>	<u>954,101</u>
EXPENDITURES:				
Current operating:				
General government	482,819	482,819	-	482,819
Public safety	-	-	354,337	(354,337)
Public works	-	-	109,271	(109,271)
Capital Outlay	<u>-</u>	<u>-</u>	<u>191,848</u>	<u>(191,848)</u>
Total expenditures	<u>482,819</u>	<u>482,819</u>	<u>655,456</u>	<u>(172,637)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,933,150</u>	<u>1,933,150</u>	<u>2,714,614</u>	<u>781,464</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	13,018	13,018
Transfers out	<u>(2,115,014)</u>	<u>(2,401,200)</u>	<u>(2,750,250)</u>	<u>(349,050)</u>
Total other financing sources uses	<u>(2,115,014)</u>	<u>(2,401,200)</u>	<u>(2,737,232)</u>	<u>(336,032)</u>
NET CHANGE IN FUND BALANCE	(181,864)	(468,050)	(22,618)	<u>\$ 445,432</u>
FUND BALANCE, BEGINNING OF YEAR	<u>527,039</u>	<u>527,039</u>	<u>527,039</u>	
FUND BALANCE, END OF YEAR	<u>\$ 345,175</u>	<u>\$ 58,989</u>	<u>\$ 504,421</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — CAP VILL PARK DEVELOPMENT FEE FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Licenses, permits and fees	\$ -	\$ -	\$ 400,353	\$ 400,353
Use of money and property	-	-	50,129	50,129
Total revenues	-	-	450,482	450,482
NET CHANGE IN FUND BALANCE	-	-	450,482	\$ 450,482
FUND BALANCE, BEGINNING OF YEAR	993,683	993,683	993,683	
FUND BALANCE, END OF YEAR	\$ 993,683	\$ 993,683	\$ 1,444,165	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — VERY LOW INCOME HOUSING FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Licenses, permits and fees	\$ -	\$ -	\$ 359,013	\$ 359,013
Use of money and property	-	-	21,620	21,620
Total revenues	-	-	380,633	380,633
EXPENDITURES:				
Current operating:				
General government	-	-	4,051	(4,051)
Total expenditures	-	-	4,051	(4,051)
EXCESS OF REVENUES OVER EXPENDITURES	-	-	376,582	376,582
OTHER FINANCING USES:				
Transfers out	(7,500)	(7,500)	-	7,500
Total other financing uses	(7,500)	(7,500)	-	7,500
NET CHANGE IN FUND BALANCE	(7,500)	(7,500)	376,582	\$ 384,082
FUND BALANCE, BEGINNING OF YEAR	282,223	282,223	282,223	
FUND BALANCE, END OF YEAR	\$ 274,723	\$ 274,723	\$ 658,805	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — TRANSIT-RELATED SERVICES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Taxes and assessments	\$ 16,000	\$ 16,000	\$ 34,884	\$ 18,884
Charges for current services	-	-	2,350	2,350
Use of money and property	-	-	1,182	1,182
Total revenues	<u>16,000</u>	<u>16,000</u>	<u>38,416</u>	<u>22,416</u>
EXPENDITURES:				
Current operating:				
Public works	-	6,900	9,462	(2,562)
Total expenditures	<u>-</u>	<u>6,900</u>	<u>9,462</u>	<u>(2,562)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>16,000</u>	<u>9,100</u>	<u>28,954</u>	<u>19,854</u>
OTHER FINANCING USES:				
Transfers out	<u>(35,000)</u>	<u>(46,400)</u>	<u>(33,214)</u>	<u>13,186</u>
Total other financing uses	<u>(35,000)</u>	<u>(46,400)</u>	<u>(33,214)</u>	<u>13,186</u>
NET CHANGE IN FUND BALANCE	(19,000)	(37,300)	(4,260)	<u>\$ 33,040</u>
FUND BALANCE, BEGINNING OF YEAR	<u>16,599</u>	<u>16,599</u>	<u>16,599</u>	
FUND BALANCE, END OF YEAR	<u>\$ (2,401)</u>	<u>\$ (20,701)</u>	<u>\$ 12,339</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — ROAD MAINTENANCE FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Taxes and assessments	\$ 150,000	\$ 150,000	\$ 356,314	\$ 206,314
Use of money and property	9,000	9,000	9,435	435
Total revenues	<u>159,000</u>	<u>159,000</u>	<u>365,749</u>	<u>206,749</u>
EXPENDITURES:				
Current operating:				
Public works	-	60,000	37,370	22,630
Total expenditures	<u>-</u>	<u>60,000</u>	<u>37,370</u>	<u>22,630</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>159,000</u>	<u>99,000</u>	<u>328,379</u>	<u>229,379</u>
OTHER FINANCING USES:				
Transfers out	(10,000)	(10,000)	-	10,000
Total other financing uses	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
NET CHANGE IN FUND BALANCE	149,000	89,000	328,379	<u>\$ 239,379</u>
FUND BALANCE, BEGINNING OF YEAR	<u>86,288</u>	<u>86,288</u>	<u>86,288</u>	
FUND BALANCE, END OF YEAR	<u>\$ 235,288</u>	<u>\$ 175,288</u>	<u>\$ 414,667</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Intergovernmental revenues	\$ 702,906	\$ 702,906	\$ 616,964	\$ (85,942)
Fines and forfeitures	-	-	36,145	36,145
Total revenues	<u>702,906</u>	<u>702,906</u>	<u>653,109</u>	<u>(49,797)</u>
EXPENDITURES:				
Current operating:				
General government	706,256	706,256	270,509	435,747
Total expenditures	<u>706,256</u>	<u>706,256</u>	<u>270,509</u>	<u>435,747</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,350)</u>	<u>(3,350)</u>	<u>382,600</u>	<u>385,950</u>
OTHER FINANCING USES:				
Transfers out	(187,800)	(187,800)	(228,500)	(40,700)
Total other financing uses	<u>(187,800)</u>	<u>(187,800)</u>	<u>(228,500)</u>	<u>(40,700)</u>
NET CHANGE IN FUND BALANCE	(191,150)	(191,150)	154,100	<u>\$ 345,250</u>
FUND BALANCE, BEGINNING OF YEAR	<u>(215,859)</u>	<u>(215,859)</u>	<u>(215,859)</u>	
FUND BALANCE, END OF YEAR	<u>\$ (407,009)</u>	<u>\$ (407,009)</u>	<u>\$ (61,759)</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — RENTAL CODE COMPLIANCE PROGRAM
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Licenses, permits and fees	\$ -	\$ -	\$ 77,995	\$ 77,995
Total revenues	-	-	77,995	77,995
EXPENDITURES:				
Current operating:				
General government	-	33,160	40,805	(7,645)
Total expenditures	-	33,160	40,805	(7,645)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(33,160)	37,190	70,350
OTHER FINANCING USES:				
Transfers out	-	(38,840)	(37,190)	1,650
Total other financing uses	-	(38,840)	(37,190)	1,650
NET CHANGE IN FUND BALANCE	-	(72,000)	-	\$ 72,000
FUND BALANCE, BEGINNING OF YEAR	-	-	-	
FUND BALANCE, END OF YEAR	\$ -	\$ (72,000)	\$ -	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — ROADWAY IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Licenses, permits and fees	\$ -	\$ -	\$ 301,833	\$ 301,833
Intergovernmental revenues	-	-	949,876	949,876
Total revenues	-	-	1,251,709	1,251,709
OTHER FINANCING SOURCES:				
Transfers in	-	-	4,419,002	4,419,002
Total other financing sources	-	-	4,419,002	4,419,002
NET CHANGE IN FUND BALANCE	-	-	5,670,711	\$ 5,670,711
FUND BALANCE, BEGINNING OF YEAR	-	-	-	
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 5,670,711	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — STORM WATER UTILITY TAX
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental revenues	\$ -	\$ -	\$ 300,000	\$ 300,000
Use of money and property	-	-	4,104	4,104
Total revenues	-	-	304,104	304,104
EXPENDITURES:				
Current operating:				
Public works	-	-	10,712	(10,712)
Total expenditures	-	-	10,712	(10,712)
EXCESS OF REVENUES OVER EXPENDITURES	-	-	293,392	293,392
NET CHANGE IN FUND BALANCE	-	-	293,392	\$ 293,392
FUND BALANCE, BEGINNING OF YEAR	-	-	-	
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 293,392	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — PROP 42 FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Use of money and property	\$ 4,000	\$ 4,000	\$ 21,152	\$ 17,152
Total revenues	4,000	4,000	21,152	17,152
OTHER FINANCING USES:				
Transfers out	(466,862)	(466,862)	-	466,862
Total other financing uses	(466,862)	(466,862)	-	466,862
NET CHANGE IN FUND BALANCE	(462,862)	(462,862)	21,152	\$ 484,014
FUND BALANCE, BEGINNING OF YEAR	484,905	484,905	484,905	
FUND BALANCE, END OF YEAR	\$ 22,043	\$ 22,043	\$ 506,057	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — ENVIRONMENTAL MITIGATION FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 254	\$ 254
Total revenues	-	-	254	254
NET CHANGE IN FUND BALANCE	-	-	254	\$ 254
FUND BALANCE, BEGINNING OF YEAR	5,819	5,819	5,819	
FUND BALANCE, END OF YEAR	\$ 5,819	\$ 5,819	\$ 6,073	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — LANDSCAPING AND LIGHTING FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Taxes and assessments	\$ 83,887	\$ 83,887	\$ 369,323	\$ 285,436
Use of money and property	2,000	2,000	28,474	26,474
Other revenue	-	-	717,425	717,425
Total revenues	<u>85,887</u>	<u>85,887</u>	<u>1,115,222</u>	<u>1,029,335</u>
EXPENDITURES:				
Current operating:				
Public works	-	69,500	66,631	2,869
Total expenditures	<u>-</u>	<u>69,500</u>	<u>66,631</u>	<u>2,869</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>85,887</u>	<u>16,387</u>	<u>1,048,591</u>	<u>1,032,204</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	11,407	11,407
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(24,011)</u>	<u>(14,011)</u>
Total other financing sources (uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(12,604)</u>	<u>(2,604)</u>
NET CHANGE IN FUND BALANCE	75,887	6,387	1,035,987	<u>\$ 1,029,600</u>
FUND BALANCE, BEGINNING OF YEAR	<u>400,515</u>	<u>400,515</u>	<u>400,515</u>	
FUND BALANCE, END OF YEAR	<u>\$ 476,402</u>	<u>\$ 406,902</u>	<u>\$ 1,436,502</u>	

