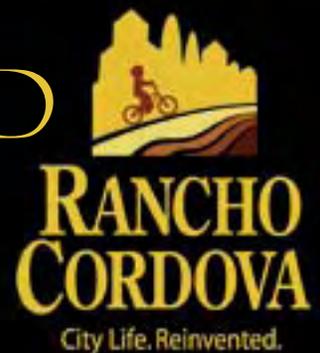


CITY OF RANCHO CORDOVA
CALIFORNIA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT



FOR THE YEAR ENDED
JUNE 30, 2010



**CITY OF RANCHO CORDOVA
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

Prepared by

FINANCE DEPARTMENT

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For the Year Ended June 30, 2010

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Ken Cooley
Mayor

Robert J. McGarvey
Vice Mayor

Linda Budge
Council Member

David Sander
Council Member

Dan Skoglund
Council Member

December 20, 2010

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

The staff of the “All-America City” of Rancho Cordova is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Rancho Cordova (City) for the fiscal year ended June 30, 2010. We are pleased to report that financial results for the year compare favorably with budget estimates in most areas of the City’s operations. The net results of operations in the General Fund, which is the primary operating fund of the City, were very close to our original budget, producing a slightly larger surplus than originally budgeted. Lower than anticipated expenses offset lower than anticipated revenues, to produce a general fund surplus of \$286,482 for the year, compared to a budgeted surplus of \$25,000.

This results in an ending General Fund balance of \$26,637,595 which is \$261,482 better than projected. This is slightly better than the interim results reported to the council in February. At that time we were working to close a projected shortfall of approximately \$600,000. Our final results comply with the city’s policy of constraining current year expenses to current year revenues.

Report Purpose and Organization

The purpose of this letter is to introduce the basic financial statements and provide an analytical overview of the City’s financial activities. This letter of transmittal is designed to complement the Management’s Discussion and Analysis (MD&A) which can be found immediately following the report of the independent auditors.

This report is published in accordance with State law that requires financial statements be presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. It is also prepared to meet reporting standards set forth by the Governmental Finance Officers Association. 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 of the city has established a comprehensive internal control framework that is designed to protect the governments’ assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of this report in conformity with United States of America generally accepted accounting principles (GAAP).

The independent audit of the financial statements 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. This separately prepared report is available from the Department of Finance upon request.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation rests with City management. Because the cost of internal controls should not outweigh their benefits, the City'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. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and the changes in the financial position of the City activities and the various funds of the City; and includes all disclosure necessary to enable the reader to gain an understanding of the City's financial affairs.

This report is presented in three sections:

1. The Introduction section includes this transmittal letter, an organization chart, a listing of principal officers, and a listing of the Citywide Goals.
2. The Financial section consists of four parts; the independent auditors' report, management's discussion and analysis, the basic financial statements, and required supplementary information.
3. Lastly, the Statistical Section includes selected

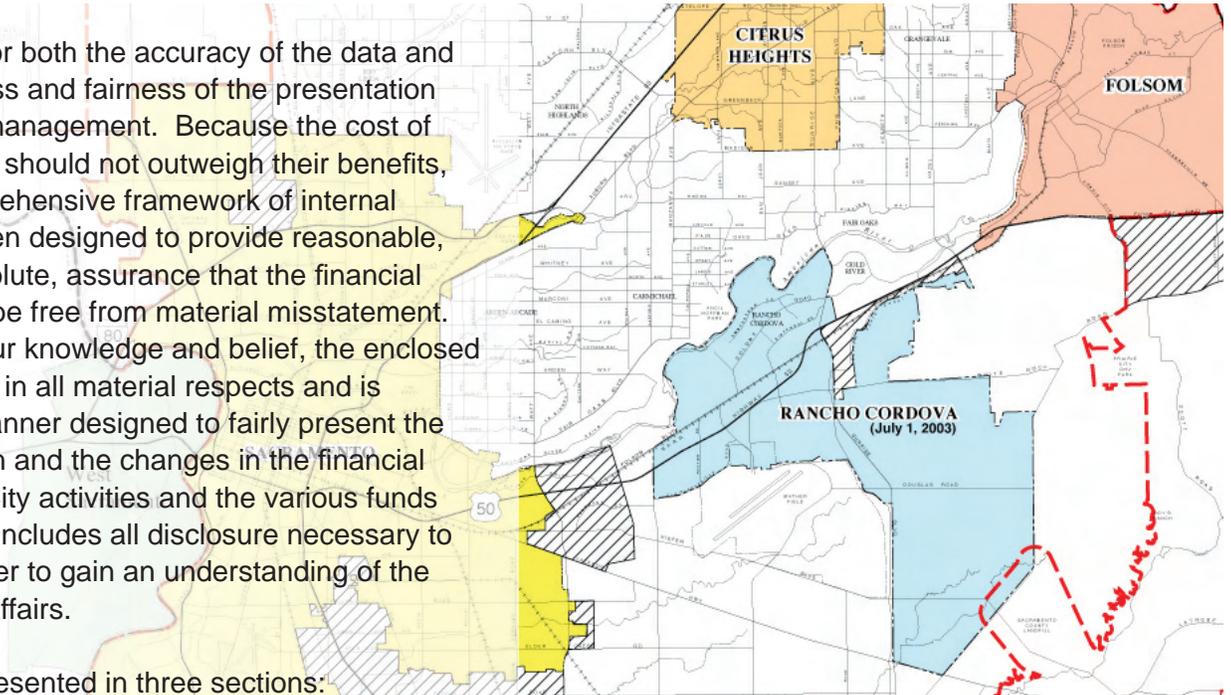
financial and demographic information, generally presented on a multi-year basis.

We understand that not everyone who reads this report is familiar with our City. It is hard to understand a government's finances without knowing something about the government and how it operates. Let us tell you a little about the City of Rancho Cordova!

Rancho Cordova is located in the north-eastern central valley of California, and is California's 4th youngest city, having incorporated July 1, 2003 following an electoral vote in November of 2002.

The former Mather Air Force Base and Aerojet Manufacturing, a major supplier of space and defense missiles, were the driving economic forces that established the pre-cityhood community of Rancho Cordova. Since the end of the Cold War and closing of Mather Air Force Base in 1992, the area that would eventually be the City of Rancho Cordova emerged as a commercial center in Sacramento County with more than 50,000 jobs in over 3,000 business establishments.

Organized as a General Law City under State of California law, the





Economic Development and general City administration.

Financial data for all funds through which services are provided by the City have been included in this report. The Financial Statements include the City and its component units, the Community Redevelopment Agency of the City of Rancho Cordova and the Rancho Cordova Financing Authority. They are blended in the report since they are governed by the City Council sitting in a separate capacity or provide services exclusively to the City.

City of Rancho Cordova operates under the Council-Manager form of government with policy-making and legislative authority vested in a governing council. The City Council is responsible for the appointment of the City Manager and the City Attorney, who both serve under contract to the City. All department directors are appointed by the City Manager.

The City provides municipal services within its 33.6 square mile border for a population of 62,000, according to estimates of the State of California Department of Finance. The City of Rancho Cordova contracts many of its residential services to outside agencies. The largest contracts are for law enforcement services with the Sacramento County Sheriff's Department and street maintenance services with the Sacramento County Public Works Department. Other City contract services include planning, street sweeping, refuse removal, and legal, which are all provided by private companies. City residents receive fire protection services from the Sacramento Metropolitan Fire District and parks and recreation services from the Cordova Recreation and Parks District. Services provided from in-house staff include Code Enforcement, Animal Services, Public Works, Building and Safety, Housing,

The City operates on a fiscal year that runs from July 1 through June 30. The annual budget process is integral to the success of the organization. The process begins in February each year at our Council-Staff retreat, where we determine council's priorities for the next fiscal year. Then in February we hold our Annual Corporate Report, which just won the prestigious Helen Putnam award from the League of California Cities, for excellence in Internal Administration. The Annual Corporate Report begins by partnering with the Chamber of Commerce to hear from renowned economists on the state of the global, national, state and regional economy. That



information is used as context to present the results of operations from the previous fiscal year, the status of the current year budget to actual analysis, and our three year financial forecast. All of this information collectively is used to begin the budget process for the next year. The budget is first presented to the council and community at a workshop in May and is formally adopted by June 30 of each year. By formally adopting the budget the council sets the maximum expenditures for each fund. The City Manager retains the ability to adjust spending within a fund during the year, but cannot spend more than council authorized without seeking council approval for a budget amendment. The City's budgetary procedures are further discussed in Note 2 to the Financial Statements.

About the Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. Understanding that property and sales taxes generate the City's largest two sources of revenue, it is important to look at the economy in the context of people's wherewithal for producing general fund tax revenues.

Sacramento County has been hit particularly hard by what is being termed "The Great Recession." Unemployment rates in Sacramento County have been higher than the national average at over 12.6% at fiscal 2009/10 year-end. The high percentage of people out of work has resulted in high home foreclosure rates, severely reduced property tax revenues, lower rates of consumer spending, resulting in lower sales tax revenues, and an almost dead stop in new development, cutting the expansion of the tax base and fees collected for services. This hits the City particularly hard because the largest component of the City's sales tax base is in the business to business category, specifically construction supplies. With the downturn in the housing market, our largest sales tax segment has taken a significant hit. The housing industry isn't expected to improve until the unemployment rate improves, as people need income in order to afford home

purchases.

Foreclosures continue to be problematic to the economic recovery. By December of 2009 the City of Rancho Cordova had 235 foreclosed properties on the market. With unemployment continuing to increase throughout the year, home foreclosures followed the same trend. This resulted in an approximately 15% increase in the number of foreclosed homes in Rancho Cordova. On the bright side, homes tended to sit on the market, for sale, for a shorter period of time during fiscal year 2009-10 than did homes throughout the county as a whole.

For the second time since the passage of Proposition 13 in 1978, the County of Sacramento's Assessor's property tax rolls declined. The 2.9% rate of decline represented an improvement over the previous fiscal year's decline of 6.3% suggesting a stabilization of the housing market. While any decline in assessed valuation is troubling, this data indicates that the rate of decline is slowing.

Commercial real estate vacancy rates have consistently been on the rise since the beginning of calendar year 2009. At the fiscal year ended June 30, 2010 vacancy rates of office, industrial, and flex (flex can be either office, industrial, or mix of both) have continued to climb to 18.9%, 12.4%, and 20.4% respectively. Projections of vacancy rates for the coming years indicate that increasing vacancies will keep business space empty as the economy struggles



to gain momentum back towards growth. As a large regional employment center, there has been a steady increase in unemployment in the City of Rancho Cordova. While most unemployment numbers nationwide are either leveling off or beginning to slowly decline, Rancho Cordova's unemployment saw a continued rise in the fiscal year ended June 30, 2010. The Economic Development Department of the City of Rancho Cordova estimates unemployment to have risen by 9/10 of one percent from July 2009 to June 2010, bringing total unemployment to around 12.6%.

One positive outlook in the unemployment statistics is shown in the number of bulk, large scale layoffs. Appearing to have slowed, the City only saw two in fiscal year 2009/10 as compared to 17 in fiscal year 2008/09. This trend seems to mirror that of the region and nation at large, which may be a sign that the economic downturn is leveling off or even beginning to slowly turn around.



Looking Ahead

The City of Rancho Cordova manages its fiscal environment by prudently planning for the future. Annually adjusting City expenditures to less than projected revenues is the centerpiece of producing balanced budgets. To effectively “see down the road,” the City manages a five year Capital Improvement Projects (CIP) budget in addition to annually projecting General Fund revenues for the coming three years. Our projections have identified several key challenges which include:

- **Declining Assessed Valuation** – property tax revenues are the City's largest source of revenues. The dramatic decline in property values seen over the past few years have led the County

Tax Assessor's office to systematically reduce the assessed valuations of properties throughout the county. This has led to a sharp decline in our property tax revenues. Until the housing market stabilizes and the County Assessor's office ceases automatic rollbacks of assessed valuation, we will continue to experience declining property tax revenues.

- **Revenue Neutrality Payments** to the County – as part of the agreement reached with the County upon City incorporation, we are obligated to share a fixed dollar amount of our property taxes with the County each year through

2027/2028. In a period of declining property values this presents a problem as the payment is growing, but the revenues from which we make the payment are shrinking. Our payment for the next fiscal year increases by \$255,000, yet we are expecting a \$30,000 decline in Property Tax Revenue.

- **Adverse State Fiscal Outlook.** The passage of Proposition 22 in the November 2010 election allowed local governments to breathe a sigh of relief, as it is intended to protect all local government revenues from takings by the State. However, the State is currently facing a \$25 million shortfall and desperate times call for desperate measures. The city continues to closely monitor

the state's solutions to its budget crisis. At a minimum the proposed solutions could present cash flow issues for the City.

While the economy is certainly exerting downward pressure on our outlook, there are a few bright spots.

- The voters of Rancho Cordova approved Measure E in the November 2010 election. As a result, our existing Utility Users Taxes are protected from the threat of litigation due to the technical language in the old ordinance and the new ordinance incorporates new communication technologies. This will result in additional General Fund revenues of up to \$500,000 per year.
- On July 1, 2010 the city welcomed the “finger” area into the city boundaries. Comprised of the area running east of Sunrise from Folsom Blvd. south to Costco, this 1.2 square mile area currently includes 500 businesses, almost no



residents and will provide logical boundaries and additional revenues of approximately \$1 million per year for the City.

Relevant Financial Policies

The City has adopted a comprehensive set of financial policies as guidelines for the budget process. The City's adopted budget document contains a comprehensive listing and explanation of these policies. One of these policies is that all current operating expenditures will be paid for with current revenues. As previously mentioned our results for fiscal year ending June 30, 2010 are consistent with that policy.

The City's reserve policy requires us to maintain an Economic Uncertainty Reserve of at least 20% of operating expenses. This reserve is currently funded at 24% of operating expenditures for fiscal year 2010/11.

Another important policy is that development process costs and related administrative expenses will be totally offset by development fees. The city underwent a fee study in the spring of 2010 which determined that the current building permit processing fees were only recovering 76% of the costs of providing the service. Citywide Goal #7 is to “Improve the Quality of Housing in Rancho Cordova”. Council determined that increasing permit processing costs in this economy would not promote that goal





ADA ramps. Also included are signing and traffic striping, planted raised medians, drainage improvements, traffic signals and lighting improvements, undergrounding of overhead electrical lines and construction of a tie back retaining wall with aesthetic treatment within the limits of work between Mather Field Road and Kilgore Road on Folsom Boulevard. The total project cost for the Folsom Boulevard Streetscape Enhancement Project is approximately \$13,000,000. Funding for this project consists of \$8,900,000 from Federal Grants and \$680,000 from the State Safe Routes to School Program. The remaining balance will be funded from Measure A revenues.

and therefore declined to adjust the building permit processing fee to full cost recovery at this time.

Major Initiatives

The City has many goals and projects planned for the 2010/11 fiscal year, all of which are described in the budget document which can be located on our website at www.cityofranhocordova.org. Some of these projects may either affect the General Fund or be large enough to warrant mention in this letter.

- This year the City purchased property to the east of our existing Kilgore Road building. Purchased several years ago as the location for a police station, the Kilgore Road building is required to have two entrances to serve its intended use. By acquiring the adjacent property we are now able to construct a second entrance and will proceed with remodeling the building to house the Police Department. Construction is expected to be complete in fiscal year 2010/11. The cost of the project is \$6.9 million. We have utilized a variety of funding sources for this project, including remaining bond proceeds from the purchase of the building, grant proceeds and capital reserves. The General Fund will likely contribute up to \$250,000 for this important project.
- The City is also continuing its beautification efforts along Folsom Boulevard. This project will install curb, gutter, sidewalks, bicycle lanes, and

- Construction is expected to begin on an affordable rental housing development behind the former Stagger Inn site.

Named Crossings @ New Rancho, the development project will be fully funded by a creative combination of Recovery Act funding and the California Low Income Housing Tax Credit program. Our goal for this project is to build the most energy efficient, “green”, and progressive affordable housing development in the region and/or state. This project will contribute towards the beautification of the Folsom Boulevard corridor.



Awards and Acknowledgements

The City is a proud recipient of the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for the year ended June 30, 2009. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation of State and local

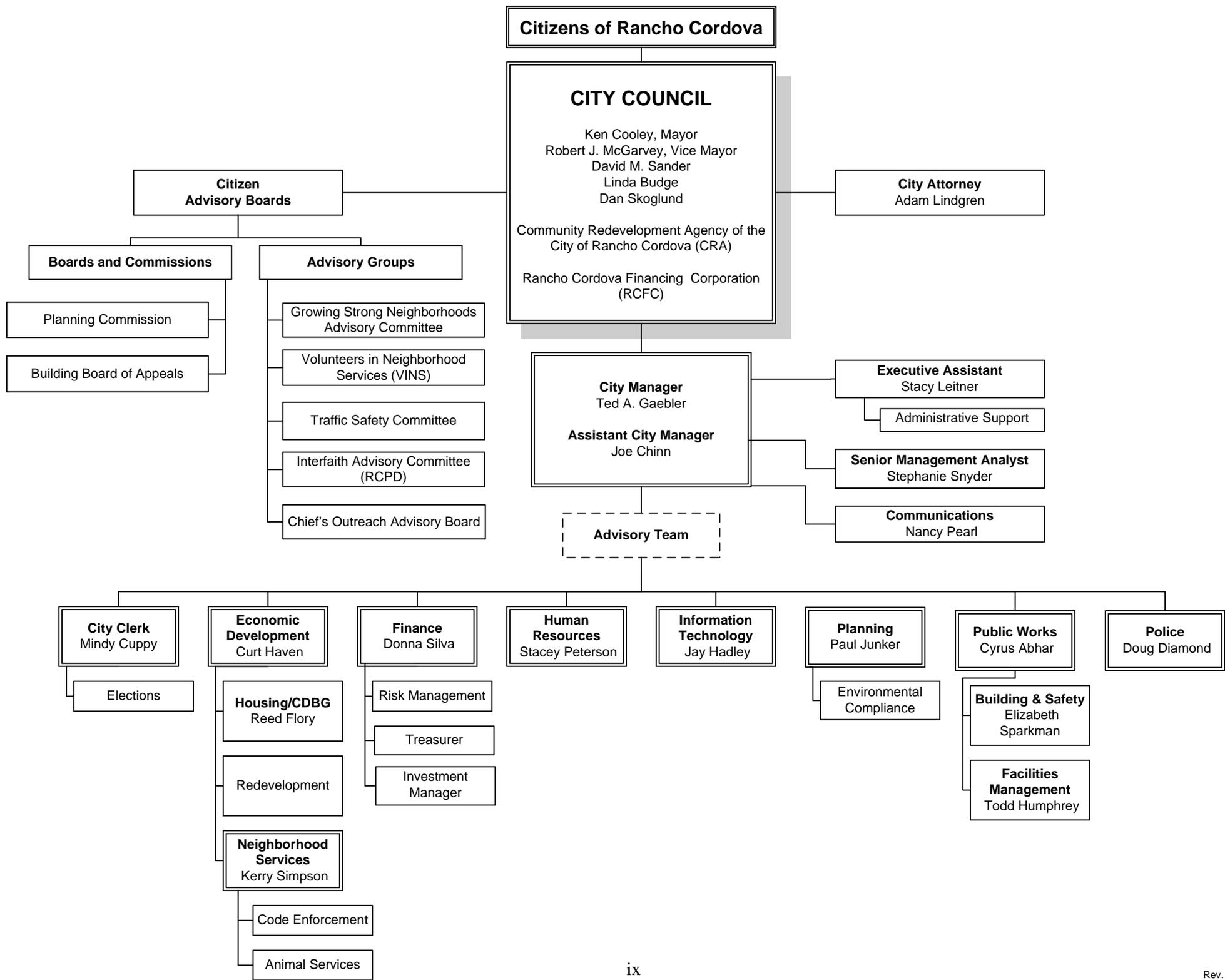
government financial reports. While the certificate is only valid for a period of one year, we believe our current CAFR continues to conform to the requirements and we will be submitting it for continued award consideration.

The preparation and development of this report, and the aforementioned award, would not be possible without the year-round efficiency of the Finance staff and their special efforts. 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's office, 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 black ink, appearing to read "Donna Silva". The signature is fluid and cursive, with a large initial "D" and "S".

Donna Silva, CPA
Finance Director



**CITY OF RANCHO CORDOVA
PRINCIPAL OFFICERS
JUNE 30, 2010**

ELECTED OFFICIALS

Ken Cooley
Mayor

Robert McGarvey
Vice Mayor

Linda Budge
Council Member

Dan Skoglund
Council Member

David Sander
Council Member

EXECUTIVE TEAM

Ted Gaebler
City Manager

Joe Chinn
Assistant City Manager

Adam Lindgren
City Attorney

Mindy Cuppy
City Clerk

Nancy Pearl
Communications Director

Curt Haven
Economic Development Director

Donna Silva
Finance Director

Paul Junker
Planning Director

Doug Diamond
Police Chief

Cyrus Abhar
Public Works Director, Building Official



City of Rancho Cordova Citywide Goals

1. Foster a Positive Image of Rancho Cordova
2. Improve Transportation and Connectivity
3. Champion Employee Development and a High Performance Work Environment
4. Ensure the Availability of the Best Public Services in the Region
5. Establish a Vibrant Downtown
6. Ensure a Safe Community
7. Improve the Quality of Housing in Rancho Cordova
8. Sustain a Livable Community
9. Drive Diverse Economic Opportunities
10. Foster Responsible Citizenship
11. Practice Sound Fiscal Management
12. Establish Logical (City) Boundaries
13. Continue to Provide Regional Leadership

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rancho Cordova
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director

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INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

To the Honorable Mayor and City Council
City of Rancho Cordova, California

We have audited the 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 as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Governmental Auditing Standards* issued by the comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to 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 opinion.

In our opinion, the basic 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, 2010 and the respective changes in the financial position and cash flows, where applicable, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

As described in Note 11, effective in fiscal 2010, the City implemented the provisions of GASB Statement No. 45 Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the table of contents were not audited by us and we do not express an opinion on this information.

Mane and Associates

December 3, 2010

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, 2010. 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 25.

FINANCIAL HIGHLIGHTS

- As of June 30, 2010, total assets of the City exceeded its liabilities by \$360.3 million (*net assets*). Of this amount, \$26.8 million (*unrestricted net assets*) may be used to meet ongoing obligations to citizens and creditors, but is subject to designation for specific City programs; \$59.2 million of the total amount are *restricted net assets* and must be used only for specific purposes. The remaining \$274.3 million is *invested in capital assets, net of related debt*.
- As of June 30, 2010, the City's governmental activities reported combined net assets of \$360.3 million. Of that, \$28.3 million is available to meet the City's current and future needs (*unrestricted net assets*).
- 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 is 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 2010/11 is \$38.7 million, requiring a \$7.7 million reserve at a minimum. In light of the current economic situation, management felt it was appropriate *not to* decrease the reserve amount. Therefore, our current funded reserve is at 24% of the General Fund's operating budget for 2010/11 fiscal year.
- **The City's General Fund reported a surplus of \$236 thousand for the year ending June 30, 2010, creating an ending fund balance of \$26.6 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 the Governmental Accounting Standards Board (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 supplementary information in addition to the basic financial statements themselves.

The 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 GASB. 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 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 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, changes 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** – The 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 26 and 27 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 six major funds:

- General Fund
- Sunrise Douglas Special Revenue Fund
- Traffic Mitigation Special Revenue Fund
- Measure A Fund
- Grants
- Capital Improvements Projects 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 all of its various funds. Budgetary comparison statements for the General Fund and major special revenue funds are included in the Basic Financial Statements.

The governmental fund financial statements can be found on pages 30 and 34 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 44 and 45 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 48.

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 49.

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

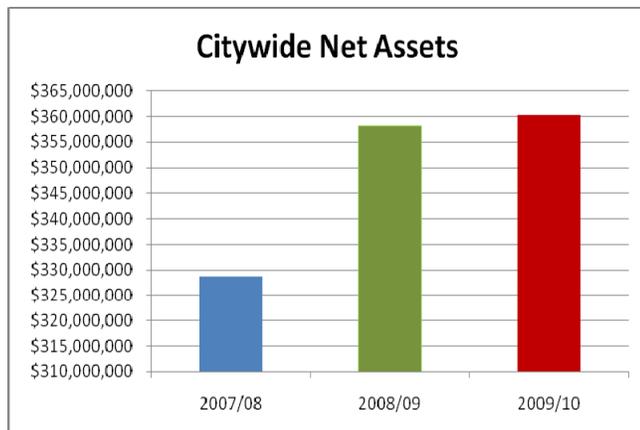
The combining statements referred to earlier in connection with non-major governmental funds are presented for all non-major Special Revenue Funds, non-major Debt Service Funds, major and non-major Capital Project Funds, Internal Service Funds and Fiduciary Funds.

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 143.

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, 2010, total net assets of the City were \$360.3 million which is an increase of \$2.2 million from 2008/09 and an increase of \$31.7 million from 2007/08. The continued increases in net assets each year indicate the City is consistently maintaining or improving its financial position, as illustrated in the chart to the right. 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 \$2.2 million over last year and by \$31.7 million over 2007/08, while business-type activities assets (*exceeding liabilities*) decreased by \$81.7 thousand from last year and decreased by \$119.7 thousand as compared to the 2007/08 fiscal year.

The condensed Statement of Net Assets for the fiscal years ended June 30, 2010, 2009 and 2008, below, 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		
	2009/10	2008/09	2007/08	2009/10	2008/09	2007/08	2009/10	2008/09	2007/08
Current assets	\$ 96,977,339	\$ 101,229,007	\$ 98,420,766	\$ (1,465,656)	\$ (1,395,389)	\$ (1,341,578)	\$ 95,511,683	\$ 99,833,618	\$ 97,079,188
Capital assets	298,557,017	289,720,257	265,058,336	1,477,013	1,489,554	1,470,806	300,034,030	291,209,811	266,529,142
Total Assets	<u>395,534,356</u>	<u>390,949,264</u>	<u>363,479,102</u>	<u>11,357</u>	<u>94,165</u>	<u>129,228</u>	<u>395,545,713</u>	<u>391,043,429</u>	<u>363,608,330</u>
Current liabilities	\$ 11,554,563	\$ 8,436,279	\$ 9,630,924	\$ 5,386	\$ 6,436	\$ 3,605	\$ 11,559,949	\$ 8,442,715	\$ 9,634,529
Long-term liabilities									
outstanding	23,699,411	24,448,164	25,280,010	-	-	-	23,699,411	24,448,164	25,280,010
Total Liabilities	<u>35,253,974</u>	<u>32,884,443</u>	<u>34,910,934</u>	<u>5,386</u>	<u>6,436</u>	<u>3,605</u>	<u>35,259,360</u>	<u>32,890,879</u>	<u>34,914,539</u>
Net Assets:									
Invested in capital,									
net of related debt	\$ 272,812,541	\$ 265,248,656	\$ 242,668,370	\$ 1,477,013	\$ 1,489,554	\$ 1,470,806	\$ 274,289,554	\$ 266,738,210	\$ 244,139,176
Restricted	59,207,574	67,519,112	66,637,771	-	-	-	59,207,574	67,519,112	66,637,771
Unrestricted	28,260,267	25,297,053	19,262,027	(1,471,042)	(1,401,825)	(1,345,183)	26,789,225	23,895,228	17,916,844
Total Net Assets	<u>\$ 360,280,382</u>	<u>\$ 358,064,821</u>	<u>\$ 328,568,168</u>	<u>\$ 5,971</u>	<u>\$ 87,729</u>	<u>\$ 125,623</u>	<u>\$ 360,286,353</u>	<u>\$ 358,152,550</u>	<u>\$ 328,693,791</u>

The City's net assets as of June 30, 2010, 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 \$300.0 million or 75.9%.
- Cash and investments comprised \$81.2 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 3 of the financial statements. To meet current needs, the significant cash and investment reserves provide ongoing operating resources.
- Receivables, totaling \$9.8 million, consist of accounts receivable and monies due from other governments. These are detailed in Note 4 of the financial statements.
- Net assets invested in capital assets, net of related debt (\$274.3 million) represents the City's investment in infrastructure and other capital assets, net of the debt issued to construct or acquire those assets.
- Restricted net assets, totaling \$59.2 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 increased to \$26.8 million.

The following is a condensed Statement of Activities and Changes in Net Assets for the fiscal years ending June 30, 2010, 2009 and 2008:

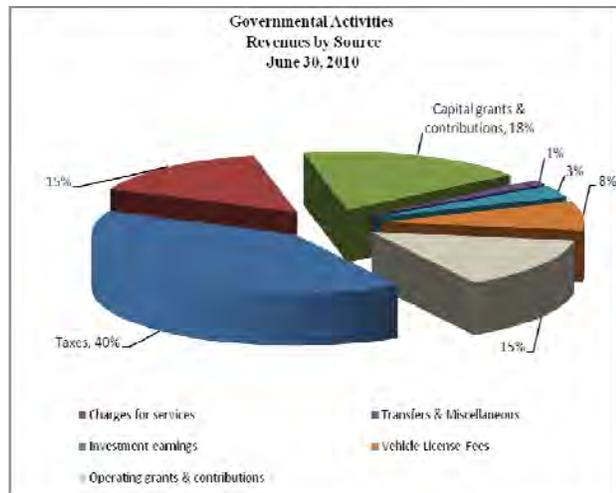
Changes in Net Assets

	Governmental Activities			Business-type Activities			Total		
	2009/10	2008/09	2007/08	2009/10	2008/09	2007/08	2009/10	2008/09	2007/08
Revenues:									
Program Revenues									
Charges for services	\$ 9,168,604	\$ 9,145,082	\$ 22,585,801	\$ 8,000	\$ 48,277	\$ -	\$ 9,176,604	\$ 9,193,359	\$ 22,585,801
Operating grants & contributions	8,816,551	8,976,488	3,578,050	-	-	-	8,816,551	8,976,488	3,578,050
Capital grants & contributions	11,145,048	34,331,931	9,461,811	-	-	-	11,145,048	34,331,931	9,461,811
General Revenues:									
Taxes	29,321,329	31,019,027	32,496,991	-	-	-	29,321,329	31,019,027	32,496,991
Investment Earnings	1,958,977	2,983,325	5,188,665	147	210	120	1,959,124	2,983,535	5,188,785
Transfers	-	-	-	-	-	-	-	-	-
Other	828,474	1,364,550	6,621,970	-	-	-	828,474	1,364,550	6,621,970
Total Revenues	<u>61,238,983</u>	<u>87,820,403</u>	<u>79,933,288</u>	<u>8,147</u>	<u>48,487</u>	<u>120</u>	<u>61,247,130</u>	<u>87,868,890</u>	<u>79,933,408</u>
Expenses:									
General Government	23,975,190	23,835,036	28,454,471	-	-	-	23,975,190	23,835,036	28,454,471
Community Development	6,139,788	6,972,540	7,353,683	-	-	-	6,139,788	6,972,540	7,353,683
Public Safety	15,288,923	16,027,526	15,614,787	-	-	-	15,288,923	16,027,526	15,614,787
Public Works	5,781,813	10,049,574	4,950,568	-	-	-	5,781,813	10,049,574	4,950,568
Interest and fiscal charges	1,384,583	1,439,074	1,563,374	-	-	-	1,384,583	1,439,074	1,563,374
Cemetery	-	-	-	89,905	86,381	71,680	89,905	86,381	71,680
Total Expenses	<u>52,570,297</u>	<u>58,323,750</u>	<u>57,936,883</u>	<u>89,905</u>	<u>86,381</u>	<u>71,680</u>	<u>52,660,202</u>	<u>58,410,131</u>	<u>58,008,563</u>
Increase in Net Assets	<u>8,668,686</u>	<u>29,496,653</u>	<u>21,996,405</u>	<u>(81,758)</u>	<u>(37,894)</u>	<u>(71,560)</u>	<u>8,586,928</u>	<u>29,458,759</u>	<u>21,924,845</u>
Net Assets -- Beginning of Year	<u>351,611,696</u>	<u>328,568,168</u>	<u>306,571,763</u>	<u>87,729</u>	<u>125,623</u>	<u>197,183</u>	<u>351,699,425</u>	<u>328,693,791</u>	<u>306,768,946</u>
Net Assets -- End of Year	<u>\$ 360,280,382</u>	<u>\$ 358,064,821</u>	<u>\$ 328,568,168</u>	<u>\$ 5,971</u>	<u>\$ 87,729</u>	<u>\$ 125,623</u>	<u>\$ 360,286,353</u>	<u>\$ 358,152,550</u>	<u>\$ 328,693,791</u>

REVENUE HIGHLIGHTS

Below is a graphical illustration of total revenues received from the Governmental Activities, as shown in the condensed Statement of Activities and Changes in Net Assets.

In spite of the “official end” of the recession in June 2009, the City’s total revenues decreased by \$26.7 million or 30% from the prior year’s level. While almost all revenue categories were down, the bulk of the dramatic decline was due to the decline in capital grants and contributions from the previous year.



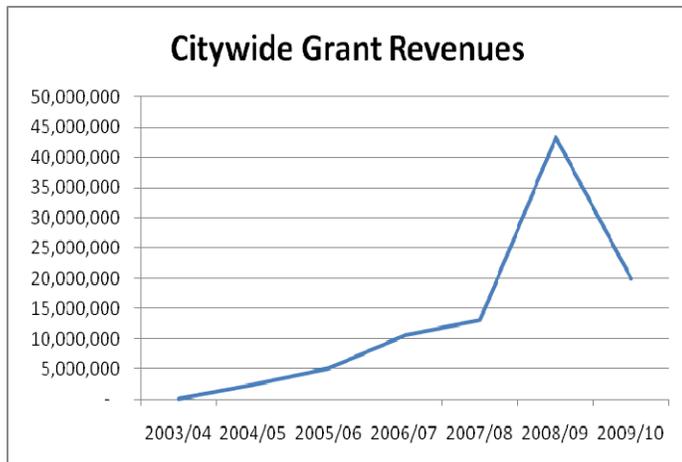
The City is very aggressive in its pursuit of grant revenues. In fact, as illustrated in the Revenues by Source chart above, capital and operating grants together represent almost 33% of the City’s total revenues. Capital grants provide the majority of the funding for our infrastructure projects. For example, in this year grants provided the majority of funding for the work done on the International Drive Extension project, Folsom Blvd and Mather Field Road Enhancement – Phase II, various street rehabilitation projects, and the Folsom Blvd. Traffic Light Synchronization project. The Police Department continues to have multiple Office of Traffic Safety (OTS) grants for various programs, such as, Driving Under the Influence (DUI) Enforcement and Awareness Programs, Traffic Enforcement Program and Occupant Protection, and a Speed, Collision and DUI Reduction Program. The Police Department has also continued

to team up with other agencies to get additional OTS grant funds for programs like the Click It or Ticket program.

Other grant funds the City continues to receive are the Department of Justice Weed and Seed, Community Development Block Grant (CDBG) from the U.S. Department of Housing and Urban Development and the State's Citizens Option for Public Safety Program Funds (COPS). The Weed and Seed program is a five-year grant that brought the City \$150,000 to \$200,000 each year in grant funds. These monies are used to prevent, control, and reduce violent crime, drug abuse, and gang activity in targeted high-crime neighborhoods. However, final funds from the Weed and Seed grant, which has an end date of July 31st, 2010, were expended during the 2009/10 fiscal year. A small portion was carried into the 2010/11 fiscal year. The CDBG program is a program that provides communities with resources for their community development needs. Some of the programs under the CDBG are a Seniors Nutrition Program, Cordova Activities for Kids, Domestic Violence Counseling, and Emergency Housing Repair Loans. The COPS grant provides start up monies for new programs relating to traffic safety and for new police equipment such as radars, tasers and stop sticks. The COPS grant also provided funds for a citation and collision database system.

The majority of the grant revenues the City receives are from reimbursement type grants where costs are incurred up front and then billed to the grantor, usually on a quarterly basis. Grant revenue is recorded when the expenditure is incurred, not when the grant is awarded.

As illustrated in the graph to the right, the City's grant revenues have increased each year, with a high spike last year. Since revenues are recorded based upon expenditures, this indicates there were a lot of projects in progress last year. There were a total of 6 improvement projects in progress last year, and 4 projects in progress this year. With a fewer number of projects completed this year, a lower amount of reimbursements were billed to the



grantees. As previously mentioned, grant revenues are not indicative of the amount of grants awarded. Many of the grants the City receives are multi-year grants that total thousands, even millions. As of the end of fiscal year 2009/10, the total amount of grants awarded was \$22.3 million. Last year this total was \$10.6 million and in fiscal year 2007/08 it was \$10.0 million.

Tax revenues, our second largest revenue category, were down due to decreases in sales tax generating transactions and the continued roll backs in the assessed valuation of real property. While the recession is officially over, it is historically quite common for local government tax revenues to lag behind the economic recovery. In this case of this unique

and severe recession, the recovery is painfully slow. Therefore, the City expects to experience continued declines in property taxes and very slow growth in other taxes as we crawl through the economic recovery.

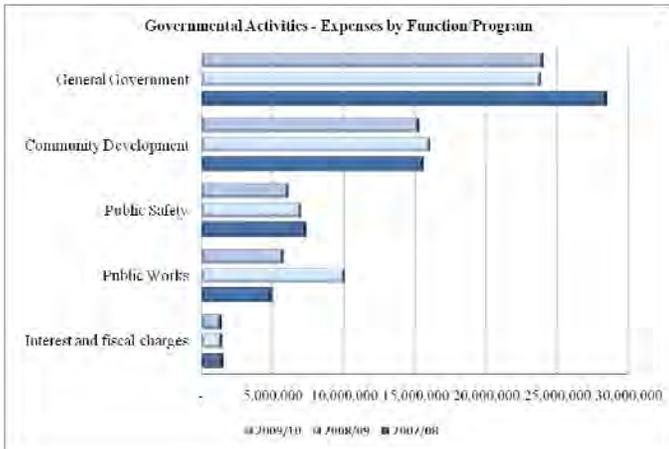
The City’s investment policy places the highest priority on asset safety. This means that the majority of our cash is invested in very secure treasuries and other like instruments. These investments are experiencing record low yields. While the City’s portfolio still contains some long-term investments yielding relatively high interest, the newer investments are causing the overall decline in the amount of revenues generated from our investment portfolio.

The Kilgore Cemetery (the City’s lone business-type activity) remains in its infancy. The City spent the 2007/08 year establishing a partnership with the Fair Oaks Cemetery District and implementing a cemetery data management software system. With this accomplished, the City began selling burial rights to our citizens in September 2008. In fiscal year 2009/10, the City continued to sell burial rights resulting in charges for services in the amount of \$8 thousand. Total expenses exceeded total revenues and will continue to do so until phase 2 of the cemetery expansion is completed. Phase 2 of the expansion will create additional burial plots and associated endowment revenues, which will create the ongoing interest income necessary to provide for the maintenance of the facility. The City is in the process of designing phase 2 and will be bringing the plan to Council for discussion in the next fiscal year.

EXPENSE HIGHLIGHTS

As previously mentioned in the revenue discussion, the Kilgore Cemetery had minimal activity this year. The total expenses of approximately \$90 thousand were primarily on-going maintenance and utility costs.

General Government expenses (\$24 million), comprised 46% of the total, increasing by \$140 thousand from the prior year. Public Works cost has decreased by \$4.3 million, or 42%, driven by a drop in the Measure A funds available for construction projects. Also, the new Measure A formulas have changed resulting in a decline in revenues. The Prop. 42 monies for the fiscal year 2009/10 were obligated but not expended by year



end. They are planned to be expended in the next fiscal year. Public Safety costs decreased by \$739 thousand, or 4.6%, due to some cost savings introduced into the police contract. For example, parking enforcement was brought in house and the City and County are now sharing the cost of the arrestee transportation services. Community Development expenses reduced by 12% from the prior year, again, in response to the recessed economy causing a slowdown in the processing of development projects.

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 six major funds that make up the City's total Governmental Funds are the General Fund, the Sunrise Douglas Special Revenue fund, the Traffic Mitigation Special Revenue fund, Measure A Special Revenue fund, Grants Special Revenue fund and the Capital Improvement Projects fund. All of these funds are included in the City's governmental funds financial statements for fiscal year 2009/10. An analysis of the significant balances and transactions in these funds are to follow.

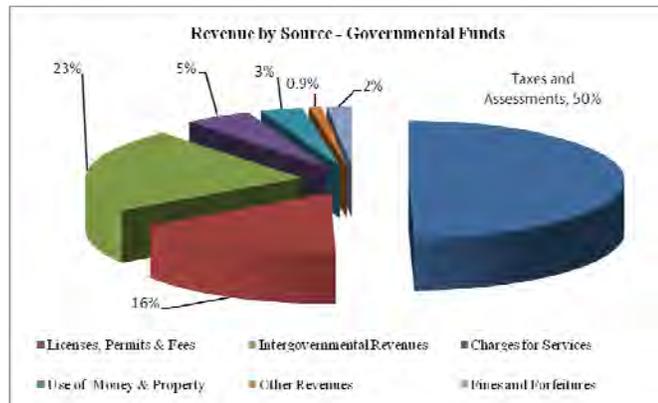
Revenues, Expenditures and Changes in Fund Balances Governmental Funds

	<u>2009/10</u>	<u>2008/09</u>	<u>2007/08</u>
Revenues:			
Taxes and Assessments	\$ 30,133,667	\$ 31,795,690	\$ 32,140,342
Licenses, Permits & Fees	9,719,697	11,606,702	16,406,734
Fines and Forfeitures	1,135,908	777,339	735,999
Use of Money & Property	1,927,424	3,135,499	5,095,186
Intergovernmental Revenues	14,183,280	13,609,918	13,000,346
Charges for Services	3,078,720	4,215,834	5,443,068
Other Revenues	575,108	353,094	1,581,394
Total Revenues	<u>60,753,804</u>	<u>65,494,076</u>	<u>74,403,069</u>
Expenditures:			
General Government	13,780,896	15,117,347	20,729,058
Community Development	6,135,973	6,972,540	7,353,683
Public Safety	15,288,923	16,027,526	15,614,787
Public Works	3,970,479	4,689,463	4,950,568
Debt Service	2,079,950	2,532,505	2,531,128
Capital Outlay	17,962,305	16,370,213	15,697,381
Total Expenditures	<u>59,218,526</u>	<u>61,709,594</u>	<u>66,876,605</u>
Excess (Deficiency) of Revenues over Expenditures	1,535,278	3,784,482	7,526,464
Other Financing Sources (Uses):			
Transfers In	24,838,370	22,288,975	18,212,921
Transfers Out	<u>(25,066,927)</u>	<u>(23,536,456)</u>	<u>(18,712,921)</u>
Total Other Financing Sources (Uses)	<u>(228,557)</u>	<u>(1,247,481)</u>	<u>(500,000)</u>
Net Change in Fund Balances	1,306,721	2,537,001	7,026,464
Fund Balances, beginning of year, as restated (Note 9F)	<u>84,516,953</u>	<u>88,433,077</u>	<u>81,406,613</u>
Fund Balances, end of year	<u>\$ 85,823,674</u>	<u>\$ 90,970,078</u>	<u>\$ 88,433,077</u>

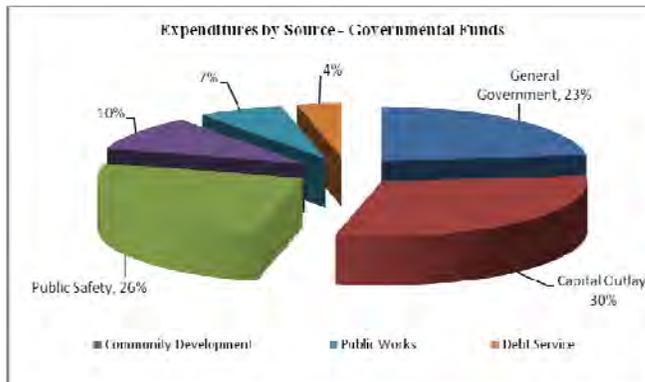
NOTE: The Governmental Funds beginning fund balance amount of \$84.5 million for fiscal year 2009/10 does not match the ending fund balance amount of \$90.9 million for fiscal year 2008/09 due to a fund balance restatement. Please refer to Note 9F in the Notes to the Basic Financial Statement for further explanation of this restatement.

As of the end of fiscal year 2009/10, the City’s governmental funds reported a total combined ending fund balance of \$85.8 million, a net increase of \$1.3 million from the prior year. A balance of \$8.2 million (9.6%) is not available for appropriation because it had already been committed for various purposes (See Note 9 in the Notes to the Basic Financial Statements). The remaining unreserved \$77.6 million is comprised of \$22.2 million in the General Fund, \$1.7 million in the Capital Improvement Project Fund, \$34.3 million in the Major Special Revenue Funds and \$19.4 million in the other Non-Major Governmental Funds. Of the \$26.6 million in the General Fund fund balance, \$9.4 million (35.4%) is designated for the economic uncertainty reserve. With the continued challenges in today’s economy, management is pleased to report the General Fund had a moderate increase of fund balance this year of \$236 thousand. 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 \$1.2 million in support of park and infrastructure improvements. These expenditures will be discussed further in the major fund analysis. The Measure A Fund fund balance had an increase of \$1.5 million from fiscal year 2008/09. Due to new regulations of the fund, the City is receiving monthly allocations of the total amount to be received, in contrast to last fiscal year when the City was on a reimbursement basis. The non-major governmental funds had a decrease of \$615 thousand in fund balance from fiscal year 2008/09. The Very Low Income Housing Fund had a \$789 thousand decrease and the Low/Moderate Income Housing Fund had a \$568 thousand decrease. Both of these decreases were due to paying for a portion of demolishing the Stagger Inn and of the new redevelopment projects, Crossings at New Rancho and the Senior Crossings at New Rancho. In the Community Facilities Fees funds, there was a \$1.0 million decrease in the fund balance. This decrease is due to the purchase of the building at Gold Tailings which will become part of the new Police Station. This decrease is also caused by the decrease in license and permit fees collected due to the recessed housing market.

Overall, as shown in the table on page 12, Governmental Revenues are down almost 7.2% from the prior year. All categories of revenue, with the exception of a minor increase in Charges for Services, are down from the prior year. Taxes and assessments revenues remain to be the largest revenue source at just under 50% of the total revenue. A decline in other taxes of \$543 thousand, such as sales tax, also contributed to the overall decline in tax revenue. Licenses, permits & fee revenues had a decline of \$1.9 million from fiscal year 2008/09. As in past years, this is due to the ongoing slowdown of construction and the resulting decrease in special revenue impact fees. Intergovernmental revenues increased by \$574 thousand largely due to capital improvement projects such as the International Drive Extension project,



Folsom Blvd and Mather Field Road Enhancement – Phase II project, the Street Rehabilitation projects, and the Folsom Blvd. Traffic Light Synchronization project.



In response to these continued revenue declines, the City managed its activities and expenses to produce a corresponding decline in expenditures, largely out of the General Government category. The total cost of all programs and services was \$59.2 million which represented a decrease of \$2.5 million over the prior year. The General Government expenditures

of \$13.8 million include the fiscal year 2009/10 annual property tax obligation due to the County under the Revenue Neutrality Agreement (\$6.5 million this year). The Public Safety component, which includes both Police and Community Prosecutor, was \$15.3 million or 25.8% of total expenditures.

GENERAL FUND FINANCIAL INFORMATION

GENERAL FUND BALANCE SHEET

	Balance Sheet General Fund		
	2009/10	2008/09	2007/08
Assets			
Cash and Investments	18,190,763	20,295,748	18,304,175
Receivables	2,981,956	3,002,874	4,340,504
Due from Other Funds	5,923,971	2,898,208	3,046,528
Advances to Other Funds	4,170,924	4,932,620	5,053,980
Prepays	50,226	60,291	55,402
Total Assets	31,317,840	31,189,741	30,800,589
Liabilities			
Accounts Payable	3,466,680	2,779,256	1,990,647
Accrued Liabilities	217,678	223,464	228,426
Refundable Deposits	971,357	787,598	1,314,031
Due to Other Funds	-	-	-
Advances from Other Funds	-	-	-
Deferred Revenue	24,530	260,590	445,647
Total Liabilities	4,680,245	4,050,908	3,978,751
Fund Balances			
Reserved for:			
Advances to Other Funds	4,170,924	4,932,620	5,053,980
Prepays	50,226	60,291	55,402
Loan Receivable	258,924	228,969	-
Unreserved, Designated for:			
Economic Uncertainties	9,419,717	9,419,717	9,419,717
Unrealized Gains	629,322	629,322	629,322
Unreserved, Undesignated:			
	12,108,482	11,867,914	11,663,417
Total Fund Balances	26,637,595	27,138,833	26,821,838
Total Liabilities and Fund Balances	31,317,840	31,189,741	30,800,589

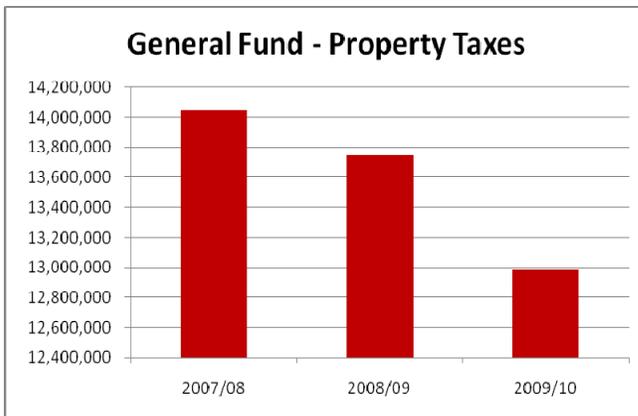
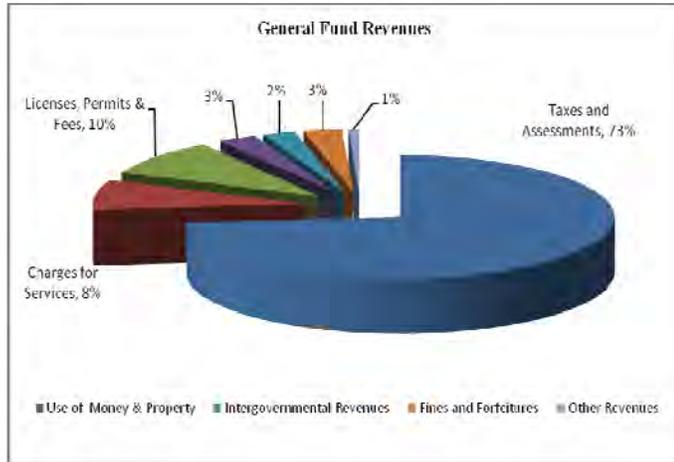
The General Fund is the chief operating fund of the City. Fund balance is shown in three categories, reserved, designated and available (unreserved, undesignated). At the end of fiscal year 2009/10, the total fund balance had increased to \$26.6 million with \$4.4 million reserved, \$9.4 million designated to our economic uncertainty reserve and \$12.7 million available. While the reserve policy only requires a reservation of 20% of the next year's expenditures, and those expenditures have declined, management has declined to reduce the reservation in order to provide an additional cushion through these trying economic times. The current \$9.4 million that is designated for economic uncertainty is 24% of the General Fund operating budget for fiscal year 2010/11. Total unreserved, and undesignated fund balance is \$12.1 million, up \$241 thousand from the prior year.