NONMAJOR DEBT SERVICE FUNDS

Debt Service Funds are used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of City funds.

The Nonmajor Debt Service Funds of the City are outlined as follows:

REDEVELOPMENT DEBT SERVICE FUND – Is used to receive the tax increment revenue and apportion 80% to the Administration Fund and 20% to the Low/Moderate Income Housing Fund. Additionally and prior to apportionment of the tax increment, the Debt Service Fund pays principal and interest on any outstanding agency debt.

FINANCING CORPORATION DEBT SERVICE FUND - Used to account for debt issued on behalf of the City.

CITY OF RANCHO CORDOVA, CALIFORNIA

COMBINING BALANCE SHEET NONMAJOR DEBT SERVICE FUNDS JUNE 30, 2008

	<u>Redevelopment Debt Service Fund</u>	<u>Financing Corporation Debt Service Fund</u>	<u>Total Non-Major Debt Service Funds</u>
ASSETS			
Restricted cash with fiscal agent	\$ -	\$ 2,733,119	\$ 2,733,119
Receivables:			
Interest and other receivables	16,182	90	16,272
Due from other			
Governmental agencies	<u>223,436</u>	<u>-</u>	<u>223,436</u>
TOTAL ASSETS	<u><u>\$ 239,618</u></u>	<u><u>\$ 2,733,209</u></u>	<u><u>\$ 2,972,827</u></u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 124,342	\$ -	\$ 124,342
Deposits payable	-	24,500	24,500
Deferred revenues	<u>115,276</u>	<u>-</u>	<u>115,276</u>
TOTAL LIABILITIES	<u><u>239,618</u></u>	<u><u>24,500</u></u>	<u><u>264,118</u></u>
 FUND BALANCES			
Reserved for:			
Debt service	<u>-</u>	<u>2,708,709</u>	<u>2,708,709</u>
TOTAL FUND BALANCES	<u><u>-</u></u>	<u><u>2,708,709</u></u>	<u><u>2,708,709</u></u>
 TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 239,618</u></u>	<u><u>\$ 2,733,209</u></u>	<u><u>\$ 2,972,827</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Redevelopment Debt Service Fund</u>	<u>Financing Corporation Debt Service Fund</u>	<u>Total Non-Major Debt Service Funds</u>
REVENUES			
Taxes and assessments	\$ 2,515,952	\$ -	\$ 2,515,952
Use of money and property	17,159	111,455	128,614
TOTAL REVENUES	<u>2,533,111</u>	<u>111,455</u>	<u>2,644,566</u>
EXPENDITURES			
Current:			
General government	14,905	-	14,905
Debt service:			
Principal retirement	-	580,000	580,000
Interest and fiscal charges	-	1,290,180	1,290,180
TOTAL EXPENDITURES	<u>14,905</u>	<u>1,870,180</u>	<u>1,885,085</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,518,206</u>	<u>(1,758,725)</u>	<u>759,481</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	2,031,263	2,031,263
Transfers out	(2,518,206)	-	(2,518,206)
TOTAL OTHER SOURCES (USES)	<u>(2,518,206)</u>	<u>2,031,263</u>	<u>(486,943)</u>
NET CHANGE IN FUND BALANCES	-	272,538	272,538
Fund balance, beginning of year	<u>-</u>	<u>2,436,171</u>	<u>2,436,171</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 2,708,709</u>	<u>\$ 2,708,709</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — REDEVELOPMENT DEBT SERVICE
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 2,515,952	\$ 2,515,952
Use of money and property	-	-	17,159	17,159
Total revenues	-	-	2,533,111	2,533,111
EXPENDITURES:				
Current operating:				
General government	-	-	14,905	(14,905)
Total expenditures	-	-	14,905	(14,905)
EXCESS OF REVENUES OVER EXPENDITURES	-	-	2,518,206	2,518,206
OTHER FINANCING USES:				
Transfers out	-	(1,850,000)	(2,518,206)	(668,206)
Total other financing uses	-	(1,850,000)	(2,518,206)	(668,206)
NET CHANGE IN FUND BALANCE	-	(1,850,000)	-	\$ 1,850,000
FUND BALANCE, BEGINNING OF YEAR	-	-	-	
FUND BALANCE, END OF YEAR	\$ -	\$ (1,850,000)	\$ -	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — FINANCING CORPORATION DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Taxes and assessments	\$ 2,185,325	\$ 2,185,325	\$ -	\$ (2,185,325)
Use of money and property	-	-	111,455	111,455
Total revenues	<u>2,185,325</u>	<u>2,185,325</u>	<u>111,455</u>	<u>(2,073,870)</u>
EXPENDITURES:				
Debt service:				
Principal retirement	580,000	580,000	580,000	-
Interest and fiscal charges	<u>3,473,305</u>	<u>3,473,305</u>	<u>1,290,180</u>	<u>2,183,125</u>
Total expenditures	<u>4,053,305</u>	<u>4,053,305</u>	<u>1,870,180</u>	<u>2,183,125</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,867,980)</u>	<u>(1,867,980)</u>	<u>(1,758,725)</u>	<u>109,255</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>3,735,960</u>	<u>3,735,960</u>	<u>2,031,263</u>	<u>(1,704,697)</u>
Total other financing sources	<u>3,735,960</u>	<u>3,735,960</u>	<u>2,031,263</u>	<u>(1,704,697)</u>
NET CHANGE IN FUND BALANCE	1,867,980	1,867,980	272,538	<u>\$ (1,595,442)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>2,436,171</u>	<u>2,436,171</u>	<u>2,436,171</u>	
FUND BALANCE, END OF YEAR	<u>\$ 4,304,151</u>	<u>\$ 4,304,151</u>	<u>\$ 2,708,709</u>	

NONMAJOR CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

The Nonmajor Capital Projects Fund of the City is outlined as follows:

REDEVELOPMENT CAPITAL PROJECTS FUND – is used account for expenditures relating to capital improvements.

CITY OF RANCHO CORDOVA, CALIFORNIA

BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUND JUNE 30, 2008

	<u>Redevelopment Capital Projects Fund</u>
ASSETS	
Cash and investments	<u>\$ 164,303</u>
TOTAL ASSETS	<u><u>\$ 164,303</u></u>
FUND BALANCES	
Reserved for:	
Capital projects	<u>\$ 164,303</u>
TOTAL FUND BALANCES	<u><u>\$ 164,303</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Redevelopment Capital Projects Fund</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	<u>\$ 164,303</u>
NET CHANGE IN FUND BALANCES	164,303
Fund balance, beginning of year	<u> -</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 164,303</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — REDEVELOPMENT CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
OTHER FINANCING SOURCES:				
Transfers in	\$ -	\$ -	\$ 164,303	\$ 164,303
NET CHANGE IN FUND BALANCE	-	-	164,303	<u>\$ 164,303</u>
FUND BALANCE, BEGINNING OF YEAR	-	-	-	
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,303</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — CAPITAL IMPROVEMENTS PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2008**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for current services	\$ -	\$ -	\$ 19,398	\$ 19,398
Other revenue	-	-	722,366	722,366
Total revenues	-	-	741,764	741,764
EXPENDITURES:				
Current operating:				
Public works	-	-	2,834	(2,834)
Capital Outlay	30,322,677	30,322,677	9,266,756	21,055,921
Total expenditures	30,322,677	30,322,677	9,269,590	21,053,087
DEFICIENCY OF REVENUES OVER EXPENDITURES	(30,322,677)	(30,322,677)	(8,527,826)	21,794,851
OTHER FINANCING SOURCES (USES):				
Transfers in	30,322,677	30,322,677	8,765,928	(21,556,749)
Transfers out	-	-	(76)	(76)
Total other financing sources (uses)	30,322,677	30,322,677	8,765,852	(21,556,825)
NET CHANGE IN FUND BALANCE	-	-	238,026	\$ 238,026
FUND BALANCE, BEGINNING OF YEAR	(1,230,432)	(1,230,432)	(1,230,432)	
FUND BALANCE, END OF YEAR	\$ (1,230,432)	\$ (1,230,432)	\$ (992,406)	

MAJOR SUBCOMBINING SPECIAL REVENUE FUNDS

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING BALANCE SHEET
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS
JUNE 30, 2008**

	<u>SD Program Updates Fund</u>	<u>SD Interim Sewer Fund</u>	<u>SD Library Fund</u>	<u>SD Park Fund</u>	<u>SD Offsite Water Fund</u>
ASSETS					
Cash and investments	\$ 53,961	\$ 539,751	\$ 1,372,327	\$ 5,599,830	\$ 628,466
Receivables:					
Interest receivable	<u>86</u>	<u>862</u>	<u>2,205</u>	<u>8,995</u>	<u>1,002</u>
TOTAL ASSETS	<u>\$ 54,047</u>	<u>\$ 540,613</u>	<u>\$ 1,374,532</u>	<u>\$ 5,608,825</u>	<u>\$ 629,468</u>
 LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 37,509	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,509</u>	<u>-</u>
 FUND BALANCES					
Unreserved:					
Undesignated	<u>54,047</u>	<u>540,613</u>	<u>1,374,532</u>	<u>5,571,316</u>	<u>629,468</u>
TOTAL FUND BALANCES	<u>54,047</u>	<u>540,613</u>	<u>1,374,532</u>	<u>5,571,316</u>	<u>629,468</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 54,047</u>	 <u>\$ 540,613</u>	 <u>\$ 1,374,532</u>	 <u>\$ 5,608,825</u>	 <u>\$ 629,468</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING BALANCE SHEET
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2008**

	SD Traffic Impact Fund	SD Transit Shuttle Fund	SD Admin Fund	Total SD Special Revenue Funds
ASSETS				
Cash and investments	\$ 8,507,957	\$ 348,104	\$ 1,008,907	\$ 18,059,303
Receivables:				
Interest receivable	13,948	560	1,621	29,279
TOTAL ASSETS	<u>\$ 8,521,905</u>	<u>\$ 348,664</u>	<u>\$ 1,010,528</u>	<u>\$ 18,088,582</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 1,229	\$ 38,738
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>1,229</u>	<u>38,738</u>
 FUND BALANCES				
Unreserved:				
Undesignated	8,521,905	348,664	1,009,299	18,049,844
TOTAL FUND BALANCES	<u>8,521,905</u>	<u>348,664</u>	<u>1,009,299</u>	<u>18,049,844</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 8,521,905</u>	 <u>\$ 348,664</u>	 <u>\$ 1,010,528</u>	 <u>\$ 18,088,582</u>

CITY OF RANCHO CORDOVA, CALIFORNIA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	SD Program Updates Fund	SD Interim Sewer Fund	SD Library Fund	SD Park Fund	SD Offsite Water Fund
REVENUES					
Licenses, permits and fees	\$ 11,044	\$ 187,924	\$ 82,922	\$ 1,588,816	\$ 279,139
Use of money and property	2,460	19,434	55,457	345,513	21,190
TOTAL REVENUES	<u>13,504</u>	<u>207,358</u>	<u>138,379</u>	<u>1,934,329</u>	<u>300,329</u>
EXPENDITURES					
Current:					
General government	-	63,556	-	6,229,325	66,556
Public works	31,895	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>31,895</u>	<u>63,556</u>	<u>-</u>	<u>6,229,325</u>	<u>66,556</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,391)	143,802	138,379	(4,294,996)	233,773
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
TOTAL OTHER SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(18,391)	143,802	138,379	(4,294,996)	233,773
Fund balances, beginning of year	72,438	396,811	1,236,153	9,866,312	395,695
FUND BALANCES, END OF YEAR	<u>\$ 54,047</u>	<u>\$ 540,613</u>	<u>\$ 1,374,532</u>	<u>\$ 5,571,316</u>	<u>\$ 629,468</u>

CITY OF RANCHO CORDOVA, CALIFORNIA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2008

	SD Traffic Impact Fund	SD Transit Shuttle Fund	SD Admin Fund	Total SD Special Revenue Funds
REVENUES				
Licenses, permits and fees	\$ 2,820,445	\$ 12,298	\$ 89,141	\$ 5,071,729
Use of money and property	340,094	14,272	44,324	842,744
TOTAL REVENUES	<u>3,160,539</u>	<u>26,570</u>	<u>133,465</u>	<u>5,914,473</u>
EXPENDITURES				
Current:				
General government	-	-	3,928	6,363,365
Public works	291	-	140,525	172,711
Capital outlay	3,085,548	-	-	3,085,548
TOTAL EXPENDITURES	<u>3,085,839</u>	<u>-</u>	<u>144,453</u>	<u>9,621,624</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	74,700	26,570	(10,988)	(3,707,151)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,746,807)	-	-	(1,746,807)
TOTAL OTHER SOURCES (USES)	<u>(1,746,807)</u>	<u>-</u>	<u>-</u>	<u>(1,746,807)</u>
NET CHANGE IN FUND BALANCES	(1,672,107)	26,570	(10,988)	(5,453,958)
Fund balances, beginning of year	10,194,012	322,094	1,020,287	23,503,802
FUND BALANCES, END OF YEAR	<u>\$ 8,521,905</u>	<u>\$ 348,664</u>	<u>\$ 1,009,299</u>	<u>\$ 18,049,844</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING BALANCE SHEET
TRAFFIC MITIGATION SPECIAL REVENUE FUNDS
JUNE 30, 2008**