For the fiscal year ended June 30, 2010, cash and investments were \$18.2 million; other assets were \$13.1 million while overall assets were \$31.3 million. Liabilities included accounts payable of \$3.5 million due mainly to contract service companies. Other liabilities include deposits payable of \$971 thousand which consists of deposits by developers to cover the cost of processing their development plans.

GENERAL FUND REVENUE AND EXPENDITURES

Revenues, Expenditures and Changes in Fund Balances			
General Fund			
	<u>2009/10</u>	<u>2008/09</u>	<u>2007/08</u>
Revenues:			
Taxes and Assessments	\$ 26,982,131	\$ 28,059,322	\$ 28,863,869
Licenses, Permits & Fees	3,519,432	3,393,123	3,791,783
Fines and Forfeitures	1,063,016	668,109	671,907
Use of Money & Property	1,068,991	1,641,311	2,593,488
Intergovernmental Revenues	911,307	1,237,574	1,364,640
Charges for Services	2,908,646	4,204,001	5,415,270
Other Revenues	291,588	338,707	141,543
Total Revenues	<u>36,745,111</u>	<u>39,542,147</u>	<u>42,842,500</u>
Expenditures:			
General Government	12,851,281	12,896,113	13,116,880
Community Development	4,916,712	5,628,342	7,022,819
Public Safety	15,108,811	15,868,172	15,229,329
Public Works	2,347,855	2,346,801	2,981,825
Debt Service	-	430,972	456,677
Capital Outlay	529,681	763,375	797,580
Total Expenditures	<u>35,754,340</u>	<u>37,933,775</u>	<u>39,605,110</u>
Excess (Deficiency) of Revenues over Expenditures	990,771	1,608,372	3,237,390
Other Financing Sources (Uses):			
Transfers In	746,412	662,853	152,734
Transfers Out	<u>(1,500,701)</u>	<u>(1,954,230)</u>	<u>(2,389,896)</u>
Total Other Financing Sources (Uses)	<u>(754,289)</u>	<u>(1,291,377)</u>	<u>(2,237,162)</u>
Net Change in Fund Balances	236,482	316,995	1,000,228
Fund Balances, beginning of year, as restated (Note 9F)	<u>26,401,113</u>	<u>26,821,838</u>	<u>25,821,610</u>
Fund Balances, end of year	<u>\$ 26,637,595</u>	<u>\$ 27,138,833</u>	<u>\$ 26,821,838</u>

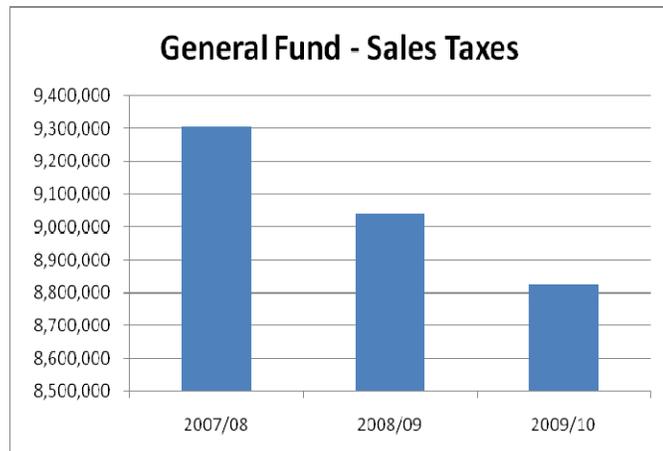
The majority of General Fund Revenues comes from Taxes (73.4%). These Taxes consist of Property Tax, including Motor Vehicle in Lieu of Property Tax, Sales Tax, Transient Occupancy Tax, Utility Users Tax, Property Transfer Tax and Police Tax. As anticipated, this category experienced a slight decline due to the recession.



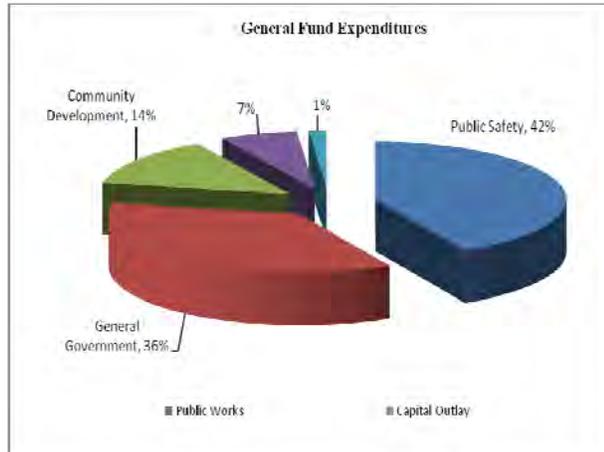
Property tax revenues continued to decline due to lower assessed value and the lack of growth. The County of Sacramento continues to process systemic roll backs of assessed valuation under Proposition 8. Until that process is complete, the City expects to continue to see declining property tax revenues.

Charges for Services (7.9%) consist primarily of cost recovery revenue for City provided services and declined by 31% from the prior year, due to the continued decline in development activity. Licenses, Permits and Fees increased to 9.6% of total general fund revenues, the largest share of which is Building Permits at \$1.6 million for fiscal year 2009/10.

Sales tax revenues are down again this year by \$216 thousand as compared to the 2008/09 fiscal year and are down by \$480 thousand as compared to 2007/08 fiscal year. This is a result from the recent recession and the slow recovery of the economy. Sales tax revenues believe to have hit their low point in this fiscal year and the City expects to see, at a minimum, stabilization and modest growth as a maximum in the next year.



The single most significant cost to the General Fund is Public Safety at \$15.1 million. The City contracts with the Sacramento County Sheriff's Department for law enforcement. There was a 4.6% decrease in the service contract for law enforcement in the fiscal year 2009/10 partly due to lower than expected insurance premiums (\$105 thousand). Also, we brought parking enforcement in house saving about \$20 thousand. Other decreases in the service contract were



having fewer cases requiring less evidence storage and sharing with the County the costs of arrestee transportation services. There was also a savings in the service contract due to the vacancy in the Police Chief's position for about 4 months and in a lieutenant position. General Government expenditures were \$12.9 million, and include the following departments: City Council, Advisory Boards, City Attorney, City Manager, City Clerk, Public Information Office (PIO), Human Resources, Administrative Support, Finance, and Information Technology. Community Development, consisting of Economic Development, Facilities Management, Planning, Building & Safety and Neighborhood Services expended \$4.9 million. Public Works General Fund expenditures were \$2.3 million, with the major expenditures being accounting for in Special Revenue funds. Capital Outlay expenditures were \$530 thousand. The City management continues to proactively manage our activities and our expenses to match our available revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City had one amendment to its budget during the year due to increased revenue in the Rental Housing fund. Revenues in this fund are transferred out in their entirety to the General Fund to offset the cost of the Rental Housing Inspection program. Since the revenues were higher than anticipated, the transfer out/in budgets needed adjustment.

General Fund Budgetary Highlights					Percent
	Original Budget	Final Budget	Actual	Variance	Variance with Final Budget
Revenues:					
Taxes and Assessments	\$ 27,228,000	\$ 27,228,000	\$ 26,982,131	\$ (245,869)	-0.9%
Licenses, Permits & Fees	3,097,900	3,097,900	3,519,432	\$ 421,532	13.6%
Fines and Forfeitures	826,800	826,800	1,063,016	\$ 236,216	28.6%
Use of Money & Property	1,095,700	1,095,700	1,068,991	\$ (26,709)	-2.4%
Intergovernmental Revenues	754,000	754,000	911,307	\$ 157,307	20.9%
Charges for Services	4,478,900	4,478,900	2,908,646	\$ (1,570,254)	-35.1%
Other Revenues and Transfers	1,222,600	1,242,600	1,038,000	\$ (204,600)	-16.5%
Total Revenues	38,703,900	38,723,900	37,491,523	(1,232,377)	-3.2%
Expenditures					
General Government	13,139,800	13,139,800	12,851,281	(288,519)	-2.2%
Community Development	5,015,500	5,015,500	4,916,712	(98,788)	-2.0%
Public Safety	15,644,700	15,644,700	15,108,811	(535,889)	-3.4%
Public Works	3,981,500	3,981,500	2,347,855	(1,633,645)	-41.0%
Capital Outlay	157,600	157,600	529,681	372,081	236.1%
Transfers Out	759,600	759,600	1,500,701	741,101	97.6%
Total Expenditures	38,698,700	38,698,700	37,255,041	(1,443,659)	-3.7%
Excess/(Deficiency) of					
Revenues over Expenditures	\$ 5,200	\$ 25,200	\$ 236,482		

Overall, the revenue budget came close to the mark with a variance of only 3.2% from actual. Higher than anticipated Licenses, Permits and Fees as well as Fine and Intergovernmental revenues offset lower than expected Charges for Services and other revenues.

Licenses, Permits and Fees were higher than expected for two reasons. First, Metro Cable typically is very conservative in their estimate of cable franchise revenues and again this year the actual revenues from this source exceeded their estimate by about \$185 thousand. Second, residential building permit revenues exceeded our projections by about \$295 thousand. \$160 thousand of this was from the receipt from a developer of prior year permit under payments (correction of an error) and the remainder was due to conservative budgeting (the actual number of permits issued exceeded our expectations).

Fine revenues were significantly greater than expected. About half of the increase was due to activities in the Code Enforcement division. Because the collection of Code Enforcement fines is highly uncertain, the City only recognizes this revenue when received, not when assessed. Increased collection efforts undertaken by the Code Enforcement and Finance departments resulted in this revenue increase. The other half of the increase was due to larger than anticipated revenues from the court system, i.e. ticketing revenue.

The sharp decline in Charges for Services, which is where costs are recouped for development activity, indicates that development projects did not progress as rapidly as we had planned in the budget. This revenue source is caused by the level of reimbursable expenditures incurred, so declines in the revenue are naturally offset by a decline in expenditures.

The City was able to manage its General Fund expenditure activity to produce actual expenditures that were 3.7% less than the budget. While the budget had anticipated a net increase of only \$5 thousand to net assets, due to trimming expenses more than the decline in revenues, the City experienced an actual increase in net assets of \$236 thousand. This was partly due to reduced costs from Community Development and Public Works, for the processing of development related activities.

The City utilizes on-call contracts for much of the development-related activities. We budget for a certain level of this type of activity and, if the level is lower than budgeted, we realize cost savings. This happens routinely so as to avoid many budget amendments during the year. The contracts are budgeted as an expense and the related Public Works cost recovery is recorded as revenue. The budgeted expense for consultants was \$1.3 million with actual expenses of \$207 thousand. The Public Works staff cost recovery (\$275 thousand) is also less than budgeted (\$1.3 million). These numbers are budgeted assuming full staffing and certain levels of cost recovery work available. The Public Works department had 1 Senior Account position vacant the entire year. This mix of on-call consultants and in-house staffing allows the City the flexibility it needs in order to ensure expenses track revenues. The absence of General Fund deficits attests to the success of this model.

FINANCIAL ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

Five major funds, in addition to the General Fund, were included in the City's governmental fund statements for fiscal year 2009/10. 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 \$3.0 million and interest earnings of \$207 thousand. Expenditures this year included developer fee credits of \$1.0 million. The City's capital improvement projects, recorded in the Capital Improvements Project Fund, were funded by the transfers out of \$3.1 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 \$1.6 million and interest earnings of \$289 thousand. Expenditures this year included a \$2.3 million transfer to the Capital Improvements Project Fund.

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 went 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 \$4.8 million in Measure A revenues, of which \$3.28 million was from the New Measure A funds. The City expended \$807 thousand on maintenance and \$2.5 million in capital improvement projects such as the International Drive Extension project and various other improvement projects.

Grants Fund – The City received grant funds from federal, state, and local governmental entities for operating and maintenance expenses and capital projects. This fund accounts for the revenues and expenditures related to those grants.

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 2009/10, most of the projects tracked in this fund are Public Works infrastructure projects, with the exception of two projects for Housing.

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. Some of these funds are as follows:

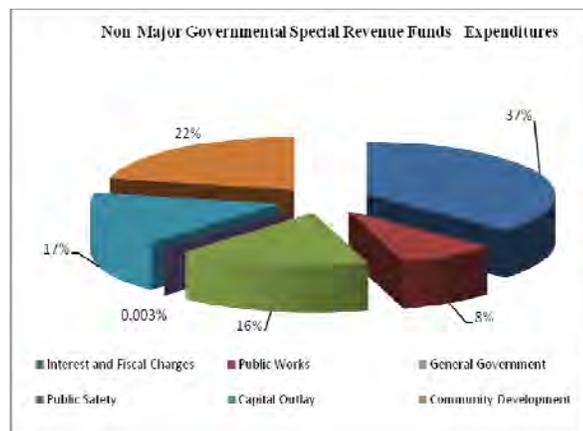
Gas Tax Fund – The Gas Tax revenue is generated from the per gallon state tax on fuel used in a motor vehicle or aircraft. These funds can be used for construction, improvements, studies and/or maintenance of public streets. The funds received in fiscal year 2009/10 were \$1.1 million. Public Works capital improvement projects funded by the Gas Tax Fund expended \$1.1 million of the total Gas Tax monies available, resulting in a fund balance of \$3.8 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. During fiscal year 2009/10, \$900 thousand was collected in impact fees. Expenditures in the amount of \$546 thousand were for a portion of the total purchase of the new police building. Transfers out of \$1.3 million were made to support debt service payments on City Hall and the Kilgore building.

The following graph provides the makeup of the revenues associated with all Non-Major Governmental Special Revenue Funds.



The following graph provides the makeup of the 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
For the fiscal years ending June 30, 2010, 2009, 2008

	Governmental Activities			Business Activities			Total		
	2009/10	2008/09	2007/08	2009/10	2008/09	2007/08	2009/10	2008/09	2007/08
Land	\$ 8,536,325	\$ 8,113,183	\$ 7,720,792	\$ 225,000	\$ 225,000	\$ 225,000	\$ 8,761,325	\$ 8,338,183	\$ 7,945,792
Construction in progress	44,810,296	37,302,683	34,375,843	142,600	123,200	78,728	44,952,896	37,425,883	34,454,571
Infrastructure	290,018,956	280,342,009	251,016,380	-	-	-	290,018,956	280,342,009	251,016,380
Building & Improvements	21,933,057	21,141,187	21,032,952	1,197,003	1,197,003	1,197,003	23,130,060	22,338,190	22,229,955
Equipment	3,314,107	3,074,050	2,460,157	6,049	6,049	-	3,320,156	3,080,099	2,460,157
Accumulated Depreciation	(70,055,724)	(60,252,855)	(51,547,788)	(93,639)	(61,698)	(29,925)	(70,149,363)	(60,314,553)	(51,577,713)
Total	\$ 298,557,017	\$ 289,720,257	\$ 265,058,336	\$ 1,477,013	\$ 1,489,554	\$ 1,470,806	\$ 300,034,030	\$ 291,209,811	\$ 266,529,142

The City's investment in capital assets includes land, infrastructure, building and improvements, equipment and construction in progress. The City completed 5 capital improvement projects this year, contributing to the increase in infrastructure assets of \$9.7 million, and removing \$6.6 million from construction in progress. Activities from new and ongoing projects resulted in the addition of \$14.1 million to construction in progress this year. Additional information on our capital assets and depreciation can be found in Note 6 of the financial statements.

Debt

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

Long-Term Debt
For the fiscal years ending June 30, 2010, 2009, 2008

	Governmental Activities			Business Activities			Total		
	2009/10	2008/09	2007/08	2009/10	2008/09	2007/08	2009/10	2008/09	2007/08
Compensated Absences	\$ 626,745	\$ 529,254	\$ 516,632	\$ -	\$ -	\$ -	\$ 626,745	\$ 529,254	\$ 516,632
County Debt	-	-	423,011	-	-	-	-	-	423,011
Certificates of Participation	24,865,000	25,590,000	26,285,000	-	-	-	24,865,000	25,590,000	26,285,000
Less deferred amount on refunding	(102,228)	(106,387)	(110,546)	-	-	-	(102,228)	(106,387)	(110,546)
Issuance discounts	(298,361)	(310,449)	(322,537)	-	-	-	(298,361)	(310,449)	(322,537)
Total	\$25,091,156	\$25,702,418	\$26,791,560	\$ -	\$ -	\$ -	\$25,091,156	\$25,702,418	\$26,791,560

The City did not issue new debt this year.

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 Financing 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 7 & 8 of the financial statements. The compensated absences description can be found in Note 1F of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's primary revenue sources are all affected by the economy and by 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.

Although the recession is technically over, improvements in the economy are not expected to be seen for several years to come. The economy in California is expected to have a much slower recovery than the rest of the nation. While the national unemployment rates is about 9% to 9.5%. California's unemployment rates are 12% to 12.4%, and are not expected to come down anytime soon. The local area sales tax revenue is believed to have hit its bottom; however, sales tax revenues are not expected to dramatically increase any time soon.

Property tax revenues are expected to continue to decline in fiscal year 2010/11. With the continued decline in property values and the increasing foreclosure rates, the County of Sacramento will be continuing the roll backs in assessed property values. It is expected the City will see a decline of about 6% from the previous year.

On a brighter side, effective July 1st, 2010, the City has annexed into the City a revenue rich area that consists of 768 commercial, industrial, employment intensive and uninhabited acres. The annexation area, defined as the area south of highway 50 and east of Sunrise Boulevard, is expected to generate an additional \$1.0 million in the General Fund for the fiscal year 2010/11. While the County will retain 100% of the Property Taxes generated in this area, the tax sharing agreement between the City and the County allows for the City to retain 25% of sales taxes, transient occupancy taxes, and utility users taxes, after first recovering the costs of providing services to this area. These new revenues will completely offset the loss of our temporary seven-year increase in vehicle license fees granted to us upon incorporation in fiscal year 2003/04 and will provide additional revenues to help us improve the quality of life in Rancho Cordova.

Also, the voters of Rancho Cordova approved Measure E in the November 2010 elections. With this measure being approved, the current Utility User Tax (UUT) will be expanded to include new and various other forms of communications, including cell phones. This change could generate up to an additional half million dollars per year of new revenues into the General Fund.

As with all local governments, we are heavily affected and have deep concern with the continued California state budget crisis. The passage of Proposition 22 in the November 2010 election prohibits the state, even during a period of severe financial hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local

government projects and services. However, the state budget crisis is so severe that they may find new creative solutions that could threaten our fiscal outlook. Management will continue to watch closely the developments and decisions proposed and made in regards to the state's budget.

In spite of the recession and slow recovery, the City of Rancho Cordova remains fiscally strong. We have a fully funded economic uncertainty reserve, in excess of the minimum level set by our City Council. 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 year, we anticipate continued declines in property tax revenues, slight increases to sales tax and transient occupancy tax and for charges for services to remain at their current levels. With that said, the recession has resulted in an internal team focused on finding innovative ways of generating new revenues, honing our administrative processes and revisiting our comprehensive fee schedule to ensure that our fees are set at the proper cost-recovery levels. This team will continue with its efforts into the next year to 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.

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CITY OF RANCHO CORDOVA

**STATEMENT OF NET ASSETS AND
STATEMENT OF ACTIVITIES**

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these are followed by a total column which presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net assets. It presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the Rancho Cordova Redevelopment Agency and the Rancho Cordova Financing Corporation, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for their activities.

CITY OF RANCHO CORDOVA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	\$81,147,399	\$9,416	\$81,156,815
Restricted cash and investments with fiscal agent (Note 3)	2,703,616		2,703,616
Receivables:			
Accounts, net (Note 4)	680,518		680,518
Interest	33,983	2	33,985
Due from other governments (Note 4)	8,705,844		8,705,844
Loans	426,853		426,853
Other (Note 4)	414,082		414,082
Internal balances (Note 5)	1,475,074	(1,475,074)	
Prepays	715,676		715,676
Bond issuance costs, net of amortization	674,294		674,294
Capital assets (Note 6):			
Nondepreciable	53,346,621	367,600	53,714,221
Depreciable, net	245,210,396	1,109,413	246,319,809
Total Assets	395,534,356	11,357	395,545,713
LIABILITIES			
Accounts payable and accrued liabilities	8,058,301	5,386	8,063,687
Interest payable	474,730		474,730
Refundable deposits	978,485		978,485
Unearned revenue	651,302		651,302
Compensated absences (Note 1F):			
Due within one year	481,001		481,001
Due in more than one year	145,744		145,744
Long-term debt (Note 7):			
Due within one year	765,000		765,000
Due in more than one year	23,699,411		23,699,411
Total Liabilities	35,253,974	5,386	35,259,360
NET ASSETS (Note 9)			
Invested in capital assets, net of related debt	272,812,541	1,477,013	274,289,554
Restricted for:			
Debt service	2,703,706		2,703,706
Low and moderate income housing	352,359		352,359
Sunrise Douglas development	13,510,505		13,510,505
Traffic Mitigation	19,549,074		19,549,074
Community facilities	4,916,545		4,916,545
Park development	2,017,366		2,017,366
Villages of Zinfandel development	458,758		458,758
Mather Field traffic	1,003,883		1,003,883
Transit related services	202,773		202,773
Grant-funded projects	94,206		94,206
Asset forfeiture	29,093		29,093
Community development	58,278		58,278
Road improvements	10,316,405		10,316,405
Landscape and lighting	2,231,298		2,231,298
Measure A funds	1,168,822		1,168,822
Prop 42 funds	594,503		594,503
Total Restricted Net Assets	59,207,574		59,207,574
Unrestricted (Deficit)	28,260,267	(1,471,042)	26,789,225
Total Net Assets	\$360,280,382	\$5,971	\$360,286,353

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

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
Primary Government:							
Governmental Activities:							
General Government	\$23,975,190	\$723,545		\$709,260	(\$22,542,385)		(\$22,542,385)
Community Development	6,139,788	2,800,846	\$1,050	516,742	(2,821,150)		(2,821,150)
Public Safety	15,288,923	2,054,171	413,590		(12,821,162)		(12,821,162)
Public Works	5,781,813	3,590,042	8,401,911	9,919,046	16,129,186		16,129,186
Interest on long-term debt	1,384,583				(1,384,583)		(1,384,583)
Total Governmental Activities	52,570,297	9,168,604	8,816,551	11,145,048	(23,440,094)		(23,440,094)
Business-type Activities:							
Cemetery	89,905	8,000				(\$81,905)	(81,905)
Total Business-type Activities	89,905	8,000				(81,905)	(81,905)
Total Primary Government	\$52,660,202	\$9,176,604	\$8,816,551	\$11,145,048	(23,440,094)	(81,905)	(23,521,999)
General revenues:							
Taxes:							
Property taxes					9,970,988		9,970,988
Property taxes in lieu of vehicle license fees					4,881,275		4,881,275
Sales taxes					8,824,813		8,824,813
Transient occupancy					1,821,607		1,821,607
Utility user taxes					2,177,275		2,177,275
Other taxes					1,645,371		1,645,371
Use of money and property					1,958,977	147	1,959,124
Other					828,474		828,474
Total general revenues					32,108,780	147	32,108,927
Change in Net Assets					8,668,686	(81,758)	8,586,928
Net Assets-Beginning, as Restated (Note 9F)					351,611,696	87,729	351,699,425
Net Assets -Ending					\$360,280,382	\$5,971	\$360,286,353

See accompanying notes to financial statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year. The funds described below were determined to be Major Governmental Funds by the City for fiscal 2010. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds, and the related expenditures. The major revenue sources for this Fund are property taxes, sales taxes, utility users tax, franchise fees, business licenses, unrestricted revenues from the State, fines and forfeitures and interest income. Expenditures are made for community development, public safety, public works, and the other services described above.

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.

MEASURE A SPECIAL REVENUE FUND

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

GRANTS SPECIAL REVENUE FUND

Accounts for grant monies awarded to the City.

CAPITAL IMPROVEMENT PROJECTS CAPITAL PROJECTS FUND

Used to account for financial resources for the acquisition or construction of major capital facilities.

CITY OF RANCHO CORDOVA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010

	General Fund	Sunrise Douglas	Traffic Mitigation	Measure A	Grants
ASSETS					
Cash and investments	\$18,190,763	\$13,517,102	\$19,548,689	\$857,054	\$196,255
Restricted cash and investments with fiscal agent					
Receivables:					
Accounts, net	469,769		163,979		
Interest	15,573	3,403	4,773		
Other	414,082				
Due from other governmental agencies	1,823,608			3,193,539	2,777,499
Loans	258,924				
Due from other funds	5,923,971				
Advances to other funds	4,170,924				
Prepays	50,226				
	<u>31,317,840</u>	<u>13,520,505</u>	<u>19,717,441</u>	<u>4,050,593</u>	<u>2,973,754</u>
Total Assets					
LIABILITIES					
Accounts payable	\$3,466,680	\$10,000	\$4,388	\$160,733	\$82,770
Accrued liabilities	217,678				
Refundable deposits	971,357				
Due to other funds				2,721,038	2,796,778
Advances from other funds					
Deferred revenue	24,530		163,979		
	<u>4,680,245</u>	<u>10,000</u>	<u>168,367</u>	<u>2,881,771</u>	<u>2,879,548</u>
Total Liabilities					
FUND BALANCES					
Fund balance					
Reserved for:					
Advances to other funds	4,170,924				
Prepays	50,226				
Low and moderate income housing					
Debt service					
Loans receivable	258,924				
Unreserved, designated for:					
Economic uncertainties	9,419,717				
Unrealized gains	629,322				
Projects, reported in:					
Special Revenue Funds				1,168,822	
Capital Projects Funds					
Unreserved, Undesignated, Reported in:					
General Fund	12,108,482				
Special Revenue Funds		13,510,505	19,549,074		94,206
Capital Projects Funds					
	<u>26,637,595</u>	<u>13,510,505</u>	<u>19,549,074</u>	<u>1,168,822</u>	<u>94,206</u>
Total Fund Balances (Deficits)					
Total Liabilities and Fund Balances	<u>\$31,317,840</u>	<u>\$13,520,505</u>	<u>\$19,717,441</u>	<u>\$4,050,593</u>	<u>\$2,973,754</u>

See accompanying notes to financial statements

<u>Capital Improvement Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$3,290,457	\$22,877,508	\$78,477,828
	2,703,616	2,703,616
	46,770	680,518
	9,760	33,509
		414,082
	911,198	8,705,844
	167,929	426,853
	22,432	5,946,403
		4,170,924
<u>440,000</u>	<u>225,450</u>	<u>715,676</u>
<u>\$3,730,457</u>	<u>\$26,964,663</u>	<u>\$102,275,253</u>
\$1,571,107	\$590,586	\$5,886,264
		217,678
	7,128	978,485
	428,587	5,946,403
	2,695,850	2,695,850
	538,390	726,899
<u>1,571,107</u>	<u>4,260,541</u>	<u>16,451,579</u>
440,000	225,450	4,170,924
	352,359	715,676
	2,703,706	352,359
		2,703,706
		258,924
		9,419,717
		629,322
		1,168,822
	446,185	446,185
		12,108,482
	18,976,422	52,130,207
<u>1,719,350</u>	<u>18,976,422</u>	<u>1,719,350</u>
<u>2,159,350</u>	<u>22,704,122</u>	<u>85,823,674</u>
<u>\$3,730,457</u>	<u>\$26,964,663</u>	<u>\$102,275,253</u>

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CITY OF RANCHO CORDOVA
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET ASSETS
 JUNE 30, 2010

Total fund balances reported on the governmental funds balance sheet \$85,823,674

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 298,557,017

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance, vehicle and equipment replacement, and technology enhancement and replacement to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Assets.

Cash and investments 2,669,571
 Interest receivable 474

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 75,597

LONG TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Bond issuance costs 674,294
 Accounts payable and accrued liabilities (1,954,359)
 Interest payable (474,730)
 Long-term debt (24,464,411)
 Governmental activities portion of compensated absences (626,745)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$360,280,382

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

	General	Sunrise Douglas	Traffic Mitigation	Measure A	Grants
REVENUES					
Property taxes	\$12,988,381				
Sales taxes	8,824,813				
Utility user taxes	2,177,275				
Other taxes	2,991,662				
Charges for services	2,908,646				
Licenses, permits and fees	3,519,432	\$2,970,836	\$1,553,876		
Fines, forfeitures and penalties	1,063,016				
Intergovernmental	911,307			\$4,804,972	\$4,160,802
Use of money and property	1,068,991	207,008	289,142	954	168
Other	291,588				
Total Revenues	36,745,111	3,177,844	1,843,018	4,805,926	4,160,970
EXPENDITURES					
Current:					
General Government	12,851,281				
Community Development	4,916,712				
Public Safety	15,108,811				179,968
Public Works	2,347,855	218,901	51,504	806,749	70,689
Capital outlay	529,681	1,072,898			56,049
Debt service:					
Principal					
Interest and fiscal charges					
Total Expenditures	35,754,340	1,291,799	51,504	806,749	306,706
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	990,771	1,886,045	1,791,514	3,999,177	3,854,264
OTHER FINANCING SOURCES (USES)					
Transfers in	746,412			246,279	833,501
Transfers (out)	(1,500,701)	(3,077,612)	(2,333,018)	(2,722,032)	(4,694,677)
Total Other Financing Sources (Uses)	(754,289)	(3,077,612)	(2,333,018)	(2,475,753)	(3,861,176)
NET CHANGE IN FUND BALANCES	236,482	(1,191,567)	(541,504)	1,523,424	(6,912)
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED (Note 9F)	26,401,113	14,702,072	20,090,578	(354,602)	101,118
ENDING FUND BALANCES (DEFICITS)	\$26,637,595	\$13,510,505	\$19,549,074	\$1,168,822	\$94,206

See accompanying notes to financial statements

<u>Capital Improvement Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	\$3,124,006	\$16,112,387
		8,824,813
		2,177,275
	27,530	3,019,192
\$156,174	13,900	3,078,720
	1,675,553	9,719,697
	72,892	1,135,908
	4,306,199	14,183,280
	361,161	1,927,424
<u>283,170</u>	<u>350</u>	<u>575,108</u>
<u>439,344</u>	<u>9,581,591</u>	<u>60,753,804</u>
	929,615	13,780,896
	1,219,261	6,135,973
	144	15,288,923
	474,781	3,970,479
15,368,013	935,664	17,962,305
	725,000	725,000
	<u>1,354,950</u>	<u>1,354,950</u>
<u>15,368,013</u>	<u>5,639,415</u>	<u>59,218,526</u>
<u>(14,928,669)</u>	<u>3,942,176</u>	<u>1,535,278</u>
18,348,036	4,664,142	24,838,370
<u>(1,517,781)</u>	<u>(9,221,106)</u>	<u>(25,066,927)</u>
<u>16,830,255</u>	<u>(4,556,964)</u>	<u>(228,557)</u>
1,901,586	(614,788)	1,306,721
<u>257,764</u>	<u>23,318,910</u>	<u>84,516,953</u>
<u>\$2,159,350</u>	<u>\$22,704,122</u>	<u>\$85,823,674</u>

CITY OF RANCHO CORDOVA
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$1,306,721

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds include capital outlays in departmental expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.
The capital outlay expenditures are therefore added back to fund balance 18,116,525
Developer fee credits for capital additions not yet issued are deducted from fund balance (1,954,359)
Retirements are deducted from the fund balance. (15,010)
Depreciation expense is deducted from the fund balance (9,802,869)
Contributions of infrastructure and improvements by Developers are capitalized in the Statement of Activities, but are not recorded in the Fund Statements because no cash changed hands 538,114

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.
Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.
Repayment of debt principal is added back to fund balance 725,000
Amortization of deferred amount on refunding and issuance discounts is deducted from fund balance (16,247)

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):
Bond issuance costs (27,269)
Interest payable 13,883
Deferred revenue (84,488)
Compensated absences (97,491)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds.
The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.
Change in Net Assets - All Internal Service Funds (33,824)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$8,668,686

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$13,161,000	\$13,161,000	\$12,988,381	(\$172,619)
Sales taxes	8,427,000	8,427,000	8,824,813	397,813
Transient occupancy taxes	2,300,000	2,300,000	1,821,607	(478,393)
Utility user fees	2,100,000	2,100,000	2,177,275	77,275
Other taxes	1,240,000	1,240,000	1,170,055	(69,945)
Charges for services	4,478,900	4,478,900	2,908,646	(1,570,254)
Licenses, permits and fees	3,097,900	3,097,900	3,519,432	421,532
Fines, forfeitures and penalties	826,800	826,800	1,063,016	236,216
Intergovernmental	754,000	754,000	911,307	157,307
Use of money and property	1,095,700	1,095,700	1,068,991	(26,709)
Other	30,000	30,000	291,588	261,588
Total Revenues	37,511,300	37,511,300	36,745,111	(766,189)
EXPENDITURES:				
Current				
General Government	13,139,800	13,139,800	12,851,281	288,519
Community Development	5,015,500	5,015,500	4,916,712	98,788
Public Safety	15,644,700	15,644,700	15,108,811	535,889
Public Works	3,981,500	3,981,500	2,347,855	1,633,645
Capital outlay	157,600	157,600	529,681	(372,081)
Total Expenditures	37,939,100	37,939,100	35,754,340	2,184,760
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(427,800)	(427,800)	990,771	1,418,571
OTHER FINANCING SOURCES (USES)				
Transfers in	1,192,600	1,212,600	746,412	(466,188)
Transfers (out)	(759,600)	(759,600)	(1,500,701)	(741,101)
Total other financing sources (uses)	433,000	453,000	(754,289)	(1,207,289)
NET CHANGE IN FUND BALANCE	5,200	25,200	236,482	211,282
Fund balance, July 1, as restated	26,401,113	26,401,113	26,401,113	
Fund balance, June 30	<u>\$26,406,313</u>	<u>\$26,426,313</u>	<u>\$26,637,595</u>	<u>\$211,282</u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
SUNRISE DOUGLAS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses, permits and fees	\$233,100	\$233,100	\$2,970,836	\$2,737,736
Use of money and property			207,008	207,008
Total Revenues	233,100	233,100	3,177,844	2,944,744
EXPENDITURES:				
Current				
General Government	756,100	756,100		756,100
Public Works	151,800	151,800	218,901	(67,101)
Capital outlay	830,000	830,000	1,072,898	(242,898)
Total Expenditures	1,737,900	1,737,900	1,291,799	446,101
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,504,800)	(1,504,800)	1,886,045	3,390,845
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(2,698,000)	(2,698,000)	(3,077,612)	(379,612)
Total other financing sources (uses)	(2,698,000)	(2,698,000)	(3,077,612)	(379,612)
NET CHANGE IN FUND BALANCE	(4,202,800)	(4,202,800)	(1,191,567)	3,011,233
Fund balance, July 1, as restated	14,702,072	14,702,072	14,702,072	
Fund balance, June 30	<u>\$10,499,272</u>	<u>\$10,499,272</u>	<u>\$13,510,505</u>	<u>\$3,011,233</u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
 TRAFFIC MITIGATION SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses, permits and fees	\$778,200	\$778,200	\$1,553,876	\$775,676
Use of money and property			289,142	289,142
Total Revenues	<u>778,200</u>	<u>778,200</u>	<u>1,843,018</u>	<u>1,064,818</u>
EXPENDITURES:				
Current				
Public Works	1,598,200	1,598,200	51,504	1,546,696
Total Expenditures	<u>1,598,200</u>	<u>1,598,200</u>	<u>51,504</u>	<u>1,546,696</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(820,000)</u>	<u>(820,000)</u>	<u>1,791,514</u>	<u>2,611,514</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(2,550,000)	(2,550,000)	(2,333,018)	216,982
Total other financing sources (uses)	<u>(2,550,000)</u>	<u>(2,550,000)</u>	<u>(2,333,018)</u>	<u>216,982</u>
NET CHANGE IN FUND BALANCE	(3,370,000)	(3,370,000)	(541,504)	2,828,496
Fund balance, July 1	<u>20,090,578</u>	<u>20,090,578</u>	<u>20,090,578</u>	
Fund balance, June 30	<u><u>\$16,720,578</u></u>	<u><u>\$16,720,578</u></u>	<u><u>\$19,549,074</u></u>	<u><u>\$2,828,496</u></u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
MEASURE A SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$9,421,000	\$9,421,000	\$4,804,972	(\$4,616,028)
Use of money and property	10,000	10,000	954	(9,046)
Total Revenues	<u>9,431,000</u>	<u>9,431,000</u>	<u>4,805,926</u>	<u>(4,625,074)</u>
EXPENDITURES				
Current:				
Public Works	2,000,000	2,000,000	806,749	1,193,251
Capital outlay	2,000	2,000		2,000
Total Expenditures	<u>2,002,000</u>	<u>2,002,000</u>	<u>806,749</u>	<u>1,195,251</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,429,000</u>	<u>7,429,000</u>	<u>3,999,177</u>	<u>(3,429,823)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			246,279	246,279
Transfers (out)	(9,419,000)	(9,419,000)	(2,722,032)	6,696,968
Total other financing sources (uses)	<u>(9,419,000)</u>	<u>(9,419,000)</u>	<u>(2,475,753)</u>	<u>6,943,247</u>
NET CHANGE IN FUND BALANCE	(1,990,000)	(1,990,000)	1,523,424	3,513,424
Fund balance (deficit), July 1	<u>(354,602)</u>	<u>(354,602)</u>	<u>(354,602)</u>	
Fund balance (deficit), June 30	<u><u>(\$2,344,602)</u></u>	<u><u>(\$2,344,602)</u></u>	<u><u>\$1,168,822</u></u>	<u><u>\$3,513,424</u></u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$16,349,100	\$16,349,100	\$4,160,802	(\$12,188,298)
Use of money and property			168	168
Total Revenues	16,349,100	16,349,100	4,160,970	(12,188,130)
EXPENDITURES				
Current:				
General Government	23,323	23,323		23,323
Public Safety	204,277	204,277	179,968	24,309
Public Works	301,000	301,000	70,689	230,311
Capital outlay	50,000	50,000	56,049	(6,049)
Total Expenditures	578,600	578,600	306,706	271,894
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	15,770,500	15,770,500	3,854,264	(11,916,236)
OTHER FINANCING SOURCES (USES)				
Transfers in			833,501	833,501
Transfers (out)	(15,870,500)	(15,870,500)	(4,694,677)	11,175,823
Total other financing sources (uses)	(15,870,500)	(15,870,500)	(3,861,176)	12,009,324
NET CHANGE IN FUND BALANCE	(100,000)	(100,000)	(6,912)	93,088
Fund balance, July 1, as restated	101,118	101,118	101,118	
Fund balance, June 30	\$1,118	\$1,118	\$94,206	\$93,088

See accompanying notes to financial statements

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MAJOR PROPRIETARY FUND

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City has only one enterprise fund, the Kilgore Cemetery Fund, which is presented as a major fund and is described below.

KILGORE CEMETERY

The Kilgore Cemetery Fund is used to account for the operations of the historic Kilgore Cemetery, rededicated and opened in fiscal year 2006-2007.

CITY OF RANCHO CORDOVA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2010

	Business-type Activities- Enterprise Fund	Governmental Activities- Internal Service Funds
	Kilgore Cemetery	Funds
ASSETS		
Current assets:		
Cash and investments	\$9,416	\$2,669,571
Receivables:		
Interest	2	474
Total current assets	9,418	2,670,045
Noncurrent assets:		
Capital assets:		
Nondepreciable	367,600	
Depreciable, net	1,109,413	
Total noncurrent assets	1,477,013	
Total Assets	1,486,431	2,670,045
LIABILITIES		
Current liabilities:		
Accounts payable	5,386	
Total current liabilities	5,386	
Noncurrent liabilities:		
Advance from other funds	1,475,074	
Total noncurrent liabilities	1,475,074	
Total Liabilities	1,480,460	
NET ASSETS		
Invested in capital assets	1,477,013	
Unrestricted	(1,471,042)	2,670,045
Total Net Assets	\$5,971	\$2,670,045

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>Business-type Activities- Enterprise Fund</u>	<u>Governmental Activities -</u>
	<u>Kilgore Cemetery</u>	<u>Internal Service Funds</u>
OPERATING REVENUES		
Service charges	\$8,000	
Total Operating Revenues	8,000	
OPERATING EXPENSES		
Administration	57,964	\$293,934
Depreciation	31,941	
Total Operating Expenses	89,905	293,934
Operating Income (Loss)	(81,905)	(293,934)
NONOPERATING REVENUES (EXPENSES)		
Interest income	147	31,553
Total Nonoperating Revenues (Expenses)	147	31,553
Income (Loss) Before Transfers	(81,758)	(262,381)
TRANSFERS		
Transfers in		709,170
Transfers (out)		(480,613)
Net transfers		228,557
Change in net assets	(81,758)	(33,824)
BEGINNING NET ASSETS	87,729	2,703,869
ENDING NET ASSETS	\$5,971	\$2,670,045

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities- Enterprise Fund	Governmental Activities- Internal Service Funds
	Kilgore Cemetery	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$8,000	
Payments to suppliers	(59,014)	(\$293,934)
Cash Flows from Operating Activities	(51,014)	(293,934)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund receipts	70,463	
Transfers in		709,170
Transfers (out)		(480,613)
Cash Flows from Noncapital Financing Activities	70,463	228,557
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(19,400)	
Cash Flows from Capital and Related Financing Activities	(19,400)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	151	32,007
Cash Flows from Investing Activities	151	32,007
Net Cash Flows	200	(33,370)
Cash and investments at beginning of period	9,216	2,702,941
Cash and investments at end of period	\$9,416	\$2,669,571
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:		
Operating income (loss)	(\$81,905)	(\$293,934)
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	31,941	
Change in assets and liabilities:		
Accounts payable	(1,050)	
Cash Flows from Operating Activities	(\$51,014)	(\$293,934)

See accompanying notes to financial statements

FIDUCIARY FUNDS

FIDUCIARY FUNDS

These funds account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

CITY OF RANCHO CORDOVA
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2010

	<u>Total Agency Funds</u>
ASSETS	
Cash and investments (Note 3)	\$11,415,347
Restricted cash and investments (Note 3)	14,860,646
Accounts receivable	22,181
Due from other governmental agencies	226,610
Interest receivable	<u>11,292</u>
Total Assets	<u><u>\$26,536,076</u></u>
 LIABILITIES	
Accounts payable	\$4,403
Refundable deposits payable	100,211
Due to assessment district bondholders	19,522,248
Due to assessment holders	<u>6,909,214</u>
Total Liabilities	<u><u>\$26,536,076</u></u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rancho Cordova (the City) was incorporated 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.

A. *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 City is governed by a five-member council elected by City residents. The City is legally separate and fiscally independent which means it can issue debt, set and modify budgets and fees and sue or be sued. The accompanying basic financial statements include the financial activities of the City as well as separate legal entities which are described below.

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, *blended* component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's component units which are described below are all blended.

The **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
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The **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, the amount of this tax increment revenue will not be sufficient until future years; therefore, 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.

B. Basis of Presentation

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Major Funds

Major funds are defined as funds which have either assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may select other governmental funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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.

Measure A Special Revenue Fund - Accounts for the one-half percent sales tax that is imposed in Sacramento County for transportation-related projects.

Grants Special Revenue Fund - Accounts for grant monies awarded to the City.

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

The City has one enterprise fund, the **Kilgore Cemetery**, which is a major fund. 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.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

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 City maintains six Internal Service Funds. These funds accumulate funds to pay for potential litigation, insurance claims, replacement of vehicles, equipment and computer technology, infrastructure and employee benefits.

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 also account for assets held by the City as an agent for bonded assessment districts. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

D. Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected generally within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on governmental long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets are available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues, if necessary.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain indirect costs are included in program expenses reported for individual functions and activities.

The City follows statements and interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, which do not conflict with Government Accounting Standards Board Pronouncements.

E. Property Tax

Property tax revenue is recognized in the fiscal year for which the tax and assessment is levied. The County levies, bills and collects property taxes and special assessments for the City. Secured and unsecured property taxes are levied on January 1.

Secured property tax is due in two installments, on November 1 and February 1, becomes a lien on those dates and becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31.

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City when the individual installments are due provided they are collected within 60 days after year-end.

F. 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 changes in compensated absences were as follows:

	Governmental Activities
Beginning Balance	\$529,254
Additions	615,288
Payments	(517,797)
Ending Balance	\$626,745
Current Portion	\$481,001

The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *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, using the consumption method. Prepaid costs in governmental funds are equally offset with a reservation of fund balance to indicate they do not constitute resources available for appropriation.

H. *Refundable Deposits Payable*

Refundable deposits payable consist of deposits received from developers to cover costs incurred by the City.

I. *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.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. *Budgeting Procedures*

Annually, the City Manager submits to the City Council a proposed operating budget in June for the following fiscal year, as required by the City's budget ordinance. This budget includes proposed expenditures and the revenues expected to finance them. As modified during public study sessions, the preliminary budget becomes the proposed budget. Public hearings are conducted to obtain taxpayer comments and the budget is legally enacted through passage of a resolution. The City Manager is authorized to transfer budgeted amounts within departments within funds. In addition, amendments that are made to authorize spending of increased or new special purpose revenues may be approved by the City Manager. Budget modifications between funds or increases or decreases to a fund's overall budget must be approved by the City Council. The legal level of budgetary control is at the fund level.

Budgets are adopted on a basis consistent with generally accepted accounting principles for all funds except the Cap Vill Park Development Fees Special Revenue Fund. In addition, capital projects funds are budgeted on a project-length basis rather than a fiscal year. Unexpended appropriations lapse at year end and must be reappropriated in the following year.

Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)

B. Excess of Expenditures over Appropriations

During fiscal 2010, the following funds had expenditures in excess of budget, as follows:

Fund	Excess of Expenditures Over Appropriations
<i>Non Major Funds:</i>	
Special Revenue Funds	
Park Development	\$9,865
Cap Vill Park Development Fees	366,129
Prop 42	9,577
Debt Service Fund	
Financing Corporation	3,012

The funds had sufficient resources to finance these expenditures.

NOTE 3 – CASH AND INVESTMENTS

The City pools cash from all sources and all funds except Cash with Fiscal Agents so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. Policies

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City-managed investments, regardless of their form.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

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.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by the California Government Code and the City's Investment Policy

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive.

The City's Investment Policy and the California Government Code allow the City to invest in the following:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	Minimum Credit Quality
Local Agency Investment Fund	N/A	None	\$40 Million	None
California Asset Management Program	N/A	None	\$40 Million	None
Certificates of Deposit	360 Days	20%	None	None
Negotiable Certificates of Deposit	5 years	30%	None	AA
Banker's Acceptances	180 Days	40%	30%	None
U. S. Treasury Bonds, Notes and Bills	5 years	None	None	None
U.S. Federal Agency Securities	5 years	None	None	None
Repurchase Agreements	30 Days	20%	None	A-1
Commercial Paper	270 Days	25%	10%	Highest Rating
Money Market Mutual Funds	N/A	20%	None	Highest Rating
Local Agency Bonds	5 years	None	None	None

C. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum investment in one issuer	Minimum Credit Quality
Local Agency Bonds	None	None	None	None
U.S. Treasury Obligations	None	None	None	None
U.S. Agency Securities	None	None	None	None
Municipal Obligations	None	None	None	Aaa
Bankers Acceptances or Federal Funds	360 days	None	None	A-1+
Commercial Paper	270 days	None	None	A-1+
Certificates of Deposits	360 days	None	None	None
Money Market Funds	None	None	None	AAA or AAAm or
Investment Agreements *	None	None	None	None
Other Investments (including repurchase agreements)*	None	None	None	None

* Approved in writing by Insurer.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Cash and investments as of June 30, 2010 consist of the following:

City cash and investments:	
Cash and investments	\$81,156,815
Restricted cash and investments with fiscal agents	<u>2,703,616</u>
Total City cash and investments	<u>83,860,431</u>
Cash and investments in Fiduciary Funds (Separate Statement):	
Cash and investments	11,415,347
Restricted cash and investments with fiscal agents	<u>14,860,646</u>
Total cash and investments	<u><u>\$110,136,424</u></u>

As of June 30, 2009, the City's cash and investments consisted of the following:

Cash on hand	\$1,700
Deposits with financial institutions	5,328,549
Investments	<u>104,806,175</u>
Total cash and investments	<u><u>\$110,136,424</u></u>

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 3 - CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, 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 values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	More than 36 Months	Total
<i>Cash and Investments in City Treasury:</i>					
U.S. Federal Agency Securities	\$12,953,924	\$7,803,718	\$7,905,070	\$1,026,728	\$29,689,440
U.S. Treasury Notes	3,454,065	2,029,904	642,985	1,985,745	8,112,699
California Local Agency Investment Fund	18,989,649				18,989,649
California Asset Management Program	30,107,951				30,107,951
Money Market Mutual Funds (U.S. Securities)	288,042				288,042
Certificate of Deposit	48,396				48,396
Financing Corporation Bonds				5,736	5,736
<i>Held by Fiscal Agents:</i>					
California Asset Management Program	1,396,888				1,396,888
Money Market Mutual Funds (U.S. Securities)	13,869,112				13,869,112
Guaranteed Investment Agreements				2,298,262	2,298,262
Total Investments	<u>\$81,108,027</u>	<u>\$9,833,622</u>	<u>\$8,548,055</u>	<u>\$5,316,471</u>	<u>\$104,806,175</u>

Money market funds are available for withdrawal on demand and at June 30, 2010 have an average maturity of 38 days for the First American Treasury Obligation Money Market Fund, 33 days for the First American Prime Obligation Money Market Funds, and 1 day for the Wells Fargo Advantage Treasury Plus Money Market Fund.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 3 - CASH AND INVESTMENTS (Continued)

F. 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. Presented below is the actual rating as of June 30, 2010 for the investment types provided by Standard and Poor's investment rating system.