	Traffic Mitigation Fund	Traffic Mitigation Admin Fund	Total Traffic Mitigation Special Revenue Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 19,950,190	\$ 292,928	\$ 20,243,118
Receivables:			
Accounts Receivable	168,407	3,368	171,775
Interest receivable	<u>35,361</u>	<u>478</u>	<u>35,839</u>
TOTAL ASSETS	<u><u>\$ 20,153,958</u></u>	<u><u>\$ 296,774</u></u>	<u><u>\$ 20,450,732</u></u>
 LIABILITIES AND FUND BALANCES			
 LIABILITIES			
Accounts payable	<u>\$ 27,089</u>	<u>\$ 2,919</u>	<u>\$ 30,008</u>
TOTAL LIABILITIES	<u>27,089</u>	<u>2,919</u>	<u>30,008</u>
 FUND BALANCES			
Unreserved:			
Undesignated	<u>20,126,869</u>	<u>293,855</u>	<u>20,420,724</u>
TOTAL FUND BALANCES	<u>20,126,869</u>	<u>293,855</u>	<u>20,420,724</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 20,153,958</u></u>	<u><u>\$ 296,774</u></u>	<u><u>\$ 20,450,732</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

TRAFFIC MITIGATION SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2008

	Traffic Mitigation Fund	Traffic Mitigation Admin Fund	Total Traffic Mitigation Special Revenue Funds
REVENUES			
Licenses, permits and fees	\$ 4,811,128	\$ 97,066	\$ 4,908,194
Use of money and property	863,126	13,815	876,941
TOTAL REVENUES	5,674,254	110,881	5,785,135
EXPENDITURES			
Current:			
General government	3,325	3,077	6,402
Public works	322,915	130,585	453,500
Capital outlay	754,764	-	754,764
TOTAL EXPENDITURES	1,081,004	133,662	1,214,666
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,593,250	(22,781)	4,570,469
OTHER FINANCING SOURCES (USES)			
Transfers out	(4,729,246)	-	(4,729,246)
TOTAL OTHER SOURCES (USES)	(4,729,246)	-	(4,729,246)
NET CHANGE IN FUND BALANCES	(135,996)	(22,781)	(158,777)
Fund balances, beginning of year	20,262,865	316,636	20,579,501
FUND BALANCES, END OF YEAR	\$ 20,126,869	\$ 293,855	\$ 20,420,724

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one City department to other departments on a cost-reimbursement basis.

The Internal Service Funds of the City are outlined as follows:

INSURANCE FUND – to account for long-term financing of potential litigation, insurance costs, and claims.

VEHICLE AND EQUIPMENT REPLACEMENT FUND – to account for funds accumulated to pay for the replacement of vehicles and equipment.

TECHNOLOGY ENHANCEMENT AND REPLACEMENT FUND – to account for funds accumulated to pay for the replacement and enhancement of computer technology.

CITY OF RANCHO CORDOVA, CALIFORNIA

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS JUNE 30, 2008

	<u>Insurance Fund</u>	<u>Vehicle & Equipment Replacement Fund</u>	<u>Technology Enhancement & Replacement Fund</u>	<u>Total Internal Service Funds</u>
ASSETS				
Current assets:				
Cash and investments	\$ 500,878	\$ 347,488	\$ 572,780	\$ 1,421,146
Interest and other receivables	<u>128</u>	<u>560</u>	<u>761</u>	<u>1,449</u>
TOTAL ASSETS	<u>\$ 501,006</u>	<u>\$ 348,048</u>	<u>\$ 573,541</u>	<u>\$ 1,422,595</u>
NET ASSETS				
Unrestricted	<u>\$ 501,006</u>	<u>\$ 348,048</u>	<u>\$ 573,541</u>	<u>\$ 1,422,595</u>
TOTAL NET ASSETS	<u>\$ 501,006</u>	<u>\$ 348,048</u>	<u>\$ 573,541</u>	<u>\$ 1,422,595</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Insurance Fund</u>	<u>Vehicle & Equipment Replacement Fund</u>	<u>Technology Enhancement & Replacement Fund</u>	<u>Total Internal Service Funds</u>
NONOPERATING REVENUES				
Investment earnings	\$ 3,187	\$ 14,548	\$ 19,791	\$ 37,526
NONOPERATING REVENUES	<u>3,187</u>	<u>14,548</u>	<u>19,791</u>	<u>37,526</u>
TRANSFERS				
Transfers in	<u>400,000</u>	<u>-</u>	<u>100,000</u>	<u>500,000</u>
NET CHANGE IN NET ASSETS	403,187	14,548	119,791	537,526
NET ASSETS, BEGINNING OF YEAR	<u>97,819</u>	<u>333,500</u>	<u>453,750</u>	<u>885,069</u>
NET ASSETS, END OF YEAR	<u>\$ 501,006</u>	<u>\$ 348,048</u>	<u>\$ 573,541</u>	<u>\$ 1,422,595</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2008

	Insurance Fund	Vehicle & Equipment Replacement Fund	Technology Enhancement & Replacement Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Payments to suppliers	\$ (17,998)	\$ -	\$ -	\$ (17,998)
Net cash used by operating activities	<u>(17,998)</u>	<u>-</u>	<u>-</u>	<u>(17,998)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	400,000	-	100,000	500,000
Net cash provided by noncapital financing activities	<u>400,000</u>	<u>-</u>	<u>100,000</u>	<u>500,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	3,059	13,988	19,030	36,077
Net cash provided by investing activities	<u>3,059</u>	<u>13,988</u>	<u>19,030</u>	<u>36,077</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	385,061	13,988	119,030	518,079
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>115,817</u>	<u>333,500</u>	<u>453,750</u>	<u>903,067</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 500,878</u>	<u>\$ 347,488</u>	<u>\$ 572,780</u>	<u>\$ 1,421,146</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Changes in assets and liabilities:				
Decrease in accounts payable	(17,998)	-	-	(17,998)
Net cash used by operating activities	<u>\$ (17,998)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,998)</u>

AGENCY FUNDS

Agency Funds are used to account for the receipt and disbursement of various taxes, deposits, deductions and property collected by the City, acting in the capacity of an agent for distribution to other governmental units or other organizations.

The Agency Funds of the City are outlined as follows:

SUNRIDGE ANATOLIA COMMUNITY FACILITIES DISTRICT – to account for assessment revenue and associated expenditures for billing and collections of the Sunridge Anatolia Community Facilities District No. 2003-1 Special Tax Bonds Series 2003 and 2005 debt service payments.

SUNRIDGE PARK COMMUNITY FACILITIES DISTRICT – to account for assessment revenues and associated expenditures for billing and collections related to a future bond issuance to finance infrastructure improvements.

SUNRIDGE NORTH DOUGLAS COMMUNITY FACILITIES DISTRICT – to account for assessment revenues and associated expenditures for billing and collections related to a future bond issuance to finance infrastructure improvements.

MONTELENA COMMUNITY FACILITIES DISTRICT – to account for assessment revenues and associated expenditures for billing and collections related to a future bond issuance to finance infrastructure improvements.

CITY LANDSCAPE COMMUNITY FACILITIES DISTRICT – to account for the maintenance of the landscaped corridors in medians and natural open spaces.

CAP VILLAGE LANDSCAPE COMMUNITY FACILITIES DISTRICT – to account for the maintenance of the landscaped corridors in medians and natural open spaces.

RT TRANSIT FEE PASS-THROUGH – to account for building permit fees collected on behalf of and remitted to Regional Transit.

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

FOR THE YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Sunridge Anatolia CFD 2003-1				
ASSETS				
Cash and investments	\$ 3,233,270	\$ 27,643,143	\$ (27,136,121)	\$ 3,740,292
Receivables:				
Interest receivable	10,347	6,103	(10,347)	6,103
Due from other governmental agencies	120,825	750,816	(323,692)	547,949
Restricted cash with fiscal agent	3,565,184	5,985,370	(4,122,806)	5,427,748
Total assets	<u>\$ 6,929,626</u>	<u>\$ 34,385,432</u>	<u>\$ (31,592,966)</u>	<u>\$ 9,722,092</u>
LIABILITIES				
Accounts payable	\$ 16,853	\$ 91,670	\$ (104,054)	\$ 4,469
Deposits	146,600	-	(146,600)	-
Due to assessment holders	6,766,173	95,642,130	(92,690,680)	9,717,623
Total liabilities	<u>\$ 6,929,626</u>	<u>\$ 95,733,800</u>	<u>\$ (92,941,334)</u>	<u>\$ 9,722,092</u>
Sunridge Park CFD 2004-1				
ASSETS				
Cash and investments	\$ 3,104,615	\$ 9,329,831	\$ (11,641,147)	\$ 793,299
Receivables:				
Interest receivable	9,904	2,459	(9,904)	2,459
Due from other governmental agencies	8,904	114,186	(65,997)	57,093
Restricted cash with fiscal agent	-	9,388,751	(19,907)	9,368,844
Total assets	<u>\$ 3,123,423</u>	<u>\$ 18,835,227</u>	<u>\$ (11,736,955)</u>	<u>\$ 10,221,695</u>
LIABILITIES				
Accounts payable	\$ 640	\$ 25,654	\$ (24,697)	\$ 1,597
Due to assessment holders	3,122,783	16,408,583	(9,311,268)	10,220,098
Total liabilities	<u>\$ 3,123,423</u>	<u>\$ 16,434,237</u>	<u>\$ (9,335,965)</u>	<u>\$ 10,221,695</u>
Sunridge North Douglas CFD 2005-1				
ASSETS				
Cash and investments	\$ 35,972	\$ 23,071	\$ (15,560)	\$ 43,483
Receivables:				
Interest receivable	166	70	(166)	70
Total assets	<u>\$ 36,138</u>	<u>\$ 23,141</u>	<u>\$ (15,726)</u>	<u>\$ 43,553</u>
LIABILITIES				
Due to assessment holders	\$ 36,138	\$ 13,600	\$ (6,185)	\$ 43,553
Total liabilities	<u>\$ 36,138</u>	<u>\$ 13,600</u>	<u>\$ (6,185)</u>	<u>\$ 43,553</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)**

FOR THE YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Montelena CFD				
ASSETS				
Cash and investments	\$ 99,894	\$ 5,053	\$ (533)	\$ 104,414
Receivables:				
Interest receivable	317	168	(317)	168
Total assets	<u>\$ 100,211</u>	<u>\$ 5,221</u>	<u>\$ (850)</u>	<u>\$ 104,582</u>
LIABILITIES				
Deposits	\$ 100,211	\$ -	\$ -	\$ 100,211
Due to assessment holders	-	4,371	-	4,371
Total liabilities	<u>\$ 100,211</u>	<u>\$ 4,371</u>	<u>\$ -</u>	<u>\$ 104,582</u>
City Landscape CFD				
ASSETS				
Cash and investments	\$ -	\$ 17,012	\$ (17,012)	\$ -
Due from other governmental agencies	-	107	-	107
Total assets	<u>\$ -</u>	<u>\$ 17,119</u>	<u>\$ (17,012)</u>	<u>\$ 107</u>
LIABILITIES				
Accounts payable	\$ 3,656	\$ 3,160	\$ (3,576)	\$ 3,240
Due to assessment holders	(3,656)	12,623	(12,100)	(3,133)
Total liabilities	<u>\$ -</u>	<u>\$ 15,783</u>	<u>\$ (15,676)</u>	<u>\$ 107</u>
CAP Village Landscape CFD				
ASSETS				
Cash and investments	\$ 10,651	\$ 3,781	\$ (3,298)	\$ 11,134
Receivables:				
Interest receivable	45	18	(35)	28
Total assets	<u>\$ 10,696</u>	<u>\$ 3,799</u>	<u>\$ (3,333)</u>	<u>\$ 11,162</u>
LIABILITIES				
Due to assessment holders	\$ 10,696	\$ 466	\$ -	\$ 11,162
Total liabilities	<u>\$ 10,696</u>	<u>\$ 466</u>	<u>\$ -</u>	<u>\$ 11,162</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)**

FOR THE YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
RT Transit Fee Pass-Through				
ASSETS				
Cash and investments	\$ 1,662	\$ -	\$ (1,662)	\$ -
Total assets	<u>\$ 1,662</u>	<u>\$ -</u>	<u>\$ (1,662)</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 1,662	\$ -	\$ (1,662)	\$ -
Total liabilities	<u>\$ 1,662</u>	<u>\$ -</u>	<u>\$ (1,662)</u>	<u>\$ -</u>
All Agency Funds				
ASSETS				
Cash and investments	\$ 6,486,064	\$ 37,021,891	\$ (38,815,333)	\$ 4,692,622
Receivables:				
Interest receivable	20,779	8,818	(20,769)	8,828
Due from other governmental agencies	129,729	865,109	(389,689)	605,149
Restricted cash with fiscal agent	3,565,184	15,374,121	(4,142,713)	14,796,592
Total assets	<u>\$ 10,201,756</u>	<u>\$ 53,269,939</u>	<u>\$ (43,368,504)</u>	<u>\$ 20,103,191</u>
LIABILITIES				
Accounts payable	\$ 22,811	\$ 120,484	\$ (133,989)	\$ 9,306
Deposits	246,811	-	(146,600)	100,211
Due to assessment holders	9,932,134	112,081,773	(102,020,233)	19,993,674
Total liabilities	<u>\$ 10,201,756</u>	<u>\$ 112,202,257</u>	<u>\$ (102,300,822)</u>	<u>\$ 20,103,191</u>

STATISTICAL SECTION

This part of the City of Rancho Cordova'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.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax and sales tax.

Debt Capacity

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.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF RANCHO CORDOVA
Net Assets by Component
Last Ten Fiscal Years
(Accrual basis of accounting)
(Unaudited)

	<u>2004</u>	<u>2005</u>	Fiscal Year * <u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 25,944	\$ 329,107	\$ 8,357,941	\$ 228,382,846	\$ 242,668,370
Restricted	2,321,085	30,963,342	40,513,083	53,397,757	66,637,771
Unrestricted	<u>4,804,309</u>	<u>861,598</u>	<u>6,501,698</u>	<u>24,791,160</u>	<u>19,262,027</u>
Total governmental activities net assets	<u>7,151,338</u>	<u>32,154,047</u>	<u>55,372,722</u>	<u>306,571,763</u>	<u>328,568,168</u>
Business-type activities					
Invested in capital assets, net of related debt	-	-	-	1,422,003	1,470,806
Restricted	-	-	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,224,820)</u>	<u>(1,345,183)</u>
Total business-type activities net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,183</u>	<u>125,623</u>
Primary government					
Invested in capital assets, net of related debt	25,944	329,107	8,357,941	229,804,849	244,139,176
Restricted	2,321,085	30,963,342	40,513,083	53,397,757	66,637,771
Unrestricted	<u>4,804,309</u>	<u>861,598</u>	<u>6,501,698</u>	<u>23,566,340</u>	<u>17,916,844</u>
Total primary government net assets	<u>\$ 7,151,338</u>	<u>\$ 32,154,047</u>	<u>\$ 55,372,722</u>	<u>\$ 306,768,946</u>	<u>\$ 328,693,791</u>

* The City of Rancho Cordova incorporated on July 1, 2003.

CITY OF RANCHO CORDOVA
Changes in Net Assets
Last Ten Fiscal Years
(Accrual basis of accounting)
(Unaudited)