<u>Investments</u>	<u>AAA</u>	<u>AAAm</u>	<u>A+</u>	<u>Total</u>
U.S. Federal Agency Securities	\$29,689,440			\$29,689,440
California Asset Management Program		\$31,504,839		31,504,839
Money Market Mutual Funds (U.S. Securities)		14,157,154		14,157,154
Financing Corporation Bonds			\$5,736	5,736
Total rated	<u>\$29,689,440</u>	<u>\$45,661,993</u>	<u>\$5,736</u>	<u>75,357,169</u>
<i>Not rated:</i>				
California Local Agency Investment Fund				18,989,649
Guaranteed Investment Agreements				2,298,262
<i>Exempt from credit rating:</i>				
U.S. Treasury Notes				8,112,699
Certificate of Deposit				48,396
Total Investments				<u>104,806,175</u>
Cash in Banks and Petty Cash				<u>5,330,249</u>
Total Cash and Investments				<u>\$110,136,424</u>

G. Concentration of Credit Risk

Investments in the securities of any individual issuers, other than U.S. Treasury securities, mutual funds, the California Local Agency Investment Fund and the California Asset Management Program, that represent 5% or more of total Government-wide investments, are as follows at June 30, 2010:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
Federal National Mortgage Association	Federal Agency Securities	\$8,639,474
Federal Home Loan Mortgage Corporation	Federal Agency Securities	9,040,949
Federal Home Loan Bank	Federal Agency Securities	6,164,696
Federal Farm Credit Bank	Federal Agency Securities	5,844,321

Investments in the securities of any individual issuers, other than U.S. Treasury securities, mutual funds, the California Local Agency Investment Fund and the California Asset Management Program, that represent 5% or more of total Non-Major Funds at June 30, 2010 include a Guaranteed Investment Agreement with Ixis Funding Corporation in the amount of \$2,298,262.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 3 - CASH AND INVESTMENTS (Continued)

H. *Investments in LAIF*

The City is a 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 City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are 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, United States Treasury Notes and Bills, and corporations. At June 30, 2010 these investments matured in an average of 203 days.

I. *Investments in CAMP*

The City is a 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, 2010.

CITY OF RANCHO CORDOVA Notes to Basic Financial Statements For the Year Ended June 30, 2010
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NOTE 4 – RECEIVABLES

Accounts receivable and other receivables consisted of the following at June 30, 2010:

Developer deposits	\$414,082
Transient occupancy taxes	212,168
Utility taxes	154,819
Vendor	29,493
Franchise fees	124,699
Fines	22,585
Other	233,711
Less: allowance for doubtful accounts	<u>(96,957)</u>
	<u><u>\$1,094,600</u></u>

Due from other governments consisted of the following at June 30, 2010:

Measure A funds	\$3,193,539
Grants	3,070,356
Property and related tax	307,245
Sales tax	926,800
Gas tax	98,074
Other	690,863
Transportation Development Act funds	272,624
Fines	99,707
Motor vehicle fees	<u>46,636</u>
	<u><u>\$8,705,844</u></u>

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 5 – INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the fiscal year ended June 30, 2010 were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
General Fund	Grants Fund	\$141,672 (A)
	Non-Major Governmental Funds	128,244 (A)
	Internal Service Funds	476,496 (B)
Measure A Fund	Traffic Mitigation Fund	6,006 (C)
	Capital Improvement Projects Fund	240,273 (B)
Grants Fund	General Fund	289 (C)
	Capital Improvement Projects Fund	833,212 (B)
Capital Improvement Projects Fund	General Fund	53,271 (B)
	Sunrise Douglas Fund	3,077,612 (B)
	Traffic Mitigation Fund	2,326,819 (B)
	Measure A Fund	2,714,941 (B)
	Grants Fund	4,553,005 (B)
	Non-Major Governmental Funds	5,618,271 (B)
	Internal Service Funds	4,117 (B)
Non-Major Governmental Funds	General Fund	737,971 (D)
	Traffic Mitigation Fund	193 (C)
	Measure A Fund	7,091 (C)
	Capital Improvement Projects Fund	444,296 (E)
Internal Service Funds	Non-Major Governmental Funds	3,474,591 (E) (F) (G)
	General Fund	<u>709,170 (A)</u>
Total Interfund Transfers		<u><u>\$25,547,540</u></u>

The reasons for these transfers are set forth below:

- | | |
|---|---|
| (A) To fund administrative & equipment costs | (E) To return unspent funds |
| (B) To fund capital projects | (F) To transfer property taxes to fund operations |
| (C) To reimburse the Fund for prior year expenditures | (G) State-required set-aside of Low and Moderate Income Housing portion of property tax increment |
| (D) To fund debt service | |

B. Long-Term Advances

At June 30, 2010, the General Fund had made advances which were not expected to be repaid within the next fiscal year. The balance in the General fund is offset with a reservation of fund balance.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

Interfund advances are long-term loans and consisted of the following at June 30, 2010:

Advances from General Fund to:	
Redevelopment Administration Special Revenue Fund	\$1,182,596
General Plan Special Revenue Fund	1,513,254
Kilgore Cemetery Enterprise Fund	<u>1,475,074</u>
Total	<u><u>\$4,170,924</u></u>

The Redevelopment Administration Fund advance bears interest at 9.5% and is repayable from available tax increment revenues.

The General Plan Fund advance does not bear interest and is repayable from future impact fees.

The Kilgore Cemetery advance does not bear interest and is expected to be repaid in five years from future charges for services revenue.

C. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2010, the Measure A Special Revenue Fund, the Grants Special Revenue Fund and Non-Major Governmental Funds owed the General Fund \$2,721,038, \$2,796,778 and \$406,155, respectively. In addition, Non-Major Governmental Funds owed other Non-Major Governmental Funds \$22,432 at June 30, 2010.

D. Internal Balances

Internal balances are presented in the Government-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

NOTE 6 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City’s policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of capital assets. Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the statement of net assets as a reduction in the book value of capital assets.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 6 – CAPITAL ASSETS (Continued)

Depreciation is provided using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City’s general capitalization threshold is \$5,000. The City has assigned the useful lives below to capital assets:

	Useful Lives Years
Roads	20
Drainage System	40
Buildings and Improvements	30-40
Office Equipment and Furniture	3-5
Software	3
Vehicles	5

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 6 – CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	Balance at June 30, 2009	Additions	Retirements	Transfers	Balance at June 30, 2010
Governmental activities					
Capital assets not being depreciated:					
Land	\$7,865,657	\$131,771			\$7,997,428
Easements	247,526	291,371			538,897
Construction in progress	37,302,683	14,158,320	(\$15,010)	(\$6,635,697)	44,810,296
Total capital assets not being depreciated	<u>45,415,866</u>	<u>14,581,462</u>	<u>(15,010)</u>	<u>(6,635,697)</u>	<u>53,346,621</u>
Capital assets being depreciated:					
Infrastructure	280,342,009	\$3,086,842		6,590,105	290,018,956
Buildings and improvements	21,141,187	791,870			21,933,057
Office equipment and furniture	806,734	124,987			931,721
Software	1,914,114	49,861		45,592	2,009,567
Vehicles	353,202	19,617			372,819
Total capital assets being depreciated	<u>304,557,246</u>	<u>4,073,177</u>		<u>6,635,697</u>	<u>315,266,120</u>
Less accumulated depreciation for:					
Infrastructure	(55,882,780)	(8,503,588)			(64,386,368)
Buildings and improvements	(2,547,299)	(751,496)			(3,298,795)
Office equipment and furniture	(293,042)	(151,947)			(444,989)
Software	(1,334,063)	(323,889)			(1,657,952)
Vehicles	(195,671)	(71,949)			(267,620)
Total accumulated depreciation	<u>(60,252,855)</u>	<u>(9,802,869)</u>			<u>(70,055,724)</u>
Net capital assets being depreciated	<u>244,304,391</u>	<u>(5,729,692)</u>		<u>6,635,697</u>	<u>245,210,396</u>
Governmental activity capital assets, net	<u>\$289,720,257</u>	<u>\$8,851,770</u>	<u>(\$15,010)</u>		<u>\$298,557,017</u>
Business-type Activities					
Capital assets not being depreciated:					
Land	\$225,000				\$225,000
Construction in progress	123,200	\$19,400			142,600
Total capital assets not being depreciated	<u>348,200</u>	<u>19,400</u>			<u>367,600</u>
Capital assets being depreciated:					
Buildings	1,197,003				1,197,003
Software	6,049				6,049
Total capital assets being depreciated	<u>1,203,052</u>				<u>1,203,052</u>
Less accumulated depreciation for:					
Buildings	(59,850)	(29,925)			(89,775)
Software	(1,848)	(2,016)			(3,864)
Total accumulated depreciation	<u>(61,698)</u>	<u>(31,941)</u>			<u>(93,639)</u>
Net capital assets being depreciated	<u>1,141,354</u>	<u>(31,941)</u>			<u>1,109,413</u>
Business-type activity capital assets, net	<u>\$1,489,554</u>	<u>(\$12,541)</u>			<u>\$1,477,013</u>

During the year ended June 30, 2010, depreciation of \$9,802,869 was charged to the general government function, and \$31,941 was charged to the Kilgore Cemetery Enterprise Fund.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 6 – CAPITAL ASSETS (Continued)

B. Capital Asset Contributions

Some capital assets may be acquired using federal and state grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

NOTE 7 – LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

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.

A. Current Year Transactions and Balances

The City's debt issues and transactions are summarized below:

	Original Issue Amount	Balance June 30, 2009	Retirements	Balance June 30, 2010	Due within one year
Governmental Activity Debt					
Certificates of Participation:					
2005 Series A					
3.00-5.00%, due 9/1/2035	\$3,695,000	\$3,620,000	\$75,000	\$3,545,000	\$80,000
2005 Series B					
3.00-5.00%, due 9/1/2015	3,010,000	2,255,000	280,000	1,975,000	290,000
2007 Series A					
4.43% to 5.65%, due on 8/1/2035	12,100,000	12,100,000		12,100,000	
2007 Series B					
4.43% to 5.65%, due on 8/1/2024	8,300,000	7,615,000	370,000	7,245,000	395,000
Less: Deferred amount on refunding		(106,387)	(4,159)	(102,228)	
Issuance discounts		(310,449)	(12,088)	(298,361)	
Total Governmental Activity Debt		<u>\$25,173,164</u>	<u>\$708,753</u>	<u>\$24,464,411</u>	<u>\$765,000</u>

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 7 – LONG-TERM DEBT (Continued)

B. 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. 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.

C. 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 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.

D. 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, 2010, \$18,260,000 of the 2005 Certificates of Participation were outstanding.

E. 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, 2010, the City does not expect to incur a liability.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 7 – LONG-TERM DEBT (Continued)

F. Debt Service Requirements

Debt service requirements are shown below for all long-term debt:

For the Year Ending June 30	Principal	Interest
2011	\$765,000	\$1,180,877
2012	805,000	1,141,642
2013	840,000	1,100,477
2014	885,000	1,057,286
2015	930,000	1,011,681
2016 - 2020	3,740,000	4,439,524
2021 - 2025	4,380,000	3,419,136
2026 - 2030	5,485,000	2,308,491
2031 - 2035	6,815,000	974,140
2036	220,000	4,950
Total payments due	24,865,000	<u>\$16,638,204</u>
Reconciliation of Long Term Debt:		
Deferred amount on refunding	(102,228)	
Issuance discounts	(298,361)	
	<u>\$24,464,411</u>	

NOTE 8 – ASSESSMENT DEBT WITHOUT CITY COMMITMENT

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 of 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, 2010, Special Tax Bonds outstanding were as follows:

Sunridge Anatolia CFD 2003 - 1 - Series 2003	\$23,320,000
Sunridge Anatolia CFD 2003 - 1 - Series 2005	14,650,000
Sunridge Anatolia CFD 2003 - 1 - Series 2007	20,580,000
Sunridge Park CFD 2004 - 1 - Series 2007	13,435,000
	<u>\$71,985,000</u>

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 9 – NET ASSETS AND FUND BALANCE

Net Assets is measured on the full accrual basis, while Fund Balance is measured on the modified accrual basis, as explained in Note 1.

A. Net Assets

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three categories. These categories apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment agency assets.

Unrestricted describes the portion of Net Assets which is not restricted as to use.

B. Fund Balances, Reserves and Designations

In the Fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditures.

C. Reserves

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

Reserved for **Prepays** is used to indicate the balance of prepaid costs that benefit future periods and are not available for appropriation.

Reserved for **low and moderate income housing** is the portion of fund balance legally restricted for operating the City's Low Income Housing program.

Reserved for **debt service** is the portion of fund balance legally restricted for the payment of principal and interest on long-term liabilities.

Reserved for **loans receivable** is the portion of fund balance set aside to indicate these items do not represent available, spendable resources, even though they are a component of assets.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 9 – NET ASSETS AND FUND BALANCES (Continued)

D. Designations

Designations are imposed by City Council to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Council action. Such plans are subject to change and may or may not be legally authorized or result in expenditures. At June 30, 2010, designations included:

Designated for **economic uncertainty** represents 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** represents 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.

Designated for **projects** represents fund balance to be used for future redevelopment agency projects.

E. Fund Equity Deficits

The following funds have a fund deficit at June 30, 2010:

Fund	Amount
Community Development Block Grant Fund	\$24,099
Storm Water Utility Tax	14,782
Redevelopment Administration Fund	1,062,180
General Plan Fund	1,525,969

These deficits are expected to be eliminated by future property tax revenue, impact fee revenue, or grant revenues.

F. Fund Balance Restatements

In fiscal year 2008 the City determined that the General Fund should share in the costs associated with creating the City’s first General Plan, since it benefits the existing City and not just future development. The City intended to transfer funds from the General Fund to the General Plan Special Revenue Fund in the amount of \$737,720, but the transfer did not take place during fiscal year 2008. As a result, the beginning fund balances and advances to and from other funds have been restated in this amount to reflect the General Fund’s transfer of its share of the costs as of July 1, 2009.

During fiscal year 2010 the City determined that a portion of the activity related to the Sunrise Douglas Special Revenue Fund should be reported as an Agency Fund, as the City collects fees on behalf of the Cordova Recreation and Park District. As a result, beginning fund balance in the Sunrise Douglas Special Revenue Fund has been reduced by \$6,147,387 and the beginning balance in the Sunrise Douglas Parks Agency has been increased in the same amount as of July 1, 2009.

The City found that State and federal grants that had been recorded as accounts receivable and revenue in a prior fiscal year were rejected by the grantor. As a result, beginning fund balance of the Grants Special Revenue Fund has been reduced by \$305,738 as of July 1, 2009.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 10 – DEFINED BENEFIT PENSION PLANS

A. CalPERS Miscellaneous Employees Plan

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.

Participants are required to contribute 8% of their annual covered salary, however, the City makes 5.5% of the 8% participant contribution required by CalPERS, 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 contribution requirements of plan members and the City are established and may be amended by CalPERS.

The Plan’s provisions and benefits in effect at June 30, 2010 are summarized as follows:

	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefit factors, as a % of annual salary	2.0% - 2.7%
Required employee contribution rates	8%
Required employer contribution rates	12.173%

CalPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City’s total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee’s projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CalPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CalPERS, for the last three fiscal years were as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
June 30, 2008	\$590,264	100%	\$0
June 30, 2009	668,930	100%	0
June 30, 2010	630,994	100%	0

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

CalPERS uses the market related value method of valuing the Plan’s assets. For the most recent actuarial report, as of June 30, 2009, an investment rate of return of 7.75% is assumed, including inflation at 3.00%. Annual salary increases are assumed to vary by duration of service. Changes in the liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over nineteen years for the Miscellaneous Plan. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

As required by State law, effective July 1, 2005, the City’s Miscellaneous Plan was terminated, and the employees in the plan were required by CalPERS to join a State-wide pool. One of the conditions of entry to the pool was that the City true-up any unfunded liabilities in the former Plan, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CalPERS. The City satisfied its Miscellaneous Plan’s unfunded liability at July 1, 2005 by agreeing to contribute to the Side Fund through an addition to its normal contribution rates. The balance of the Side Fund was \$343,104 at June 30, 2010, which will be repaid over the next 13 years.

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. CalPERS’ latest actuarial value (which differs from market value) and funding progress for the State-wide pool is shown below:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2007	\$1,627,025,950	\$1,362,059,317	\$264,966,633	83.7%	\$376,292,121	70.4%
2008	1,823,366,479	1,529,548,799	293,817,680	83.9%	414,589,514	70.9%
2009	2,140,438,884	1,674,260,302	466,178,582	78.2%	440,071,499	105.9%

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS

The City provides health care benefits for retired employees based on negotiated employee contracts. Retirees may cover their spouse and other eligible dependents at their expense. If a covered spouse survives the retiree, the City will continue its contribution toward the spouse's coverage until his or her death. Substantially all of the City's employees and Council members may become eligible for those benefits if they reach the normal retirement age while working for the City.

As provided by the Public Employees' Medical and Hospital and Care Act (PEMHCA), the City has been under contract with CalPERS for medical plan coverage since 2004 and has chosen to satisfy its retiree medical benefit commitment using the unequal contribution method. Under this method, the employer's contribution towards retiree medical benefits is determined by multiplying together the following three items:

- 5% *times*
- The number of prior years the employer has been contracted with PEMHCA *times*
- The contribution the employer makes towards active employee health benefits, but not less than the Minimum (required) Employer Contribution (MEC).

The City's contribution for active employees and Council members is the minimum required amount (e.g., \$105 for 2010). Therefore, the City's 2010 contribution toward health plan benefits for retired employees is 5% times 5 (years in CalPERS medical) times \$105 or \$26.25. This amount will increase for 15 more years when it is expected to equal the amount contributed to CalPERS for active employees. Retirees may cover their spouse and other eligible dependents at their expense. If a covered spouse survives the retiree, the City will continue its contribution toward the spouse's coverage until his or her death.

As of June 30, 2010, 2 participants were eligible to receive retirement health care benefits.

During fiscal year 2010, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). The provisions of this statement are applied prospectively and do not affect prior years' financial statements. Required disclosures are presented below.

Concurrent with implementing Statement No. 45, the City Council passed a resolution to participate the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administrated by CALPERS, and is managed by an appointed board not under the control of City Council. This Trust is not considered a component unit by the City and has been excluded from these financial statements. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy and Actuarial Assumptions

The City's Policy is to prefund these benefits by accumulating assets with CERBT discussed above pursuant to Resolution 16-2010.

The annual required contribution (ARC) was determined as part of a July 1, 2009 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.75% discount rate; (b) 3.25% projected annual salary increase, and (c) 4.5% to 9.5% health care cost trend rate increases.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a closed one year amortization period.

Funding Progress and Funded Status

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2010, the City contributed \$266,493 to the Plan to prefund benefits. As a result, the City has no recorded Net OPEB Asset or Net OPEB Obligation. The calculation of the Annual OPEB cost and actual contributions are presented below:

Annual required contribution (ARC)	\$266,493
Annual OPEB cost	266,493
Contributions made	(266,493)
(Decrease) increase in net OPEB obligation	0
Net OPEB Asset at June 30, 2009	0
Net OPEB Asset at June 30, 2010	\$0

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

The Plan's annual required contributions and actual contributions for the year ended June 30, 2010 are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2010	\$266,493	(\$266,493)	100%	\$0

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
7/1/2009	\$0	\$215,433	\$215,433	0.00%	\$2,926,152	7.36%

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 12 - RISK MANAGEMENT

A. California State Association of Counties Excess Insurance Authority (CSAC EIA)

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 and worker's compensation 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. The City paid premiums of \$324,979 for the year ended June 30, 2010. 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 also purchases commercial insurance through CSAC EIA for other risks of loss.

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

	Pool Coverage	Self-Insured Retention
General liability	\$20,000,000	\$10,000
Workers compensation	Statutory	0
Property - all risk and flood	602,500,000	5,000

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

There have been no significant reductions in insurance coverage from coverage in the prior year. In addition, settlements have not exceeded the insurance coverage for the past three fiscal years. Outstanding claims payable at year end and the incurred but not reported (IBNR) amount was calculated to be immaterial for presentation purposes.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

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.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

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, 2010, property taxes retained by the County in accordance with the revenue neutrality agreement totaled \$6,460,226.

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 2009/2010 projected total costs of \$15,200,000.

The City has an agreement with the County to provide maintenance services beginning July 1, 2004 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, 2010, actual costs totaled \$1,416,058, 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 \$13,350,622 and outstanding contracts for construction in the amount of \$10,125,620 at June 30, 2010.

NOTE 14 – 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, 2010, are as follows:

<u>Year ending June 30,</u>	<u>Lease Payments</u>
2011	\$87,224
2012	46,040
2013	41,664
2014	<u>23,460</u>
Total	<u><u>\$198,388</u></u>

Total Costs of such leases were \$140,114 for the fiscal year ended June 30, 2010.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2010

**NOTE 15 – PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA AND
SECURITIZATION**

Under the provisions of Proposition 1A and as part of the fiscal year 2009-10 budget package passed by the California State legislature on July 28, 2009, the State of California borrowed 8% of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fees, triple flip in lieu sales taxes, and supplemental property taxes, apportioned to the City. The State is required to repay the \$1,282,064 it borrowed from the City, plus interest, by June 30, 2013.

Authorized with the 2009-10 State budget package was the Proposition 1A Securitization Program (Program), administered by the California Statewide Communities Development Authority (“California Communities”), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. Under the Program, the participating cities receive cash equal to their share of State borrowings and forgoes interest they otherwise would have received from the State on the unpaid borrowings. The City is a participant in the Program.

California Communities simultaneously purchased the Proposition 1A receivables from the City and other participants, and issued bonds to provide participants with proceeds to be remitted in two equal installments due on January 15, 2010 and May 3, 2010. All costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. As of June 30, 2010, the City received both installments due under the Program and recorded them as property taxes in the same manner as if the State had not exercised its rights under Proposition 1A. Since sales proceeds to the City equal the book value of State borrowings no gain or loss was incurred.

NON-MAJOR SPECIAL REVENUE FUNDS
--

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 FEES 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.

CAP VILL PARK DEVELOPMENT FEES 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.

NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
--

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.

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 IMPROVEMENT FUND

The Public Works Department 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 Department 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.

NON-MAJOR SPECIAL REVENUE FUNDS (Continued)

REDEVELOPMENT ADMINISTRATION SPECIAL REVENUE 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.

GENERAL PLAN SPECIAL REVENUE FUND

Established in 2004 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.

NON-MAJOR DEBT SERVICE FUNDS

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.

NON-MAJOR CAPITAL PROJECTS FUND

REDEVELOPMENT CAPITAL PROJECTS FUND

This fund accounts for expenditures relating to capital improvements.