Expenses	<u>2004</u>	<u>2005</u>	Fiscal Year * <u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities:					
General government	\$ 3,143,679	\$ 5,159,815	\$ 17,939,297	\$ 22,055,441	\$ 28,454,471
Public Safety	8,978,634	12,935,511	13,446,239	13,778,468	15,614,787
Community Development	2,285,042	4,055,329	6,812,844	6,447,185	7,353,683
Public Works	1,503,252	2,782,143	2,630,097	4,121,579	4,950,568
Interest on Long Term Debt	<u>-</u>	<u>60,676</u>	<u>881,467</u>	<u>1,359,131</u>	<u>1,563,374</u>
Total governmental activities expenses	<u>15,910,607</u>	<u>24,993,474</u>	<u>41,709,944</u>	<u>47,761,804</u>	<u>57,936,883</u>
Business-type activities:					
Cemetery	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,988</u>	<u>71,680</u>
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,988</u>	<u>71,680</u>
Total primary government expenses	<u>15,910,607</u>	<u>24,993,474</u>	<u>41,709,944</u>	<u>47,771,792</u>	<u>58,008,563</u>
Program Revenues					
Governmental activities:					
Charges for Services	2,326,721	25,932,561	26,142,639	33,364,367	
General government					12,500,088
Public Safety					878,827
Community Development					3,555,238
Public Works					5,651,648
Operating grants and contributions	21,442	2,378,060	3,322,801	6,718,186	3,578,050
Capital grants and contributions	<u>-</u>	<u>39,142</u>	<u>1,803,132</u>	<u>3,820,997</u>	<u>9,461,811</u>
Total governmental activities program revenues	<u>2,348,163</u>	<u>28,349,763</u>	<u>31,268,572</u>	<u>43,903,550</u>	<u>35,625,662</u>
Business-type activities:					
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,000</u>	<u>-</u>
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,000</u>	<u>-</u>
Total primary government program revenues	<u>2,348,163</u>	<u>28,349,763</u>	<u>31,268,572</u>	<u>44,128,550</u>	<u>35,625,662</u>
Net (expense)/revenue					
Governmental activities	(13,562,444)	3,356,289	(10,441,372)	(3,858,254)	(22,311,221)
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,012</u>	<u>(71,680)</u>
Total primary government net (expense)/revenue	<u>(13,562,444)</u>	<u>3,356,289</u>	<u>(10,441,372)</u>	<u>(3,643,242)</u>	<u>(22,382,901)</u>

CITY OF RANCHO CORDOVA
Changes in Net Assets (Continued)
Last Ten Fiscal Years
(Accrual basis of accounting)
(Unaudited)

	<u>2004</u>	<u>2005</u>	Fiscal Year * <u>2006</u>	<u>2007</u>	<u>2008</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property	132,796	717,685	7,739,207	8,544,439	12,252,371
Sales and use	9,427,805	9,603,899	10,418,318	10,095,717	9,304,724
Utility users	1,338,854	1,389,613	1,721,736	2,236,887	1,930,878
Gas	1,219,435	1,340,863			
Transient occupancy	2,257,596	2,494,012	2,581,424	2,528,209	2,518,771
Other	1,606,250	138,817	982,636	1,028,478	1,371,957
Franchise fees	538,311	794,876			
Vehicle licence fees	3,863,040	4,606,840	4,518,669	4,482,885	5,118,290
Use of money and property	16,056	187,954	1,950,149	4,402,877	5,188,665
Transfers & Miscellaneous	313,639	245,978	3,747,908	5,250,865	6,621,970
Total governmental activities	<u>20,713,782</u>	<u>21,520,537</u>	<u>33,660,047</u>	<u>38,570,357</u>	<u>44,307,626</u>
Business-type activities:					
Use of money and property	-	-	-	320	120
Transfers & Miscellaneous	-	-	-	(18,149)	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,829)</u>	<u>120</u>
Total primary government	<u>20,713,782</u>	<u>21,520,537</u>	<u>33,660,047</u>	<u>38,552,528</u>	<u>44,307,746</u>
Change in Net Assets					
Governmental activities	7,151,338	24,876,826	23,218,675	34,712,103	21,996,405
Business-type activities	-	-	-	197,183	(71,560)
Total primary government	<u>\$ 7,151,338</u>	<u>\$ 24,876,826</u>	<u>\$ 23,218,675</u>	<u>\$ 34,909,286</u>	<u>\$ 21,924,845</u>

* The City of Rancho Cordova incorporated on July 1, 2003.

CITY OF RANCHO CORDOVA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Unaudited)

	<u>2004</u>	<u>2005</u>	Fiscal Year * <u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund					
Reserved	\$ 2,155,607	\$ 4,213,346	\$ 2,723,441	\$ 3,934,363	\$ 5,109,382
Unreserved, designated for economic uncertainty				9,419,717	9,419,717
Unreserved, reported in the General Fund	<u>4,712,242</u>	<u>7,730,782</u>	<u>12,680,244</u>	<u>12,467,530</u>	<u>12,292,739</u>
Total General Fund	<u>\$ 6,867,849</u>	<u>\$ 11,944,128</u>	<u>\$ 15,403,685</u>	<u>\$ 25,821,610</u>	<u>\$ 26,821,838</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ 10,072,454	\$ 2,479,587	\$ 3,161,629
Unreserved, reported in:					
Special Revenue Funds	2,225,410	21,607,914	41,121,009	54,335,848	59,277,713
Capital Projects Funds	<u>-</u>	<u>(38,922)</u>	<u>(9,465,478)</u>	<u>(1,230,432)</u>	<u>(828,103)</u>
Total All Other Governmental Funds	<u>\$ 2,225,410</u>	<u>\$ 21,568,992</u>	<u>\$ 41,727,985</u>	<u>\$ 55,585,003</u>	<u>\$ 61,611,239</u>

* The City of Rancho Cordova incorporated on July 1, 2003.

CITY OF RANCHO CORDOVA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)
(Unaudited)

	Fiscal Year *				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues					
Taxes and assessments	\$ 14,626,557	\$ 15,270,080	\$ 27,961,990	\$ 28,916,615	\$ 32,140,342
Licenses, fees and permits	1,838,107	23,045,059	35,670,026	26,554,572	16,406,734
Fines and forfeitures	36,041	388,859	464,745	567,078	735,999
Intergovernmental	5,108,526	8,499,891	5,011,087	10,492,415	13,000,346
Use of money and property	16,055	204,677	1,950,149	4,254,559	5,095,186
Charges for services	1,185,736	2,459,677	3,526,782	6,242,718	5,443,068
Miscellaneous	47,922	205,057	3,747,908	4,547,716	1,581,394
Total revenues	<u>\$ 22,858,944</u>	<u>\$ 50,073,300</u>	<u>\$ 78,332,687</u>	<u>\$ 81,575,673</u>	<u>\$ 74,403,069</u>
Expenditures					
General government	\$ 3,082,683	\$ 5,097,357	\$ 16,041,144	\$ 17,594,828	\$ 20,729,058
Public safety	8,978,634	12,916,961	13,446,239	13,778,468	15,614,787
Community development	2,285,042	4,051,342	6,812,844	6,447,185	7,353,683
Public works	1,503,252	2,782,143	2,630,097	4,121,579	4,950,568
Debt service:					
Principal retirement	-	423,012	1,143,012	1,043,044	1,003,012
Interest and fiscal charges	-	628,765	1,157,641	1,295,270	1,528,116
Bond issuance costs	-	-	-	498,787	-
Capital outlay	31,133	13,061,880	28,223,470	11,840,393	15,697,381
Total Expenditures	<u>\$ 15,880,744</u>	<u>\$ 38,961,460</u>	<u>\$ 69,454,447</u>	<u>\$ 56,619,554</u>	<u>\$ 66,876,605</u>
Excess of revenues over (under) expenditures	\$ 6,978,200	\$ 11,111,840	\$ 8,878,240	\$ 24,956,119	\$ 7,526,464
Other financing sources (uses)					
Transfers in	-	719,634	3,921,921	20,710,051	18,212,921
Transfers out	-	(719,634)	(3,921,921)	(21,812,102)	(18,712,921)
Proceeds from long term debt	2,115,059	21,217,448	6,705,000	-	-
Proceeds from issuance of refunding debt	-	-	-	20,400,000	-
Payment to refunded bond escrow agent	-	-	-	(19,637,790)	-
Discount on refunding debt	-	-	-	(341,335)	-
Total other financing sources (uses)	<u>2,115,059</u>	<u>21,217,448</u>	<u>6,705,000</u>	<u>(681,176)</u>	<u>(500,000)</u>
Net change in fund balances	<u>\$ 9,093,259</u>	<u>\$ 32,329,288</u>	<u>\$ 15,583,240</u>	<u>\$ 24,274,943</u>	<u>\$ 7,026,464</u>
Debt services as a percentage of non-capital expenditures	-	4.2%	5.9%	6.8%	5.2%

* The City of Rancho Cordova incorporated on July 1, 2003.

CITY OF RANCHO CORDOVA
 General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
 (Accrual basis of accounting)
 (Unaudited)

Fiscal Year *	Property Tax (1)	Sales Tax	Franchise Tax	Utility Users Tax	Transient Occup. Tax	Property Transfer Tax	Other	Total
2003/04	\$ 132,796	\$ 9,427,805	\$ 538,311	\$ 1,338,854	\$ 2,257,596	\$ 278,694	\$ 855,501	\$ 14,829,557
2004/05	258,352	9,603,899	794,876	1,389,613	2,494,012	459,334	66,994	15,067,080
2005/06	12,257,876	10,418,318	981,518	1,721,736	2,581,424	776,568	206,068	28,943,508
2006/07	13,027,324	10,095,717	1,065,660	2,236,887	2,528,209	479,885	548,593	29,982,275
2007/08	17,370,661	9,304,724	1,332,257	1,930,878	2,518,771	297,122	1,074,835	33,829,248
TOTAL	\$ 43,047,009	\$ 48,850,463	\$ 4,712,622	\$ 8,617,968	\$ 12,380,012	\$ 2,291,603	\$ 2,751,991	\$ 122,651,668

Includes the General Fund and Special Revenue Funds.

(1) The 2003/04 and 2004/05 CAFR's netted the Revenue Neutrality payments against the Property Tax Revenues. The 2005/06 CAFR reports the Property Tax Revenues on a gross basis to provide improved comparability.

* The City of Rancho Cordova incorporated on July 1, 2003.

Source: Annual financial reports

CITY OF RANCHO CORDOVA
 Assessed and Estimated Value of Property
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year *	Secured Property	Public Utility	Unsecured Property	Less: Exemptions	Assessed Valuation	Full Market Value	Total Direct Tax Rate
2003/04	\$ 3,584,204,261	\$ 53,313	\$ 349,769,727	\$ 58,760,154	\$ 3,875,267,147	\$ 3,934,027,301	**
2004/05	4,138,028,203	56,612	334,784,128	60,216,379	4,412,652,564	4,472,868,943	**
2005/06	4,676,731,067	55,495	359,892,084	60,702,885	4,975,975,761	5,036,678,646	**
2006/07	5,604,585,670	52,740	385,233,405	63,423,836	5,926,447,979	5,989,871,815	1.0618%
2007/08	6,403,351,771	40,000	435,424,710	67,203,285	6,771,613,196	6,838,816,481	1.1178%

* The City of Rancho Cordova incorporated on July 1, 2003. Due to Revenue Neutrality law, the City has entered into a contract with the County, whereby the County will keep a portion of the City's property tax revenue through 2027/28 as discussed in Note 14 .

** The Total Direct Tax Rate was not available.

Numbers above represent estimates provided by the County.

Source: Sacramento County Auditor-Controller

CITY OF RANCHO CORDOVA
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

Fiscal Year *	Basic Prop 13 Statewide Tax Rate**	Voter Approved (or) Pre 1978 Debt Service							
		School Districts			Special Districts				
		City	Sacramento Unified GOB	Los Rios College GOB	Sac Regional County Sanitation	Folsom Cordova CFD #1	Folsom Cordova CFD #2	Folsom Cordova Imp 3	Folsom Cordova Imp 4
2003/04	1.0000%	0.0000%	0.1043%	0.0015%	0.0070%	0.0589%	0.0000%	0.0000%	0.0000%
2004/05	1.0000%	0.0000%	0.0587%	0.0060%	0.0067%	0.0530%	0.0386%	0.0000%	0.0000%
2005/06	1.0000%	0.0000%	0.1131%	0.0032%	0.0055%	0.0531%	0.0000%	0.0000%	0.0000%
2006/07	1.0000%	0.0000%	0.1131%	0.0032%	0.0055%	0.0531%	0.0000%	0.0000%	0.0000%
2007/08	1.0000%	0.0000%	0.0890%	0.0066%	0.0055%	0.0512%	0.0000%	0.0370%	0.0600%

* The City of Rancho Cordova incorporated on July 1, 2003.

** In 1978, the voters approved Proposition 13 which, among other things, established a statewide limit of property tax levies to a maximum of 1% of the assessed valuation. Subsequently, the State legislation fixed the statewide property rate at 1%.

Source: Sacramento County Auditor-Controller

CITY OF RANCHO CORDOVA
Principal Taxpayers
Last Ten Fiscal Years
As of June 30, 2008
(Unaudited)

Taxpayer	Land Use	2007/08 Assessed Valuation		Percentage of Total Assessed Valuation *	2004 * Assessed Valuation		Percentage of Total Assessed Valuation **
PGOCC LLC	Office Building	\$ 104,962,967	1	1.64%			
North Market Center, LP	Industrial	100,117,436	2	1.56%			
DL Capital Center, LP	Office Building	93,321,102	3	1.46%			
JB Management LP	Commercial	75,043,855	4	1.17%	25,973,468	10	0.72%
Rreef America Reit Corp	Office Building	74,042,233	5	1.16%			
Altair Holding Company	Office Building	71,725,172	6	1.12%	\$ 61,929,830	2	1.73%
CP Sunridge LLC	Residential Development	58,432,285	7	0.91%			
Beazer Homes Holdings Corp	Residential Development	58,098,661	8	0.91%			
Franklin Resources Inc	Office Building	58,090,820	9	0.91%	47,931,162	4	1.34%
Pulte Home Corp	Residential Development	48,345,882	10	0.76%			
Prospect Green Partners	Office Building				72,278,299	1	2.02%
Trizechahn TBI Sacramento I LLC	Office Building				54,215,453	3	1.51%
Salvatore A. Rubino Decl. of Trust	Office Building				37,386,099	5	1.04%
Evergreen & Zinfandel	Office Building				36,664,670	6	1.02%
Wasatch Pool Holdings LLC	Apartments				34,916,838	7	0.97%
Cordova LLC	Office Building				33,442,539	8	0.93%
Elliott Whiterock LLC	Industrial				28,424,850	9	0.79%
		\$ 742,180,413			\$ 433,163,208		

* The City of Rancho Cordova incorporated on July 1, 2003.

** 2007/08 Total Assessed Value - \$6,403,351,771

Source: California Municipal Statistics, Inc.

CITY OF RANCHO CORDOVA
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year*	Total Current Tax Levy	Total Current Collections	Percentage of Levy Collected	Delinquent Tax Receivables (1)
2003/04	\$ 4,690,024	\$ 4,690,024	100.00%	\$ -
2004/05	6,888,514	6,888,514	100.00%	-
2005/06	7,656,003	7,656,003	100.00%	-
2006/07	7,599,221	7,599,221	100.00%	-
2007/08	8,307,593	8,307,593	100.00%	-

* The City of Rancho Cordova incorporated on July 1, 2003. Due to Revenue Neutrality law, the City has entered into a contract with the County, whereby the County will keep a portion of the City's property tax revenue as discussed in Note 14.

(1) The City participates in the Teeter Plan. The Teeter Plan is an alternative method of apportioning property tax money. Cities participating in the Plan receive 95% of the property taxes in advance from the County and the remaining 5% after the County reconciles the cities' balances at June 30. As part of the Plan, the County retains the penalties and interest on the delinquent taxes.