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2010

	SPECIAL REVENUE FUNDS				
	Low/Moderate Income Housing	Asset Forfeiture	Villages of Zinfandel	Community Facilities Fees	Park Development
ASSETS					
Cash and investments	\$348,246	\$29,230	\$458,655	\$4,966,571	\$1,979,582
Restricted cash and investments					
Receivables:					
Accounts			11,131	20,488	15,151
Interest	202	7	103	1,136	454
Due from other governmental agencies					
Loans					
Due from other funds	4,486				
Prepays					
Total Assets	\$352,934	\$29,237	\$469,889	\$4,988,195	\$1,995,187
LIABILITIES					
Accounts payable	\$575	\$144			
Accrued liabilities					
Due to other funds				\$51,162	
Advances from other funds					
Deferred revenue			\$11,131	20,488	\$15,151
Total Liabilities	575	144	11,131	71,650	15,151
FUND EQUITY					
Fund balances (deficits)					
Reserved for prepaids					
Reserved for low and moderate income housing	352,359				
Reserved for debt service					
Unreserved, designated for projects					
Unreserved, undesignated		29,093	458,758	4,916,545	1,980,036
Total Fund Balances (Deficits)	352,359	29,093	458,758	4,916,545	1,980,036
Total Liabilities and Fund Balances	\$352,934	\$29,237	\$469,889	\$4,988,195	\$1,995,187

SPECIAL REVENUE FUNDS

Gas Tax	Street Cut Fees	Mather Field Traffic Impact Fees	Cap Vill Park Development Fees	Transportation Development Act	Very Low Income Housing	Transit- Related Services Tax	Road Maintenance
\$3,652,234	\$189,446	\$1,003,464	\$37,322		\$72,035	\$203,042	\$1,216,518
1,076 98,074		419	8	\$272,624	176	158 223	805 2,592
<u>\$3,751,384</u>	<u>\$189,446</u>	<u>\$1,003,883</u>	<u>\$37,330</u>	<u>\$272,624</u>	<u>\$72,211</u>	<u>\$203,423</u>	<u>\$1,219,915</u>
					\$13,933	\$650	\$9,493
				\$272,624			
				272,624	13,933	650	9,493
<u>\$3,751,384</u>	<u>\$189,446</u>	<u>\$1,003,883</u>	<u>\$37,330</u>		<u>58,278</u>	<u>202,773</u>	<u>1,210,422</u>
<u>3,751,384</u>	<u>189,446</u>	<u>1,003,883</u>	<u>37,330</u>		<u>58,278</u>	<u>202,773</u>	<u>1,210,422</u>
<u>\$3,751,384</u>	<u>\$189,446</u>	<u>\$1,003,883</u>	<u>\$37,330</u>	<u>\$272,624</u>	<u>\$72,211</u>	<u>\$203,423</u>	<u>\$1,219,915</u>

(Continued)

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2010

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Rental Code Compliance Program	Roadway Improvement	Storm Water Utility Tax	Prop 42
ASSETS					
Cash and investments			\$5,163,688		\$436,886
Restricted cash and investments					
Receivables:					
Accounts					
Interest		\$17	1,465	\$36	98
Due from other governmental agencies	\$292,860				157,519
Loans	167,929				
Due from other funds					
Prepays	104,939				
Total Assets	\$565,728	\$17	\$5,165,153	\$36	\$594,503
LIABILITIES					
Accounts payable	\$80,027	\$10		\$1,703	
Accrued liabilities					
Due to other funds	341,871	7		13,115	
Advances from other funds					
Deferred revenue	167,929				
Total Liabilities	589,827	17		14,818	
FUND EQUITY					
Fund balances (deficits)					
Reserved for prepaids	104,939				
Reserved for low and moderate income housing					
Reserved for debt service					
Unreserved, designated for projects					
Unreserved, undesignated	(129,038)		\$5,165,153	(14,782)	\$594,503
Total Fund Balances (Deficits)	(24,099)		5,165,153	(14,782)	594,503
Total Liabilities and Fund Balances	\$565,728	\$17	\$5,165,153	\$36	\$594,503

SPECIAL REVENUE FUNDS				DEBT SERVICE FUNDS		CAPITAL PROJECTS FUND	Total Nonmajor Governmental Funds
Environmental Mitigation	Landscaping and Lighting	Redevelopment Administration	General Plan	Redevelopment Debt Service	Financing Corporation Debt Service	Redevelopment Capital Projects	
\$6,295	\$2,256,900	\$411,284			\$2,703,616	\$446,110	\$22,877,508 2,703,616
1	1,131 15,919	191		\$2,112 71,387	90	75	46,770 9,760 911,198 167,929 22,432 225,450
<u>\$6,296</u>	<u>\$2,273,950</u>	<u>\$549,932</u>		<u>\$73,499</u>	<u>\$2,703,706</u>	<u>\$446,185</u>	<u>\$26,964,663</u>
\$6,296	\$42,652	\$422,388 7,128	\$12,715	\$22,432			\$590,586 7,128 428,587 2,695,850 538,390
<u>6,296</u>	<u>42,652</u>	<u>1,182,596</u>	<u>1,513,254</u>	<u>51,067</u>			<u>4,260,541</u>
		120,511					225,450 352,359 2,703,706 446,185 18,976,422
	<u>2,231,298</u>	<u>(1,182,691)</u>	<u>(1,525,969)</u>			\$446,185	
	<u>2,231,298</u>	<u>(1,062,180)</u>	<u>(1,525,969)</u>		<u>2,703,706</u>	<u>446,185</u>	<u>22,704,122</u>
<u>\$6,296</u>	<u>\$2,273,950</u>	<u>\$549,932</u>		<u>\$73,499</u>	<u>\$2,703,706</u>	<u>\$446,185</u>	<u>\$26,964,663</u>

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS				
	Low/Moderate Income Housing	Asset Forfeiture	Villages of Zinfandel	Community Facilities Fees	Park Development
REVENUES					
Property taxes and assessments					
Other taxes					
Charges for services					
Licenses, permits and fees			\$9,850	\$824,652	\$182,842
Fines, forfeitures and penalties		\$6,973			
Intergovernmental					
Use of money and property	\$11,424	358	6,308	75,570	27,758
Other					
Total Revenues	11,424	7,331	16,158	900,222	210,600
EXPENDITURES					
Current:					
General Government	1,830			73,593	234,865
Community Development	68,650				
Public Safety		144			
Public Works					
Capital outlay				546,097	
Debt Service:					
Principal					
Interest and fiscal charges					
Total Expenditures	70,480	144		619,690	234,865
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(59,056)	7,187	16,158	280,532	(24,265)
OTHER FINANCING SOURCES (USES)					
Transfers in	388,884				
Transfers (out)	(897,631)		(873)	(1,313,963)	(24,825)
Total Other Financing Sources (Uses)	(508,747)		(873)	(1,313,963)	(24,825)
NET CHANGE IN FUND BALANCE	(567,803)	7,187	15,285	(1,033,431)	(49,090)
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED	920,162	21,906	443,473	5,949,976	2,029,126
ENDING FUND BALANCES (DEFICITS)	\$352,359	\$29,093	\$458,758	\$4,916,545	\$1,980,036

SPECIAL REVENUE FUNDS

Gas Tax	Street Cut Fees	Mather Field Traffic Impact Fees	Cap Vill Park Development Fees	Transportation Development Act	Very Low Income Housing	Transit- Related Services Tax	Road Maintenance
						\$108,054 1,000	\$511,392 13,900
	\$64,333		\$366,129		\$15,863		
\$1,035,212 58,592	330	\$2,000,000 15,047	513		10,961	1,904	12,838
<u>1,093,804</u>	<u>64,663</u>	<u>2,015,047</u>	<u>366,642</u>		<u>26,824</u>	<u>110,958</u>	<u>538,130</u>
					47,054		
7,500			366,129			6,078	40,104
<u>7,500</u>			<u>366,129</u>		<u>47,054</u>	<u>6,078</u>	<u>40,104</u>
<u>1,086,304</u>	<u>64,663</u>	<u>2,015,047</u>	<u>513</u>		<u>(20,230)</u>	<u>104,880</u>	<u>498,026</u>
193 (1,128,191)		(858,298)			(768,319)	(1,000)	(2,000)
<u>(1,127,998)</u>		<u>(858,298)</u>			<u>(768,319)</u>	<u>(1,000)</u>	<u>(2,000)</u>
(41,694)	64,663	1,156,749	513		(788,549)	103,880	496,026
<u>3,793,078</u>	<u>124,783</u>	<u>(\$152,866)</u>	<u>36,817</u>		<u>846,827</u>	<u>98,893</u>	<u>714,396</u>
<u>\$3,751,384</u>	<u>\$189,446</u>	<u>\$1,003,883</u>	<u>\$37,330</u>		<u>\$58,278</u>	<u>\$202,773</u>	<u>\$1,210,422</u>

(Continued)

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS				
	Community Development Block Grant	Rental Code Compliance Program	Roadway Improvement	Storm Water Utility Tax	Prop 42
REVENUES					
Property taxes and assessments					
Other taxes					
Charges for services					
Licenses, permits and fees		\$74,275	\$81,213		
Fines, forfeitures and penalties	\$65,919				
Intergovernmental	709,260				\$561,727
Use of money and property		735	89,740	\$4,022	2,343
Other					
Total Revenues	<u>775,179</u>	<u>75,010</u>	<u>170,953</u>	<u>4,022</u>	<u>564,070</u>
EXPENDITURES					
Current:					
General Government	571,891				
Community Development					
Public Safety					
Public Works				186,900	9,577
Capital outlay	19,623				
Debt Service:					
Principal					
Interest and fiscal charges					
Total Expenditures	<u>591,514</u>			<u>186,900</u>	<u>9,577</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>183,665</u>	<u>75,010</u>	<u>170,953</u>	<u>(182,878)</u>	<u>554,493</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	367,091				
Transfers (out)	<u>(360,000)</u>	<u>(75,010)</u>	<u>(1,346,917)</u>	<u>(160,924)</u>	
Total Other Financing Sources (Uses)	<u>7,091</u>	<u>(75,010)</u>	<u>(1,346,917)</u>	<u>(160,924)</u>	
NET CHANGE IN FUND BALANCE	190,756		(1,175,964)	(343,802)	554,493
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED	<u>(214,855)</u>		<u>6,341,117</u>	<u>329,020</u>	<u>40,010</u>
ENDING FUND BALANCES (DEFICITS)	<u>(\$24,099)</u>		<u>\$5,165,153</u>	<u>(\$14,782)</u>	<u>\$594,503</u>

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS			CAPITAL PROJECTS FUND	Total Nonmajor Governmental Funds
Environmental Mitigation	Landscaping and Lighting	Redevelopment Administration	General Plan	Redevelopment Debt Service	Financing Corporation Debt Service	Redevelopment Capital Projects	
	\$589,115			\$1,915,445 26,530			\$3,124,006 27,530 13,900
			\$56,396				1,675,553 72,892
\$87	27,652	\$4,072		2,444	\$3,893 350	\$4,570	4,306,199 361,161 350
<u>87</u>	<u>616,767</u>	<u>4,072</u>	<u>56,396</u>	<u>1,944,419</u>	<u>4,243</u>	<u>4,570</u>	<u>9,581,591</u>
		382					929,615
6,296		1,004,088	111,148	29,079			1,219,261 144
	224,622						474,781
		3,815					935,664
					725,000		725,000
				126,838	1,228,112		1,354,950
<u>6,296</u>	<u>224,622</u>	<u>1,008,285</u>	<u>111,148</u>	<u>155,917</u>	<u>1,953,112</u>		<u>5,639,415</u>
<u>(6,209)</u>	<u>392,145</u>	<u>(1,004,213)</u>	<u>(54,752)</u>	<u>1,788,502</u>	<u>(1,948,869)</u>	<u>4,570</u>	<u>3,942,176</u>
	84,295 (23,896)	1,577,052 (292,973)		177,434 (1,965,936)	1,955,253 (350)	113,940	4,664,142 (9,221,106)
	60,399	1,284,079		(1,788,502)	1,954,903	113,940	(4,556,964)
(6,209)	452,544	279,866	(54,752)		6,034	118,510	(614,788)
<u>6,209</u>	<u>1,778,754</u>	<u>(1,342,046)</u>	<u>(1,471,217)</u>		<u>2,697,672</u>	<u>327,675</u>	<u>23,318,910</u>
	<u>\$2,231,298</u>	<u>(\$1,062,180)</u>	<u>(\$1,525,969)</u>		<u>\$2,703,706</u>	<u>\$446,185</u>	<u>\$22,704,122</u>

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010

	LOW/MODERATE INCOME HOUSING			ASSET FORFEITURE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Charges for services						
Licenses, permits and fees						
Fines, forfeitures and penalties				\$10,000	\$6,973	(\$3,027)
Intergovernmental						
Use of money and property		\$11,424	\$11,424		358	358
Other						
Total Revenues		<u>11,424</u>	<u>11,424</u>	<u>10,000</u>	<u>7,331</u>	<u>(2,669)</u>
EXPENDITURES						
Current:						
General Government		1,830	(1,830)			
Community Development	\$152,400	68,650	83,750			
Public Safety				20,000	144	19,856
Public Works						
Capital outlay	415,000		415,000			
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>567,400</u>	<u>70,480</u>	<u>496,920</u>	<u>20,000</u>	<u>144</u>	<u>19,856</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(567,400)</u>	<u>(59,056)</u>	<u>508,344</u>	<u>(10,000)</u>	<u>7,187</u>	<u>17,187</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	394,000	388,884	(5,116)			
Transfers (out)	(129,800)	(897,631)	(767,831)			
Total Other Financing Sources (Uses)	<u>264,200</u>	<u>(508,747)</u>	<u>(772,947)</u>			
NET CHANGE IN FUND BALANCES	<u>(\$303,200)</u>	<u>(567,803)</u>	<u>(\$264,603)</u>	<u>(\$10,000)</u>	<u>7,187</u>	<u>\$17,187</u>
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED		<u>920,162</u>			<u>21,906</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$352,359</u>			<u>\$29,093</u>	

<u>VILLAGES OF ZINFANDEL</u>			<u>COMMUNITY FACILITIES FEES</u>			<u>PARK DEVELOPMENT</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$22,300	\$9,850	(\$12,450)	\$797,200	\$824,652	\$27,452	\$126,000	\$182,842	\$56,842
	6,308	6,308		75,570	75,570		27,758	27,758
<u>22,300</u>	<u>16,158</u>	<u>(6,142)</u>	<u>797,200</u>	<u>900,222</u>	<u>103,022</u>	<u>126,000</u>	<u>210,600</u>	<u>84,600</u>
3,200		3,200	23,000	73,593	(50,593)	225,000	234,865	(9,865)
			600,000	546,097	53,903			
<u>3,200</u>		<u>3,200</u>	<u>623,000</u>	<u>619,690</u>	<u>3,310</u>	<u>225,000</u>	<u>234,865</u>	<u>(9,865)</u>
<u>19,100</u>	<u>16,158</u>	<u>(2,942)</u>	<u>174,200</u>	<u>280,532</u>	<u>106,332</u>	<u>(99,000)</u>	<u>(24,265)</u>	<u>74,735</u>
	(873)	(873)	(1,311,500)	(1,313,963)	(2,463)		(24,825)	(24,825)
	(873)	(873)	(1,311,500)	(1,313,963)	(2,463)		(24,825)	(24,825)
<u>\$19,100</u>	<u>15,285</u>	<u>(\$3,815)</u>	<u>(\$1,137,300)</u>	<u>(1,033,431)</u>	<u>\$103,869</u>	<u>(\$99,000)</u>	<u>(49,090)</u>	<u>\$49,910</u>
	<u>443,473</u>			<u>5,949,976</u>			<u>2,029,126</u>	
	<u>\$458,758</u>			<u>\$4,916,545</u>			<u>\$1,980,036</u>	

(Continued)

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010

	GAS TAX			STREET CUT FEES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Charges for services						
Licenses, permits and fees				\$35,000	\$64,333	\$29,333
Fines, forfeitures and penalties						
Intergovernmental	\$1,164,600	\$1,035,212	(\$129,388)			
Use of money and property		58,592	58,592		330	330
Other						
Total Revenues	1,164,600	1,093,804	(70,796)	35,000	64,663	29,663
EXPENDITURES						
Current:						
General Government						
Community Development						
Public Safety						
Public Works	7,500	7,500				
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	7,500	7,500				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,157,100	1,086,304	(70,796)	35,000	64,663	29,663
OTHER FINANCING SOURCES (USES)						
Transfers in		193	193			
Transfers (out)	(1,100,000)	(1,128,191)	(28,191)			
Total Other Financing Sources (Uses)	(1,100,000)	(1,127,998)	(27,998)			
NET CHANGE IN FUND BALANCES	\$57,100	(41,694)	(\$98,794)	\$35,000	64,663	\$29,663
		3,793,078			124,783	
ENDING FUND BALANCES (DEFICITS)		\$3,751,384			\$189,446	

<u>MATHER FIELD IMPACT FEES</u>			<u>TRANSPORTATION DEVELOPMENT ACT</u>			<u>VERY LOW INCOME HOUSING</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
						\$175,000	\$15,863	(\$159,137)
\$2,570,000	\$2,000,000 15,047	(\$570,000) 15,047	\$282,400		(\$282,400)		10,961	10,961
<u>2,570,000</u>	<u>2,015,047</u>	<u>(554,953)</u>	<u>282,400</u>		<u>(282,400)</u>	<u>175,000</u>	<u>26,824</u>	<u>(148,176)</u>
						76,500	47,054	29,446
						600,000		600,000
						<u>676,500</u>	<u>47,054</u>	<u>629,446</u>
<u>2,570,000</u>	<u>2,015,047</u>	<u>(554,953)</u>	<u>282,400</u>		<u>(282,400)</u>	<u>(501,500)</u>	<u>(20,230)</u>	<u>481,270</u>
<u>(538,000)</u>	<u>(858,298)</u>	<u>(320,298)</u>	<u>(245,000)</u>		<u>245,000</u>	<u>(41,600)</u>	<u>(768,319)</u>	<u>(726,719)</u>
<u>(538,000)</u>	<u>(858,298)</u>	<u>(320,298)</u>	<u>(245,000)</u>		<u>245,000</u>	<u>(41,600)</u>	<u>(768,319)</u>	<u>(726,719)</u>
<u>\$2,032,000</u>	<u>1,156,749</u>	<u>(\$875,251)</u>	<u>\$37,400</u>		<u>(\$37,400)</u>	<u>(\$543,100)</u>	<u>(788,549)</u>	<u>(\$245,449)</u>
	<u>(\$152,866)</u>						<u>846,827</u>	
	<u>\$1,003,883</u>						<u>\$58,278</u>	

(Continued)

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010

	TRANSIT-RELATED SERVICES TAX			ROAD MAINTENANCE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$102,000	\$108,054	\$6,054	\$358,000	\$511,392	\$153,392
Other taxes	102,000	1,000	(101,000)			
Charges for services					13,900	13,900
Licenses, permits and fees						
Fines, forfeitures and penalties						
Intergovernmental						
Use of money and property		1,904	1,904		12,838	12,838
Other						
Total Revenues	204,000	110,958	(93,042)	358,000	538,130	180,130
EXPENDITURES						
Current:						
General government						
Community development						
Public safety						
Public works	39,200	6,078	33,122	1,081,600	40,104	1,041,496
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	39,200	6,078	33,122	1,081,600	40,104	1,041,496
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	164,800	104,880	(59,920)	(723,600)	498,026	1,221,626
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(31,000)	(1,000)	30,000	(2,000)	(2,000)	
Total Other Financing Sources (Uses)	(31,000)	(1,000)	30,000	(2,000)	(2,000)	
NET CHANGE IN FUND BALANCES	\$133,800	103,880	(\$29,920)	(\$725,600)	496,026	\$1,221,626
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED		98,893			714,396	
ENDING FUND BALANCES (DEFICITS)		\$202,773			\$1,210,422	

<u>COMMUNITY DEVELOPMENT BLOCK GRANT</u>			<u>RENTAL CODE COMPLIANCE PROGRAM</u>			<u>ROADWAY IMPROVEMENT</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
			\$60,000	\$74,275	\$14,275		\$81,213	\$81,213
\$38,100	\$65,919	\$27,819						
946,800	709,260	(237,540)				\$878,000		(878,000)
				735	735		89,740	89,740
<u>984,900</u>	<u>775,179</u>	<u>(209,721)</u>	<u>60,000</u>	<u>75,010</u>	<u>15,010</u>	<u>878,000</u>	<u>170,953</u>	<u>(707,047)</u>
252,100	571,891	(319,791)						
445,600	19,623	425,977						
<u>697,700</u>	<u>591,514</u>	<u>106,186</u>						
<u>287,200</u>	<u>183,665</u>	<u>(103,535)</u>	<u>60,000</u>	<u>75,010</u>	<u>15,010</u>	<u>878,000</u>	<u>170,953</u>	<u>(707,047)</u>
	367,091	367,091						
<u>(287,200)</u>	<u>(360,000)</u>	<u>(72,800)</u>	<u>(80,000)</u>	<u>(75,010)</u>	<u>4,990</u>	<u>(878,000)</u>	<u>(1,346,917)</u>	<u>(468,917)</u>
<u>(287,200)</u>	<u>7,091</u>	<u>294,291</u>	<u>(80,000)</u>	<u>(75,010)</u>	<u>4,990</u>	<u>(878,000)</u>	<u>(1,346,917)</u>	<u>(468,917)</u>
	190,756	\$190,756	<u>(\$20,000)</u>		<u>\$20,000</u>		(1,175,964)	<u>(\$1,175,964)</u>
	<u>(214,855)</u>						<u>6,341,117</u>	
	<u>(\$24,099)</u>						<u>\$5,165,153</u>	

(Continued)

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010

	STORM WATER UTILITY TAX			PROP 42		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Charges for services						
Licenses, permits and fees						
Fines, forfeitures and penalties						
Intergovernmental	\$611,400		(\$611,400)	\$576,700	\$561,727	(\$14,973)
Use of money and property		\$4,022	4,022		2,343	2,343
Other						
Total Revenues	611,400	4,022	(607,378)	576,700	564,070	(12,630)
EXPENDITURES						
Current:						
General government						
Community development						
Public safety						
Public works	745,700	186,900	558,800		9,577	(9,577)
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	745,700	186,900	558,800	576,700	554,493	(22,207)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(134,300)	(182,878)	(48,578)	576,700	554,493	(22,207)
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(353,900)	(160,924)	192,976	(577,900)		577,900
Total Other Financing Sources (Uses)	(353,900)	(160,924)	192,976	(577,900)	554,493	\$555,693
NET CHANGE IN FUND BALANCES	(\$488,200)	(343,802)	\$144,398	(\$1,200)	554,493	\$555,693
BEGINNING FUND BALANCES (DEFICITS) AS RESTATED		329,020			40,010	
ENDING FUND BALANCES (DEFICITS)		(\$14,782)			\$594,503	

ENVIRONMENTAL MITIGATION			LANDSCAPING AND LIGHTING			REDEVELOPMENT ADMINISTRATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$564,500	\$589,115	\$24,615			
\$900	\$87	(\$813)		27,652	27,652		\$4,072	\$4,072
900	87	(813)	564,500	616,767	52,267		4,072	4,072
7,500	6,296	7,500 (6,296)				\$140,000	382	139,618
						901,900	1,004,088	(102,188)
			438,200	224,622	213,578			
						105,000	3,815	101,185
7,500	6,296	1,204	438,200	224,622	213,578	1,146,900	1,008,285	138,615
(6,600)	(6,209)	391	126,300	392,145	265,845	(1,146,900)	(1,004,213)	142,687
				84,295	84,295	1,246,000	1,577,052	331,052
			(62,300)	(23,896)	38,404	(12,000)	(292,973)	(280,973)
			(62,300)	60,399	122,699	1,234,000	1,284,079	50,079
(\$6,600)	(6,209)	\$391	\$64,000	452,544	\$388,544	\$87,100	279,866	\$192,766
	6,209			1,778,754			(1,342,046)	
				\$2,231,298			(\$1,062,180)	

(Continued)

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL PLAN			REDEVELOPMENT DEBT SERVICE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes				\$1,586,600	\$1,915,445	\$328,845
Other taxes					26,530	26,530
Charges for services						
Licenses, permits and fees	\$65,000	\$56,396	(\$8,604)			
Fines, forfeitures and penalties						
Intergovernmental						
Use of money and property					2,444	2,444
Other						
Total Revenues	<u>65,000</u>	<u>56,396</u>	<u>(8,604)</u>	<u>1,586,600</u>	<u>1,944,419</u>	<u>357,819</u>
EXPENDITURES						
Current:						
General government						
Community development	190,000	111,148	78,852	30,000	29,079	921
Public safety						
Public works						
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges				225,000	126,838	98,162
Total Expenditures	<u>190,000</u>	<u>111,148</u>	<u>78,852</u>	<u>255,000</u>	<u>155,917</u>	<u>99,083</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	<u>(125,000)</u>	<u>(54,752)</u>	<u>70,248</u>	<u>1,331,600</u>	<u>1,788,502</u>	<u>456,902</u>
OTHER FINANCING SOURCES (USES)						
Transfers in					177,434	177,434
Transfers (out)				(1,745,000)	(1,965,936)	(220,936)
Total Other Financing Sources (Uses)				<u>(1,745,000)</u>	<u>(1,788,502)</u>	<u>(43,502)</u>
NET CHANGE IN FUND BALANCES	<u><u>(\$125,000)</u></u>	<u><u>(54,752)</u></u>	<u><u>\$70,248</u></u>	<u><u>(\$413,400)</u></u>		<u><u>\$413,400</u></u>
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED						
		<u>(1,471,217)</u>				
ENDING FUND BALANCES (DEFICITS)		<u><u>(\$1,525,969)</u></u>				

FINANCING CORPORATION DEBT SERVICE

<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
	\$3,893	\$3,893
	350	350
	<u>4,243</u>	<u>4,243</u>
\$725,000	725,000	
<u>1,225,100</u>	<u>1,228,112</u>	<u>(3,012)</u>
<u>1,950,100</u>	<u>1,953,112</u>	<u>(3,012)</u>
<u>(1,950,100)</u>	<u>(1,948,869)</u>	<u>1,231</u>
1,950,100	1,955,253	5,153
	(350)	(350)
<u>1,950,100</u>	<u>1,954,903</u>	<u>4,803</u>
<u>6,034</u>	<u>6,034</u>	<u>\$6,034</u>
	<u>2,697,672</u>	
	<u>\$2,703,706</u>	

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SUBCOMBINING FUND SCHEDULES

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS
JUNE 30, 2010

	Sunrise Douglas Program Updates Fund	Sunrise Douglas Interim Sewer Fund	Sunrise Douglas Library Fund	Sunrise Douglas Offsite Water Fund	Sunrise Douglas Traffic Impact Fund
ASSETS					
Cash and investments	\$77,790	\$53,136	\$1,592,875	\$78,465	\$10,447,227
Receivables:					
Interest	18	12	359	18	2,711
Total Assets	<u>\$77,808</u>	<u>\$53,148</u>	<u>\$1,593,234</u>	<u>\$78,483</u>	<u>\$10,449,938</u>
LIABILITIES					
Accounts payable					\$10,000
Total Liabilities					<u>10,000</u>
FUND BALANCES					
Fund balance					
Unreserved, Undesignated	<u>\$77,808</u>	<u>\$53,148</u>	<u>\$1,593,234</u>	<u>\$78,483</u>	<u>10,439,938</u>
Total Fund Balances	<u>77,808</u>	<u>53,148</u>	<u>1,593,234</u>	<u>78,483</u>	<u>10,439,938</u>
Total Liabilities and Fund Balances	<u>\$77,808</u>	<u>\$53,148</u>	<u>\$1,593,234</u>	<u>\$78,483</u>	<u>\$10,449,938</u>