Source: *Sacramento County Auditor-Controller*

CITY OF RANCHO CORDOVA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year*	Notes	Certificates of Participation	Total Primary Government	Percentage of Personal Income	Per Capita
2003/04	\$ 2,115,059	\$ -	\$2,115,059	0.13%	39
2004/05	1,692,047	20,565,000	22,257,047	1.28%	404
2005/06	1,269,035	26,550,000	27,819,035	1.54%	494
2006/07	846,023	26,865,000	27,711,023	1.38%	469
2007/08	423,011	26,285,000	26,708,011	1.14%	438

* The City of Rancho Cordova incorporated on July 1, 2003.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

(1) See the Schedule of Demographic Statistics for personal income and population data

CITY OF RANCHO CORDOVA
Computation of Direct and Overlapping Debt
(Unaudited)

2007/08 Assessed Valuation:	\$ 6,838,816,481
Redevelopment Incremental Valuation:	<u>522,328,507</u>
Adjusted Assessed Valuation:	\$ 6,316,487,974

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/08	% Applicable (1)	City's share of Debt 6/30/08
Los Rios Community College District	\$ 153,605,000	4.20%	\$ 6,445,266
Folsom-Cordova Unified School District Facilities Improvement District No. 1	48,151,054	77.38%	37,261,212
Folsom-Cordova Unified School District Facilities Improvement District No. 3	24,998,630	31.05%	7,761,325
Folsom-Cordova Unified School District Facilities Improvement District No. 4	39,995,205	95.59%	38,231,017
Sacramento Unified School District	383,032,966	3.05%	11,697,827
San Juan Unified School District	286,814,253	0.08%	215,111
Elk Grove Unified School District Facilities Improvement District No. 1	136,153,677	3.66%	4,988,671
City of Rancho Cordova Community Facilities District No. 2003-1	58,770,000	100.00%	58,770,000
City of Rancho Cordova Community Facilities District No. 2004-1	13,485,000	100.00%	13,485,000
Sac Area Flood Control District Consolidated Capital Assessment District	87,130,000	4.12%	3,601,083
Sac Area Flood Control District Operation & Maintenance Assessment District	4,305,000	5.88%	<u>252,962</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>182,709,474</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Sacramento County General Fund Obligations	\$ 375,620,383	4.95%	\$ 18,593,209
Sacramento County Pension Obligations	960,925,462	4.95%	47,565,810
Sacramento County Office of Education Certificates of Participation	11,715,000	4.95%	579,893
Los Rios Community College District Certificates of Participation	6,880,000	4.20%	288,685
Folsom-Cordova Unified School District Certificates of Participation	41,010,000	28.77%	11,799,807
Sacramento Unified School District Certificates of Participation	88,055,000	3.05%	2,689,200
Sacramento Unified School District Pension Obligations	4,415,000	3.05%	134,834
San Juan Unified School District General Fund Obligations	5,425,000	0.08%	4,069
City of Rancho Cordova	26,285,000	100.00%	26,285,000
Sacramento Metropolitan Fire District Pension Obligations	67,513,975	11.49%	<u>7,756,005</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>115,696,512</u>
Less: Sacramento County self-supporting obligations			<u>377,066</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>115,319,446</u>
 GROSS COMBINED TOTAL DEBT			 \$ 298,405,986 (2)
NET COMBINED TOTAL DEBT			\$ 298,028,920

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2007/08 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt 2.67%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$26,265,000) 0.42%
Gross Combined Total Debt 4.72%
Net Combined Total Debt 4.72%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08 \$ -

Source: California Municipal Statistics, Inc.

CITY OF RANCHO CORDOVA
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (Unaudited)

	Fiscal Year *				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$ 387,526,715	\$ 661,897,885	\$ 705,000,000	\$ 888,967,197	\$ 1,015,741,979
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	387,526,715	661,897,885	705,000,000	888,967,197	1,015,741,979
Total net debt applicable to the limit as a percentage of debt limit	n.a.	n.a.	n.a.	n.a.	n.a.

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed Value	6,838,816,481
Less: Exemptions	(67,203,285)
<i>Total assessed value</i>	6,771,613,196
Debt limit (15% of total assessed value)	1,015,741,979
Debt applicable to limit	
General Obligation Bonds Outstanding	-
Less: Amounts available for repayment	-
Total Debt Applicable to Limitation	<u>-</u>
Authorized Legal Debt Margin	<u><u>\$ 1,015,741,979</u></u>

* The City of Rancho Cordova incorporated on July 1, 2003.

CITY OF RANCHO CORDOVA
Schedule of Demographic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year*	Population	County (1)	Personal Income	Per Capita Personal Income		Median Age (3)	Unemployment Rate County (4)
				Sacramento Metro Area (2)			
2003/04	54,513	1,230,700	\$ 1,615,274,703	\$ 29,631		35.0	5.5%
2004/05	55,145	1,370,000	1,732,931,625	31,425		35.0	4.6%
2005/06	56,355	1,385,607	1,802,627,385	31,987		33.7	4.8%
2006/07	59,056	1,406,804	2,008,730,784	34,014		34.1	5.3%
2007/08	60,975	1,424,415	2,351,805,750	38,570		34.1	8.1%

* The City of Rancho Cordova incorporated on July 1, 2003.

(1) Source: County of Sacramento

(2) Source: Bureau of Economic Analysis, U.S. Dept of Commerce

(3) Source: U.S. Census Bureau

(4) Source: www.labormarketinfo.edd.ca.gov (October 2008)

CITY OF RANCHO CORDOVA
 Ten Largest Area Employers
 Current Year and Nine Years Ago
 (Unaudited)

<u>Employer</u>	<u>2008</u>		<u>2004*</u>	
	<u>Number of Employees (1)</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees (2)</u>	<u>Percentage of Total City Employment</u>
Vision Service Plan	1750	3.89%		n.a.
GenCorp, Inc. (Aerojet)	1400	3.11%	1387	n.a.
Franklin Templeton Investments	1200	2.67%		n.a.
Delta Dental	1100	2.44%	1500	n.a.
Verizon Wireless	1100	2.44%		
EDS Corporation	1000	2.22%	675	n.a.
Health Net Federal Services	1000	2.22%		
Catholic Healthcare West	700	1.56%		
CA Employment Development Dept. (EDD)	700	1.56%		
Ed Fund	600	1.33%		
Cedar Valley Concrete			926	n.a.
Pacific Building Products			534	n.a.
Motion Control Engineering			360	n.a.
Wal-Mart			329	n.a.
Volcano Therapeutics			309	n.a.
Sunworld Landscape			300	n.a.
Automotive Importing			191	n.a.

* The City of Rancho Cordova incorporated on July 1, 2003.

(1) Source: City of Rancho Cordova Economic Development Department - note that Aerojet & some Health Net locations are outside the City limits but within the City's sphere of influence

(2) Source: Sacramento County Auditor-Controller

CITY OF RANCHO CORDOVA
 Government Employment Information
 Last Ten Fiscal Years
 (Unaudited)

Function/Program	Fiscal Year *				
	2004	2005	2006	2007	2008
City Council	5	5	5	5	5
City Manager	3	3	3	4	4
City Clerk	2.5	3.5	4	3	4
Administrative Services	-	-	4	3	5
Human Resources		1	1	2	3
Finance	3	5.5	5	7	8
Information Technology	-	-	1	1	2
Building & Inspection	-	1	6	11	10
Animal Services	-	-	2	2	2
Economic Development	1	1	2	2	3
Facilities Management	-	-	1	2	2
Code Enforcement	-	-	-	4	9
Housing	-	-	-	1	2
Public Works	3	6	10	15	17
Total employees	17.5	26	44	62	76

* The City of Rancho Cordova incorporated on July 1, 2003.

Note: The City is a contract city for the attorney, police and planning departments as well as key positions in other departments.

Source: Human Resources department, City of Rancho Cordova

CITY OF RANCHO CORDOVA
Miscellaneous Statistics
(Unaudited)

Date of Incorporation	July 1, 2003
Form of Government	General Law
Number of Employees	
Full-time	76
Part-time	-
Number of contract employees (excludes public safety - shown on next page)	17
Area in square miles	33
Facilities and services not included in the reporting entity	
Culture and Recreation:	
Parks	31
Park acreage	304
Swimming pools	2
Tennis courts	27
Community centers	3
Senior centers	1
Ball and soccer fields	20
Fire Protection:	
Number of stations	5
Education:	
Number of districts	4
Number of elementary schools	13
Number of secondary schools	4
Number of community colleges	2
County Library:	
City branches	1

Source: Departments within the City of Rancho Cordova

CITY OF RANCHO CORDOVA
 Capital Asset and Infrastructure Statistics by Function/Program
 Last Ten Fiscal Years
 (Unaudited)

Function/Program	Fiscal Year *				
	2004	2005	2006	2007	2008
Public Safety					
Police:					
Stations	1	1	1	1	1
Sworn personnel	72	67	67	69	68
Non sworn personnel	16	13	13	13	13
Highways and Streets					
Streets (miles)	208	220	220	220	295
Streetlights	2,715	3,000	3,000	3,000	4,435
Traffic Signals	46	70	70	70	76

* The City of Rancho Cordova incorporated on July 1, 2003.

Source: *Departments within the City of Rancho Cordova*