Sunrise Douglas Transit Shuttle Fund	Sunrise Douglas Admin Fund	Total Sunrise Douglas Special Revenue Fund
\$388,436	\$879,173	\$13,517,102
<u>87</u>	<u>198</u>	<u>3,403</u>
<u>\$388,523</u>	<u>\$879,371</u>	<u>\$13,520,505</u>
		<u>\$10,000</u>
		<u>10,000</u>
<u>\$388,523</u>	<u>\$879,371</u>	<u>13,510,505</u>
<u>388,523</u>	<u>879,371</u>	<u>13,510,505</u>
<u>\$388,523</u>	<u>\$879,371</u>	<u>\$13,520,505</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Sunrise Douglas Program Updates Fund	Sunrise Douglas Interim Sewer Fund	Sunrise Douglas Library Fund	Sunrise Douglas Offsite Water Fund	Sunrise Douglas Traffic Impact Fund
REVENUES					
Licenses, permits and fees	\$12,607	\$158,384	\$98,781	\$222,067	\$2,370,301
Use of money and property	997	2,675	21,326	4,334	159,231
Total Revenues	13,604	161,059	120,107	226,401	2,529,532
EXPENDITURES					
Current:					
Public Works					15,017
Capital outlay		413,663		659,235	
Total Expenditures		413,663		659,235	15,017
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	13,604	(252,604)	120,107	(432,834)	2,514,515
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers (out)					(3,077,612)
Total Other Financing Sources (Uses)					(3,077,612)
NET CHANGE IN FUND BALANCES	13,604	(252,604)	120,107	(432,834)	(563,097)
BEGINNING FUND BALANCES	64,204	305,752	1,473,127	511,317	11,003,035
ENDING FUND BALANCES	\$77,808	\$53,148	\$1,593,234	\$78,483	\$10,439,938

Sunrise Douglas Transit Shuttle Fund	Sunrise Douglas Admin Fund	Total Sunrise Douglas Special Revenue Fund
\$12,036	\$96,660	2,970,836
<u>5,272</u>	<u>13,173</u>	<u>207,008</u>
<u>17,308</u>	<u>109,833</u>	<u>3,177,844</u>
	203,884	218,901
		<u>1,072,898</u>
	<u>203,884</u>	<u>1,291,799</u>
<u>17,308</u>	<u>(94,051)</u>	<u>1,886,045</u>
		<u>(3,077,612)</u>
		<u>(3,077,612)</u>
17,308	(94,051)	(1,191,567)
<u>371,215</u>	<u>973,422</u>	<u>14,702,072</u>
<u>\$388,523</u>	<u>\$879,371</u>	<u>\$13,510,505</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Sunrise Douglas Program Updates Fund			Sunrise Douglas Interim Sewer Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$7,400	\$12,607	\$5,207	\$43,200	\$158,384	\$115,184
Use of money and property		997	997		2,675	2,675
Total Revenues	<u>7,400</u>	<u>13,604</u>	<u>6,204</u>	<u>43,200</u>	<u>161,059</u>	<u>117,859</u>
EXPENDITURES						
Current:						
General Government	15,000		15,000			
Public Works						
Capital outlay				315,000	413,663	(98,663)
Total Expenditures	<u>15,000</u>		<u>15,000</u>	<u>315,000</u>	<u>413,663</u>	<u>(98,663)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,600)</u>	<u>13,604</u>	<u>21,204</u>	<u>(271,800)</u>	<u>(252,604)</u>	<u>19,196</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	(7,600)	13,604	21,204	(271,800)	(252,604)	19,196
BEGINNING FUND BALANCES	<u>64,204</u>	<u>64,204</u>		<u>305,752</u>	<u>305,752</u>	
ENDING FUND BALANCES	<u><u>\$56,604</u></u>	<u><u>\$77,808</u></u>	<u><u>\$21,204</u></u>	<u><u>\$33,952</u></u>	<u><u>\$53,148</u></u>	<u><u>\$19,196</u></u>

Sunrise Douglas Library Fund			Sunrise Douglas Offsite Water Fund			Sunrise Douglas Traffic Impact Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$56,000	\$98,781	\$42,781	\$62,700	\$222,067	\$159,367		\$2,370,301	\$2,370,301
	21,326	21,326		4,334	4,334		159,231	159,231
56,000	120,107	64,107	62,700	226,401	163,701		2,529,532	2,529,532
			515,000	659,235	(144,235)	\$151,800	15,017	136,783
			515,000	659,235	(144,235)	151,800	15,017	136,783
56,000	120,107	64,107	(452,300)	(432,834)	19,466	(151,800)	2,514,515	2,666,315
						(2,698,000)	(3,077,612)	(379,612)
						(2,698,000)	(3,077,612)	(379,612)
56,000	120,107	64,107	(452,300)	(432,834)	19,466	(2,849,800)	(563,097)	2,286,703
1,473,127	1,473,127		511,317	511,317		11,003,035	11,003,035	
\$1,529,127	\$1,593,234	\$64,107	\$59,017	\$78,483	\$19,466	\$8,153,235	\$10,439,938	\$2,286,703

(Continued)

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Sunrise Douglas Transit Shuttle fund			Sunrise Douglas Admin Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$7,000	\$12,036	\$5,036	\$56,800	\$96,660	\$39,860
Use of money and property		5,272	5,272		13,173	13,173
Total Revenues	<u>7,000</u>	<u>17,308</u>	<u>10,308</u>	<u>56,800</u>	<u>109,833</u>	<u>53,033</u>
EXPENDITURES						
Current:						
General Government				741,100		741,100
Public Works					203,884	(203,884)
Capital outlay						
Total Expenditures				<u>741,100</u>	<u>203,884</u>	<u>537,216</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,000</u>	<u>17,308</u>	<u>10,308</u>	<u>(684,300)</u>	<u>(94,051)</u>	<u>590,249</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	7,000	17,308	10,308	(684,300)	(94,051)	590,249
BEGINNING FUND BALANCES	<u>371,215</u>	<u>371,215</u>		<u>973,422</u>	<u>973,422</u>	
ENDING FUND BALANCES	<u>\$378,215</u>	<u>\$388,523</u>	<u>\$10,308</u>	<u>\$289,122</u>	<u>\$879,371</u>	<u>\$590,249</u>

Total Sunrise Douglas
Special Revenue Fund

Budget	Actual	Variance Positive (Negative)
\$233,100	\$2,970,836 207,008	\$2,737,736 207,008
<u>233,100</u>	<u>3,177,844</u>	<u>2,944,744</u>
756,100		756,100
151,800	218,901	(67,101)
<u>830,000</u>	<u>1,072,898</u>	<u>(242,898)</u>
<u>1,737,900</u>	<u>1,291,799</u>	<u>446,101</u>
<u>(1,504,800)</u>	<u>1,886,045</u>	<u>3,390,845</u>
<u>(2,698,000)</u>	<u>(3,077,612)</u>	<u>(379,612)</u>
<u>(2,698,000)</u>	<u>(3,077,612)</u>	<u>(379,612)</u>
(4,202,800)	(1,191,567)	3,011,233
<u>14,702,072</u>	<u>14,702,072</u>	
<u><u>\$10,499,272</u></u>	<u><u>\$13,510,505</u></u>	<u><u>\$3,011,233</u></u>

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
TRAFFIC MITIGATION SPECIAL REVENUE FUNDS
JUNE 30, 2010

	<u>Traffic Mitigation Fund</u>	<u>Traffic Mitigation Admin Fund</u>	<u>Total Traffic Mitigation Special Revenue Fund</u>
ASSETS			
Cash and investments	\$19,333,093	\$215,596	\$19,548,689
Receivables:			
Accounts, net	163,979		163,979
Interest	<u>4,704</u>	<u>69</u>	<u>4,773</u>
Total Assets	<u>\$19,501,776</u>	<u>\$215,665</u>	<u>\$19,717,441</u>
LIABILITIES			
Accounts payable	\$4,388		\$4,388
Deferred revenue	<u>163,979</u>		<u>163,979</u>
Total Liabilities	<u>168,367</u>		<u>168,367</u>
FUND BALANCES			
Fund balance			
Unreserved, Undesignated	<u>19,333,409</u>	<u>\$215,665</u>	<u>19,549,074</u>
Total Fund Balances	<u>19,333,409</u>	<u>215,665</u>	<u>19,549,074</u>
Total Liabilities and Fund Balances	<u>\$19,501,776</u>	<u>\$215,665</u>	<u>\$19,717,441</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
TRAFFIC MITIGATION SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Traffic Mitigation Fund</u>	<u>Traffic Mitigation Admin Fund</u>	<u>Total Traffic Mitigation Special Revenue Fund</u>
REVENUES			
Licenses, permits and fees	\$1,521,621	\$32,255	\$1,553,876
Use of money and property	<u>284,897</u>	<u>4,245</u>	<u>289,142</u>
Total Revenues	<u>1,806,518</u>	<u>36,500</u>	<u>1,843,018</u>
EXPENDITURES			
Current:			
Public Works	<u>34,049</u>	<u>17,455</u>	<u>51,504</u>
Total Expenditures	<u>34,049</u>	<u>17,455</u>	<u>51,504</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,772,469</u>	<u>19,045</u>	<u>1,791,514</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(2,242,932)</u>	<u>(90,086)</u>	<u>(2,333,018)</u>
Total Other Financing Sources (Uses)	<u>(2,242,932)</u>	<u>(90,086)</u>	<u>(2,333,018)</u>
NET CHANGE IN FUND BALANCES	(470,463)	(71,041)	(541,504)
BEGINNING FUND BALANCES	<u>19,803,872</u>	<u>286,706</u>	<u>20,090,578</u>
ENDING FUND BALANCES	<u><u>\$19,333,409</u></u>	<u><u>\$215,665</u></u>	<u><u>\$19,549,074</u></u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TRAFFIC MITIGATION SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Traffic Mitigation Fund			Traffic Mitigation Admin Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$750,400	\$1,521,621	\$771,221	\$27,800	\$32,255	\$4,455
Use of money and property		284,897	284,897		4,245	4,245
Total Revenues	750,400	1,806,518	1,056,118	27,800	36,500	8,700
EXPENDITURES						
Current:						
Public Works	1,340,600	34,049	1,306,551	257,600	17,455	240,145
Total Expenditures	1,340,600	34,049	1,306,551	257,600	17,455	240,145
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(590,200)	1,772,469	2,362,669	(229,800)	19,045	248,845
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(2,550,000)	(2,242,932)	307,068		(90,086)	(90,086)
Total Other Financing Sources (Uses)	(2,550,000)	(2,242,932)	307,068		(90,086)	(90,086)
NET CHANGE IN FUND BALANCES	(3,140,200)	(470,463)	2,669,737	(229,800)	(71,041)	158,759
BEGINNING FUND BALANCES	19,803,872	19,803,872		286,706	286,706	
ENDING FUND BALANCES	\$16,663,672	\$19,333,409	\$2,669,737	\$56,906	\$215,665	\$158,759

<u>Total Traffic Mitigation Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$778,200	\$1,553,876	\$775,676
	289,142	289,142
<u>778,200</u>	<u>1,843,018</u>	<u>1,064,818</u>
<u>1,598,200</u>	<u>51,504</u>	<u>1,546,696</u>
<u>1,598,200</u>	<u>51,504</u>	<u>1,546,696</u>
<u>(820,000)</u>	<u>1,791,514</u>	<u>2,611,514</u>
<u>(2,550,000)</u>	<u>(2,333,018)</u>	<u>216,982</u>
<u>(2,550,000)</u>	<u>(2,333,018)</u>	<u>216,982</u>
<u>(3,370,000)</u>	<u>(541,504)</u>	<u>2,828,496</u>
<u>20,090,578</u>	<u>20,090,578</u>	
<u>\$16,720,578</u>	<u>\$19,549,074</u>	<u>\$2,828,496</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
GRANT REVENUE SPECIAL REVENUE FUNDS
JUNE 30, 2010

	<u>State Grant Fund</u>	<u>Federal Grant Fund</u>	<u>Other Grant Fund</u>	<u>Total Grant Special Revenue Fund</u>
ASSETS				
Cash and investments	\$196,255			\$196,255
Receivables:				
Due from other governmental agencies	<u>232,627</u>	<u>\$2,544,872</u>		<u>2,777,499</u>
Total Assets	<u><u>\$428,882</u></u>	<u><u>\$2,544,872</u></u>		<u><u>\$2,973,754</u></u>
LIABILITIES				
Accounts payable	\$5,024	\$77,746		\$82,770
Due to other funds		<u>2,796,778</u>		<u>2,796,778</u>
Total Liabilities	<u>5,024</u>	<u>2,874,524</u>		<u>2,879,548</u>
FUND BALANCES				
Fund balance				
Unreserved, Undesignated	<u>423,858</u>	<u>(329,652)</u>		<u>94,206</u>
Total Fund Balances	<u>423,858</u>	<u>(329,652)</u>		<u>94,206</u>
Total Liabilities and Fund Balances	<u><u>\$428,882</u></u>	<u><u>\$2,544,872</u></u>		<u><u>\$2,973,754</u></u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GRANT REVENUE SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	State Grant Fund	Federal Grant Fund	Other Grant Fund	Interfund Eliminations	Total Grant Special Revenue Fund
REVENUES					
Intergovernmental	\$350,255	\$3,810,547			\$4,160,802
Use of money and property	168				168
Total Revenues	350,423	3,810,547			4,160,970
EXPENDITURES					
Current:					
Public Safety	71,123	108,845			179,968
Public Works	20,528	50,161			70,689
Capital outlay		56,049			56,049
Total Expenditures	91,651	215,055			306,706
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	258,772	3,595,492			3,854,264
OTHER FINANCING SOURCES (USES)					
Transfers in	103,053	792,318		(\$61,870)	833,501
Transfers (out)	(312,941)	(4,381,736)	(\$61,870)	61,870	(4,694,677)
Total Other Financing Sources (Uses)	(209,888)	(3,589,418)	(61,870)		(3,861,176)
NET CHANGE IN FUND BALANCES	48,884	6,074	(61,870)		(6,912)
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED	374,974	(335,726)	61,870		101,118
ENDING FUND BALANCES (DEFICITS)	\$423,858	(\$329,652)			\$94,206

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANT REVENUE SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	State Grant Fund			Federal Grant Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Intergovernmental	\$1,584,500	\$350,255	(\$1,234,245)	\$14,764,600	\$3,810,547	(\$10,954,053)
Use of money and property		168	168			
Total Revenues	<u>1,584,500</u>	<u>350,423</u>	<u>(1,234,077)</u>	<u>14,764,600</u>	<u>3,810,547</u>	<u>(10,954,053)</u>
EXPENDITURES						
Current:						
General Government				23,323		23,323
Public Safety	102,600	71,123	31,477	101,677	108,845	(7,168)
Public Works	301,000	20,528	280,472		50,161	(50,161)
Capital outlay	50,000		50,000		56,049	(56,049)
Total Expenditures	<u>453,600</u>	<u>91,651</u>	<u>361,949</u>	<u>125,000</u>	<u>215,055</u>	<u>(90,055)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,130,900</u>	<u>258,772</u>	<u>(872,128)</u>	<u>14,639,600</u>	<u>3,595,492</u>	<u>(11,044,108)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in		103,053	103,053		792,318	792,318
Transfers (out)	(1,230,900)	(312,941)	917,959	(14,639,600)	(4,381,736)	10,257,864
Total Other Financing Sources (Uses)	<u>(1,230,900)</u>	<u>(209,888)</u>	<u>1,021,012</u>	<u>(14,639,600)</u>	<u>(3,589,418)</u>	<u>11,050,182</u>
NET CHANGE IN FUND BALANCES	(100,000)	48,884	148,884		6,074	6,074
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED	<u>374,974</u>	<u>374,974</u>		<u>(335,726)</u>	<u>(335,726)</u>	
ENDING FUND BALANCES (DEFICITS)	<u>\$274,974</u>	<u>\$423,858</u>	<u>\$148,884</u>	<u>(\$335,726)</u>	<u>(\$329,652)</u>	<u>\$6,074</u>

Other Grant Fund			Totals, Net of Eliminations			
Budget	Actual	Variance Positive (Negative)	Interfund Eliminations	Budget	Actual	Variance Positive (Negative)
				\$16,349,100	\$4,160,802	(\$12,188,298)
					168	168
				16,349,100	4,160,970	(12,188,130)
				23,323		23,323
				204,277	179,968	24,309
				301,000	70,689	230,311
				50,000	56,049	(6,049)
				578,600	306,706	271,894
				15,770,500	3,854,264	(11,916,236)
			(\$61,870)		833,501	833,501
	(\$61,870)	(\$61,870)	61,870	(15,870,500)	(4,694,677)	11,175,823
	(61,870)	(61,870)		(15,870,500)	(3,861,176)	12,009,324
	(61,870)	(61,870)		(100,000)	(6,912)	93,088
\$61,870	61,870			101,118	101,118	
\$61,870		(\$61,870)		\$1,118	\$94,206	\$93,088

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS
JUNE 30, 2010

	Villages of Zinfandel Roadway Fund	Villages of Zinfandel Admin Fund	Villages of Zinfandel Library Fund	Total Villages of Zinfandel Special Revenue Fund
ASSETS				
Cash and investments	\$271,638	\$5,510	\$181,507	\$458,655
Receivables:				
Accounts, net	4,843		6,288	11,131
Interest	61	1	41	103
Total Assets	<u>\$276,542</u>	<u>\$5,511</u>	<u>\$187,836</u>	<u>\$469,889</u>
LIABILITIES				
Deferred revenue	<u>\$4,843</u>		<u>\$6,288</u>	<u>\$11,131</u>
Total Liabilities	<u>4,843</u>		<u>6,288</u>	<u>11,131</u>
FUND BALANCES				
Fund balance				
Unreserved, Undesignated	<u>271,699</u>	<u>\$5,511</u>	<u>181,548</u>	<u>458,758</u>
Total Fund Balances	<u>271,699</u>	<u>5,511</u>	<u>181,548</u>	<u>458,758</u>
Total Liabilities and Fund Balances	<u>\$276,542</u>	<u>\$5,511</u>	<u>\$187,836</u>	<u>\$469,889</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Villages of Zinfandel Roadway Fund	Villages of Zinfandel Admin Fund	Villages of Zinfandel Library Fund	Total Villages of Zinfandel Special Revenue Fund
REVENUES				
Licenses, permits and fees	\$4,035	\$575	\$5,240	9,850
Use of money and property	3,780	71	2,457	6,308
Total Revenues	<u>7,815</u>	<u>646</u>	<u>7,697</u>	<u>16,158</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,815</u>	<u>646</u>	<u>7,697</u>	<u>16,158</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(873)			(873)
Total Other Financing Sources (Uses)	<u>(873)</u>			<u>(873)</u>
NET CHANGE IN FUND BALANCES	6,942	646	7,697	15,285
BEGINNING FUND BALANCES	<u>264,757</u>	<u>4,865</u>	<u>173,851</u>	<u>443,473</u>
ENDING FUND BALANCES	<u><u>\$271,699</u></u>	<u><u>\$5,511</u></u>	<u><u>\$181,548</u></u>	<u><u>\$458,758</u></u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Villages of Zinfandel Roadway Fund			Villages of Zinfandel Admin Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$9,600	\$4,035	(\$5,565)	\$200	\$575	\$375
Use of money and property		3,780	3,780		71	71
Total Revenues	9,600	7,815	(1,785)	200	646	446
EXPENDITURES						
Current:						
General Government				3,200		3,200
Total Expenditures				3,200		3,200
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,600	7,815	(1,785)	(3,000)	646	3,646
OTHER FINANCING SOURCES (USES)						
Transfers (out)		(873)	(873)			
Total Other Financing Sources (Uses)		(873)	(873)			
NET CHANGE IN FUND BALANCES	9,600	6,942	(2,658)	(3,000)	646	3,646
BEGINNING FUND BALANCES	264,757	264,757		4,865	4,865	
ENDING FUND BALANCES	\$274,357	\$271,699	(\$2,658)	\$1,865	\$5,511	\$3,646

Villages of Zinfandel Library Fund			Totals		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$12,500	\$5,240	(\$7,260)	\$22,300	\$9,850	(\$12,450)
	2,457	2,457		6,308	6,308
12,500	7,697	(4,803)	22,300	16,158	(6,142)
			3,200		3,200
			3,200		3,200
12,500	7,697	(4,803)	19,100	16,158	(2,942)
				(873)	(873)
				(873)	(873)
12,500	7,697	(4,803)	19,100	15,285	(3,815)
173,851	173,851		443,473	443,473	
\$186,351	\$181,548	(\$4,803)	\$462,573	\$458,758	(\$3,815)

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
JUNE 30, 2010

	CFF Library Impact Fund	CFF Museum Impact Fund	CFF Parking Facility Fund	CFF City Hall Fund	CFF Police Fund
ASSETS					
Cash and investments	\$575,014	\$1,003,807	\$1,081,416	\$167,361	\$1,372,773
Receivables:					
Accounts, net	3,296	5,178	5,299		
Interest	130	226	243	38	327
Total Assets	<u>\$578,440</u>	<u>\$1,009,211</u>	<u>\$1,086,958</u>	<u>\$167,399</u>	<u>\$1,373,100</u>
LIABILITIES					
Due to other funds					
Deferred revenue	\$3,296	\$5,178	\$5,299		
Total Liabilities	<u>3,296</u>	<u>5,178</u>	<u>5,299</u>		
FUND BALANCES					
Fund balance					
Unreserved, Undesignated	575,144	1,004,033	1,081,659	167,399	1,373,100
Total Fund Balances	<u>575,144</u>	<u>1,004,033</u>	<u>1,081,659</u>	<u>167,399</u>	<u>1,373,100</u>
Total Liabilities and Fund Balances	<u>\$578,440</u>	<u>\$1,009,211</u>	<u>\$1,086,958</u>	<u>\$167,399</u>	<u>\$1,373,100</u>

<u>CFF Community Center Fund</u>	<u>CFF Corporate Yard Fund</u>	<u>CFF Admin Fund</u>	<u>CFF Animal Services Fund</u>	<u>CFF Records Management Fund</u>	<u>CFF Tele- communication Impact Fund</u>	<u>Total CFF Special Revenue Fund</u>
\$194,838	\$367,425	\$92,489	\$104,910	\$6,538		\$4,966,571
	4,549		1,191	65	\$910	20,488
<u>44</u>	<u>78</u>	<u>25</u>	<u>24</u>	<u>1</u>		<u>1,136</u>
<u>\$194,882</u>	<u>\$372,052</u>	<u>\$92,514</u>	<u>\$106,125</u>	<u>\$6,604</u>	<u>\$910</u>	<u>\$4,988,195</u>
	\$4,549		\$1,191	\$65	\$51,162	\$51,162
					910	20,488
	<u>4,549</u>		<u>1,191</u>	<u>65</u>	<u>52,072</u>	<u>71,650</u>
<u>\$194,882</u>	<u>367,503</u>	<u>\$92,514</u>	<u>104,934</u>	<u>6,539</u>	<u>(51,162)</u>	<u>4,916,545</u>
<u>194,882</u>	<u>367,503</u>	<u>92,514</u>	<u>104,934</u>	<u>6,539</u>	<u>(51,162)</u>	<u>4,916,545</u>
<u>\$194,882</u>	<u>\$372,052</u>	<u>\$92,514</u>	<u>\$106,125</u>	<u>\$6,604</u>	<u>\$910</u>	<u>\$4,988,195</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	CFF Library Impact Fund	CFF Museum Impact Fund	CFF Parking Facility Fund	CFF City Hall Fund	CFF Police Fund
REVENUES					
Licenses, permits and fees	\$32,154	\$60,770	\$62,719	\$158,773	\$208,635
Use of money and property	7,660	13,417	14,470	3,134	20,515
Total Revenues	<u>39,814</u>	<u>74,187</u>	<u>77,189</u>	<u>161,907</u>	<u>229,150</u>
EXPENDITURES					
Current:					
General Government					64,011
Capital outlay					<u>25,000</u>
Total Expenditures					<u>89,011</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>39,814</u>	<u>74,187</u>	<u>77,189</u>	<u>161,907</u>	<u>140,139</u>
OTHER FINANCING SOURCES (USES)					
Transfers (out)				<u>(373,403)</u>	<u>(464,761)</u>
Total Other Financing Sources (Uses)				<u>(373,403)</u>	<u>(464,761)</u>
NET CHANGE IN FUND BALANCES	39,814	74,187	77,189	(211,496)	(324,622)
BEGINNING FUND BALANCES (DEFICITS)	<u>535,330</u>	<u>929,846</u>	<u>1,004,470</u>	<u>378,895</u>	<u>1,697,722</u>
ENDING FUND BALANCES (DEFICITS)	<u><u>\$575,144</u></u>	<u><u>\$1,004,033</u></u>	<u><u>\$1,081,659</u></u>	<u><u>\$167,399</u></u>	<u><u>\$1,373,100</u></u>

CFF Community Center Fund	CFF Corporate Yard Fund	CFF Admin Fund	CFF Animal Services Fund	CFF Records Management Fund	CFF Tele- communication Impact Fund	Total CFF Special Revenue Fund
\$191,893	\$53,813	\$30,434	\$13,983	\$749	\$10,729	\$824,652
3,709	9,275	1,851	1,354	85	100	75,570
195,602	63,088	32,285	15,337	834	10,829	900,222
		9,582				73,593
	521,097					546,097
	521,097	9,582				619,690
195,602	(458,009)	22,703	15,337	834	10,829	280,532
(456,381)		(19,418)				(1,313,963)
(456,381)		(19,418)				(1,313,963)
(260,779)	(458,009)	3,285	15,337	834	10,829	(1,033,431)
455,661	825,512	89,229	89,597	5,705	(61,991)	5,949,976
\$194,882	\$367,503	\$92,514	\$104,934	\$6,539	(\$51,162)	\$4,916,545

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Community Facility Fees Library Impact Fund			Community Facility Fees Museum Impact Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$124,000	\$32,154	(\$91,846)	\$54,000	\$60,770	\$6,770
Use of money and property		7,660	7,660		13,417	13,417
Total Revenues	<u>124,000</u>	<u>39,814</u>	<u>(84,186)</u>	<u>54,000</u>	<u>74,187</u>	<u>20,187</u>
EXPENDITURES						
Current:						
General Government						
Capital outlay						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>124,000</u>	<u>39,814</u>	<u>(84,186)</u>	<u>54,000</u>	<u>74,187</u>	<u>20,187</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	124,000	39,814	(84,186)	54,000	74,187	20,187
BEGINNING FUND BALANCES (DEFICITS)	<u>535,330</u>	<u>535,330</u>		<u>929,846</u>	<u>929,846</u>	
ENDING FUND BALANCES (DEFICITS)	<u><u>\$659,330</u></u>	<u><u>\$575,144</u></u>	<u><u>(\$84,186)</u></u>	<u><u>\$983,846</u></u>	<u><u>\$1,004,033</u></u>	<u><u>\$20,187</u></u>

Community Facility Fees Parking Facility Fund			Community Facility Fees City Hall Fund			Community Facility Fees Police Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$55,000	\$62,719	\$7,719	\$132,000	\$158,773	\$26,773	\$174,000	\$208,635	\$34,635
	14,470	14,470		3,134	3,134		20,515	20,515
55,000	77,189	22,189	132,000	161,907	29,907	174,000	229,150	55,150
						23,000	64,011	(41,011)
						25,000	25,000	
						48,000	89,011	(41,011)
55,000	77,189	22,189	132,000	161,907	29,907	126,000	140,139	14,139
			(378,700)	(373,403)	5,297	(441,100)	(464,761)	(23,661)
			(378,700)	(373,403)	5,297	(441,100)	(464,761)	(23,661)
55,000	77,189	22,189	(246,700)	(211,496)	35,204	(315,100)	(324,622)	(9,522)
1,004,470	1,004,470		378,895	378,895		1,697,722	1,697,722	
\$1,059,470	\$1,081,659	\$22,189	\$132,195	\$167,399	\$35,204	\$1,382,622	\$1,373,100	(\$9,522)

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CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Community Facility Fees Community Center Fund			Community Facility Fees Corporate Yard Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$160,000	\$191,893	\$31,893	\$47,000	\$53,813	\$6,813
Use of money and property		3,709	3,709		9,275	9,275
Total Revenues	<u>160,000</u>	<u>195,602</u>	<u>35,602</u>	<u>47,000</u>	<u>63,088</u>	<u>16,088</u>
EXPENDITURES						
Current:						
General Government						
Capital outlay				575,000	521,097	(53,903)
Total Expenditures				<u>575,000</u>	<u>521,097</u>	<u>(53,903)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>160,000</u>	<u>195,602</u>	<u>35,602</u>	<u>(528,000)</u>	<u>(458,009)</u>	<u>69,991</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(462,700)	(456,381)	6,319			
Total Other Financing Sources (Uses)	<u>(462,700)</u>	<u>(456,381)</u>	<u>6,319</u>			
NET CHANGE IN FUND BALANCES	(302,700)	(260,779)	41,921	(528,000)	(458,009)	69,991
BEGINNING FUND BALANCES (DEFICITS)	<u>455,661</u>	<u>455,661</u>		<u>825,512</u>	<u>825,512</u>	
ENDING FUND BALANCES (DEFICITS)	<u>\$152,961</u>	<u>\$194,882</u>	<u>\$41,921</u>	<u>\$297,512</u>	<u>\$367,503</u>	<u>\$69,991</u>

Community Facility Fees Admin Fund			Community Facility Fees Animal Services Fund			Community Facility Fees Records Management Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$29,000	\$30,434	\$1,434	\$12,000	\$13,983	\$1,983	\$600	\$749	\$149
	1,851	1,851		1,354	1,354		85	85
29,000	32,285	3,285	12,000	15,337	3,337	600	834	234
	9,582	9,582						
	9,582	9,582						
29,000	22,703	(6,297)	12,000	15,337	3,337	600	834	234
(29,000)	(19,418)	9,582						
(29,000)	(19,418)	9,582						
	3,285	3,285	12,000	15,337	3,337	600	834	234
89,229	89,229		89,597	89,597		5,705	5,705	
\$89,229	\$92,514	\$3,285	\$101,597	\$104,934	\$3,337	\$6,305	\$6,539	\$234

(Continued)

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Community Facility Fees Telecommunication Impact Fund			Totals		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$9,600	\$10,729	\$1,129	\$797,200	\$824,652	\$27,452
Use of money and property		100	100		75,570	75,570
Total Revenues	<u>9,600</u>	<u>10,829</u>	<u>1,229</u>	<u>797,200</u>	<u>900,222</u>	<u>103,022</u>
EXPENDITURES						
Current:						
General government				23,000	73,593	50,593
Capital outlay				600,000	546,097	(53,903)
Total Expenditures				<u>623,000</u>	<u>619,690</u>	<u>(3,310)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,600</u>	<u>10,829</u>	<u>1,229</u>	<u>174,200</u>	<u>280,532</u>	<u>106,332</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)				(1,311,500)	(1,313,963)	(2,463)
Total Other Financing Sources (Uses)				<u>(1,311,500)</u>	<u>(1,313,963)</u>	<u>(2,463)</u>
NET CHANGE IN FUND BALANCES	9,600	10,829	1,229	(1,137,300)	(1,033,431)	103,869
BEGINNING FUND BALANCES (DEFICITS)	<u>(61,991)</u>	<u>(61,991)</u>		<u>5,949,976</u>	<u>5,949,976</u>	
ENDING FUND BALANCES (DEFICITS)	<u><u>(\$52,391)</u></u>	<u><u>(\$51,162)</u></u>	<u><u>\$1,229</u></u>	<u><u>\$4,812,676</u></u>	<u><u>\$4,916,545</u></u>	<u><u>\$103,869</u></u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds introduced by GASB Statement 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Assets.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

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.

CAPITAL FACILITY FUND – to account for the accumulation of resources and the acquisition, construction, maintenance and/or remodeling of City owned buildings and facilities.

INFRASTRUCTURE FUND – to accumulate and account for funds to pay for the ongoing maintenance of infrastructure facilities such as roads, sidewalks and intersection improvements.

EMPLOYEE BENEFITS FUND – to account for funds accumulated to pay for employees' future post-retirement medical benefits.

CITY OF RANCHO CORDOVA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Insurance</u>	<u>Vehicle & Equipment Replacement</u>	<u>Technology Enhancement & Replacement</u>	<u>Capital Facility</u>	<u>Infrastructure</u>
ASSETS					
Current Assets					
Cash and investments	\$509,836	\$370,861	\$478,749	\$750,985	\$556,776
Receivables:					
Interest	<u>115</u>	<u>83</u>	<u>135</u>	<u>67</u>	<u>73</u>
Total Assets	<u>509,951</u>	<u>370,944</u>	<u>478,884</u>	<u>751,052</u>	<u>556,849</u>
NET ASSETS					
Unrestricted	<u>\$509,951</u>	<u>\$370,944</u>	<u>\$478,884</u>	<u>\$751,052</u>	<u>\$556,849</u>
Total Net Assets	<u><u>\$509,951</u></u>	<u><u>\$370,944</u></u>	<u><u>\$478,884</u></u>	<u><u>\$751,052</u></u>	<u><u>\$556,849</u></u>

<u>Employee Benefits</u>	<u>Total</u>
\$2,364	\$2,669,571
<u>1</u>	<u>474</u>
<u>2,365</u>	<u>2,670,045</u>
 <u>\$2,365</u>	 <u>\$2,670,045</u>
 <u><u>\$2,365</u></u>	 <u><u>\$2,670,045</u></u>

CITY OF RANCHO CORDOVA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Insurance</u>	<u>Vehicle & Equipment Replacement</u>	<u>Technology Enhancement & Replacement</u>	<u>Capital Facility</u>	<u>Infrastructure</u>
OPERATING EXPENSES					
Administration	\$20,961			\$6,480	
Total Operating Expenses	20,961			6,480	
Operating Income (Loss)	(20,961)			(6,480)	
NONOPERATING REVENUES					
Interest income	7,165	\$5,081	\$8,299	5,180	\$3,463
Total Nonoperating Revenues	7,165	5,081	8,299	5,180	3,463
Income Before Transfers	(13,796)	5,081	8,299	(1,300)	3,463
Transfers in				472,780	236,390
Transfers (out)			(126,193)	(354,420)	
Net Transfers			(126,193)	118,360	236,390
Change in Net Assets	(13,796)	5,081	(117,894)	117,060	239,853
BEGINNING NET ASSETS	<u>523,747</u>	<u>365,863</u>	<u>596,778</u>	<u>633,992</u>	<u>316,996</u>
ENDING NET ASSETS	<u>\$509,951</u>	<u>\$370,944</u>	<u>\$478,884</u>	<u>\$751,052</u>	<u>\$556,849</u>

<u>Employee Benefits</u>	<u>Total</u>
<u>\$266,493</u>	<u>\$293,934</u>
<u>266,493</u>	<u>293,934</u>
<u>(266,493)</u>	<u>(293,934)</u>
<u>2,365</u>	<u>31,553</u>
<u>2,365</u>	<u>31,553</u>
<u>(264,128)</u>	<u>(262,381)</u>
<u></u>	<u>709,170</u>
<u></u>	<u>(480,613)</u>
<u></u>	<u>228,557</u>
<u>(264,128)</u>	<u>(33,824)</u>
<u>266,493</u>	<u>2,703,869</u>
<u>\$2,365</u>	<u>\$2,670,045</u>

CITY OF RANCHO CORDOVA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

	Insurance	Vehicle & Equipment Replacement	Technology Enhancement & Replacement	Capital Facility	Infrastructure
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers	(\$20,961)			(\$6,480)	
Cash Flows from Operating Activities	(20,961)			(6,480)	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in				\$472,780	\$236,390
Transfers (out)			(\$126,193)	(354,420)	
Cash Flows from Noncapital Financing Activities			(126,193)	118,360	236,390
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	7,377	\$5,225	8,538	5,113	3,390
Cash Flows from Investing Activities	7,377	5,225	8,538	5,113	3,390
Net Cash Flows	(13,584)	5,225	(117,655)	116,993	239,780
Cash and investments at beginning of period	523,420	365,636	596,404	633,992	316,996
Cash and investments at end of period	\$509,836	\$370,861	\$478,749	\$750,985	\$556,776
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	(\$20,961)			(\$6,480)	
Cash Flows from Operating Activities	(\$20,961)			(\$6,480)	

Employee Benefits	Total
<u>(\$266,493)</u>	<u>(\$293,934)</u>
<u>(266,493)</u>	<u>(293,934)</u>
	\$709,170
	<u>(480,613)</u>
	<u>228,557</u>
<u>2,364</u>	<u>32,007</u>
<u>2,364</u>	<u>32,007</u>
(264,129)	(33,370)
<u>266,493</u>	<u>2,702,941</u>
<u>\$2,364</u>	<u>\$2,669,571</u>
<u>(\$266,493)</u>	<u>(\$293,934)</u>
<u>(\$266,493)</u>	<u>(\$293,934)</u>

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AGENCY FUNDS

Agency Funds account for assets held by the City as an agent for individuals, governmental entities and non-public organizations.

SUNRIDGE ANATOLIA COMMUNITY FACILITIES DISTRICT 2003-1 – 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, 2005 and 2007 debt service payments.

SUNRIDGE PARK COMMUNITY FACILITIES DISTRICT 2004-1 – to account for assessment revenues and associated expenditures for billing and collections of the Sunridge Park CFD 2004-1 Special Tax Bonds Series 2007 debt service payments.

SUNRIDGE NORTH DOUGLAS COMMUNITY FACILITIES DISTRICT 2005- 1 – 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.

SUNRISE DOUGLAS PARKS – to account for park improvement development fees collected by the City on behalf of the Cordova Recreation and Park District or its successor agency solely to pay for the cost of applicable park and recreational facilities.

CITY OF RANCHO CORDOVA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009 As Restated	Additions	Reductions	Balance June 30, 2010
<u>Sunridge Anatolia CFD 2003-1</u>				
Cash and investments	\$3,697,273	\$4,868,833	\$6,031,415	\$2,534,691
Restricted cash and investments	5,397,031	103,362	109,803	5,390,590
Accounts receivable	32,949	22,181	32,949	22,181
Due from other governmental agencies	168,436	121,477	168,436	121,477
Interest receivable	<u>5,852</u>	<u>5,871</u>	<u>5,852</u>	<u>5,871</u>
Total Assets	<u>\$9,301,541</u>	<u>\$5,121,724</u>	<u>\$6,348,455</u>	<u>\$8,074,810</u>
Accounts Payable	\$1,500	\$2,109	\$1,500	\$2,109
Due to assessment district bondholders	<u>9,300,041</u>	<u>5,119,615</u>	<u>6,346,955</u>	<u>8,072,701</u>
Total Liabilities	<u>\$9,301,541</u>	<u>\$5,121,724</u>	<u>\$6,348,455</u>	<u>\$8,074,810</u>
<u>Sunridge Park CFD 2004-1</u>				
Cash and investments	\$1,542,761	\$1,183,796	\$853,749	\$1,872,808
Restricted cash and investments	9,472,340	4,240	6,524	9,470,056
Due from other governmental agencies	204,572	105,133	204,572	105,133
Interest receivable	<u>6,861</u>	<u>3,844</u>	<u>6,861</u>	<u>3,844</u>
Total Assets	<u>\$11,226,534</u>	<u>\$1,297,013</u>	<u>\$1,071,706</u>	<u>\$11,451,841</u>
Accounts payable	\$1,434	\$2,294	\$1,434	\$2,294
Due to assessment district bondholders	<u>11,225,100</u>	<u>1,294,719</u>	<u>1,070,272</u>	<u>11,449,547</u>
Total Liabilities	<u>\$11,226,534</u>	<u>\$1,297,013</u>	<u>\$1,071,706</u>	<u>\$11,451,841</u>
<u>Sunridge North Douglas CFD 2005-1</u>				
Cash and investments	\$43,668	\$626	\$216	\$44,078
Interest receivable	<u>28</u>	<u>10</u>	<u>28</u>	<u>10</u>
Total Assets	<u>\$43,696</u>	<u>\$636</u>	<u>\$244</u>	<u>\$44,088</u>
Due to assessment holders	<u>\$43,696</u>	<u>\$636</u>	<u>\$244</u>	<u>\$44,088</u>
<u>Montelena CFD</u>				
Cash and investments	\$106,862	\$1,535		\$108,397
Interest receivable	<u>68</u>	<u>24</u>	<u>\$68</u>	<u>24</u>
Total Assets	<u>\$106,930</u>	<u>\$1,559</u>	<u>\$68</u>	<u>\$108,421</u>
Deposits	\$100,211			\$100,211
Due to assessment holders	<u>6,719</u>	<u>\$1,559</u>	<u>\$68</u>	<u>8,210</u>
Total Liabilities	<u>\$106,930</u>	<u>\$1,559</u>	<u>\$68</u>	<u>\$108,421</u>

(Continued)

CITY OF RANCHO CORDOVA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009 As Restated	Additions	Reductions	Balance June 30, 2010
<u>Sunrise Douglas Park Fund</u>				
Cash and investments	\$6,143,471	\$902,267	\$190,365	\$6,855,373
Interest receivable	<u>3,916</u>	<u>1,543</u>	<u>3,916</u>	<u>1,543</u>
Total Assets	<u>\$6,147,387</u>	<u>\$903,810</u>	<u>\$194,281</u>	<u>\$6,856,916</u>
Due to assessment holders	<u>\$6,147,387</u>	<u>\$903,810</u>	<u>\$194,281</u>	<u>\$6,856,916</u>
<u>Total Agency Funds</u>				
Cash and investments	\$11,534,035	\$6,957,057	\$7,075,745	\$11,415,347
Restricted cash and investments	14,869,371	107,602	116,327	14,860,646
Accounts receivable	32,949	22,181	32,949	22,181
Due from other governmental agencies	373,008	226,610	373,008	226,610
Interest receivable	<u>16,725</u>	<u>11,292</u>	<u>16,725</u>	<u>11,292</u>
Total Assets	<u>\$26,826,088</u>	<u>\$7,324,742</u>	<u>\$7,614,754</u>	<u>\$26,536,076</u>
Accounts payable	\$2,934	\$4,403	\$2,934	\$4,403
Deposits	100,211			100,211
Due to assessment district bondholders	20,525,141	6,414,334	7,417,227	19,522,248
Due to assessment holders	<u>6,197,802</u>	<u>906,005</u>	<u>194,593</u>	<u>6,909,214</u>
Total Liabilities	<u>\$26,826,088</u>	<u>\$7,324,742</u>	<u>\$7,614,754</u>	<u>\$26,536,076</u>

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STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

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:

1. Net Assets by Component
2. Changes in Net Assets
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

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

1. General Government Tax Revenue by Source
2. Assessed and Estimated Value of Property
3. Property Tax Rates, Direct and Overlapping Governments
4. Principal Property Tax Payers
5. Property Tax Levies and Collections

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:

1. Ratios of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin

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:

1. Demographic and Economic Statistics
2. Principal Employers

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:

1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year *						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 25,944	\$ 329,107	\$ 8,357,941	\$ 228,382,846	\$ 242,668,370	\$ 265,248,656	\$ 272,812,541
Restricted	2,321,085	30,963,342	40,513,083	53,397,757	66,637,771	67,519,112	59,207,574
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>	<u>25,297,053</u>	<u>28,260,267</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>	<u>358,064,821</u>	<u>360,280,382</u>
Business-type activities							
Invested in capital assets, net of related debt	-	-	-	1,422,003	1,470,806	1,489,554	1,477,013
Restricted	-	-	-	-	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,224,820)</u>	<u>(1,345,183)</u>	<u>(1,401,825)</u>	<u>(1,471,042)</u>
Total business-type activities net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,183</u>	<u>125,623</u>	<u>87,729</u>	<u>5,971</u>
Primary government							
Invested in capital assets, net of related debt	25,944	329,107	8,357,941	229,804,849	244,139,176	266,738,210	274,289,554
Restricted	2,321,085	30,963,342	40,513,083	53,397,757	66,637,771	67,519,112	59,207,574
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>	<u>23,895,228</u>	<u>26,789,225</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>	<u>\$ 358,152,550</u>	<u>\$ 360,286,353</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	Fiscal Year *						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:							
General government	\$ 3,143,679	\$ 5,159,815	\$ 17,939,297	\$ 22,055,441	\$ 28,454,471	\$ 23,835,036	23,975,190
Public Safety	8,978,634	12,935,511	13,446,239	13,778,468	15,614,787	16,027,526	15,288,923
Community Development	2,285,042	4,055,329	6,812,844	6,447,185	7,353,683	6,972,540	6,139,788
Public Works	1,503,252	2,782,143	2,630,097	4,121,579	4,950,568	9,797,172	5,781,813
Interest on long term debt	-	60,676	881,467	1,359,131	1,563,374	1,439,074	1,384,583
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>	<u>58,071,348</u>	<u>52,570,297</u>
Business-type activities:							
Cemetery	-	-	-	9,988	71,680	86,381	89,905
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,988</u>	<u>71,680</u>	<u>86,381</u>	<u>89,905</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>	<u>58,157,729</u>	<u>52,660,202</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	1,101,483	723,545
Public Safety					878,827	1,560,634	2,054,171
Community Development					3,555,238	2,997,656	2,800,846
Public Works					5,651,648	3,485,309	3,590,042
Operating grants and contributions	21,442	2,378,060	3,322,801	6,718,186	3,578,050	8,976,488	8,816,551
Capital grants and contributions	-	39,142	1,803,132	3,820,997	9,461,811	34,079,529	11,145,048
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>	<u>52,201,099</u>	<u>29,130,203</u>
Business-type activities:							
Charges for services						48,277	8,000
Capital grants and contributions	-	-	-	225,000	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,000</u>	<u>-</u>	<u>48,277</u>	<u>8,000</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>	<u>52,249,376</u>	<u>29,138,203</u>
Net (expense)/revenue							
Governmental activities	(13,562,444)	3,356,289	(10,441,372)	(3,858,254)	(22,311,221)	(5,870,249)	(23,440,094)
Business-type activities	-	-	-	215,012	(71,680)	(38,104)	(81,905)
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>	<u>\$ (5,908,353)</u>	<u>\$ (23,521,999)</u>

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

	Fiscal Year *						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</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	\$ 11,127,070	\$ 9,970,988
Property taxes in lieu of vehicle licence fees	3,863,040	4,606,840	4,518,669	4,482,885	5,118,290	5,097,792	4,881,275
Sales and use	9,427,805	9,603,899	10,418,318	10,095,717	9,304,724	9,040,890	8,824,813
Utility users	1,338,854	1,389,613	1,721,736	2,236,887	1,930,878	1,953,249	2,177,275
Gas	1,219,435	1,340,863					
Transient occupancy	2,257,596	2,494,012	2,581,424	2,528,209	2,518,771	2,183,506	1,821,607
Other	1,606,250	138,817	982,636	1,028,478	1,371,957	402,924	285,702
Franchise fees	538,311	794,876				1,213,596	1,359,669
Use of money and property	16,056	187,954	1,950,149	4,402,877	5,188,665	2,983,325	1,958,977
Transfers and miscellaneous	313,639	245,978	3,747,908	5,250,865	6,621,970	1,364,550	828,474
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>	<u>35,366,902</u>	<u>32,108,780</u>
Business-type activities:							
Use of money and property	-	-	-	320	120	210	147
Transfers and miscellaneous	-	-	-	(18,149)	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,829)</u>	<u>120</u>	<u>210</u>	<u>147</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>	<u>35,367,112</u>	<u>32,108,927</u>
Change in Net Assets							
Governmental activities	7,151,338	24,876,826	23,218,675	34,712,103	21,996,405	29,496,653	8,668,686
Business-type activities	-	-	-	197,183	(71,560)	(37,894)	(81,758)
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>	<u>\$ 29,458,759</u>	<u>\$ 8,586,928</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)

	Fiscal Year *						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund							
Reserved	\$ 2,155,607	\$ 4,213,346	\$ 2,723,441	\$ 3,934,363	\$ 5,109,382	\$ 5,221,880	\$ 4,480,074
Unreserved, designated for economic uncertainty				9,419,717	9,419,717	9,419,717	9,419,717
Unreserved, designated for unrealized gains						629,322	629,322
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>	<u>11,884,585</u>	<u>12,108,482</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>	<u>\$ 27,155,504</u>	<u>\$ 26,637,595</u>
All Other Governmental Funds							
Reserved	\$ -	\$ -	\$ 10,072,454	\$ 2,479,587	\$ 3,161,629	\$ 3,618,585	\$ 3,721,515
Unreserved, designated for projects							1,615,007
Unreserved, reported in:							
Special Revenue Funds	2,225,410	21,607,914	41,121,009	54,335,848	59,277,713	59,627,221	52,130,207
Capital Projects Funds	<u>-</u>	<u>(38,922)</u>	<u>(9,465,478)</u>	<u>(1,230,432)</u>	<u>(828,103)</u>	<u>585,439</u>	<u>1,719,350</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>	<u>\$ 63,831,245</u>	<u>\$ 59,186,079</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>	<u>2009</u>	<u>2010</u>
Revenues							
Taxes and assessments	\$ 14,626,557	\$ 15,270,080	\$ 27,961,990	\$ 28,916,615	\$ 32,140,342	\$ 31,795,690	\$ 30,133,667
Licenses, fees and permits	1,838,107	23,045,059	35,670,026	26,554,572	16,406,734	11,606,702	9,719,697
Fines and forfeitures	36,041	388,859	464,745	567,078	735,999	777,339	1,135,908
Intergovernmental	5,108,526	8,499,891	5,011,087	10,492,415	13,000,346	13,609,918	14,183,280
Use of money and property	16,055	204,677	1,950,149	4,254,559	5,095,186	3,135,499	1,927,424
Charges for services	1,185,736	2,459,677	3,526,782	6,242,718	5,443,068	4,215,834	3,078,720
Miscellaneous	47,922	205,057	3,747,908	4,547,716	1,581,394	353,094	575,108
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>	<u>\$ 65,494,076</u>	<u>\$ 60,753,804</u>
Expenditures							
General government	\$ 3,082,683	\$ 5,097,357	\$ 16,041,144	\$ 17,594,828	\$ 20,729,058	\$ 15,117,347	\$ 13,780,896
Public Safety	8,978,634	12,916,961	13,446,239	13,778,468	15,614,787	16,027,526	15,288,923
Community Development	2,285,042	4,051,342	6,812,844	6,447,185	7,353,683	6,972,540	6,135,973
Public Works	1,503,252	2,782,143	2,630,097	4,121,579	4,950,568	4,689,463	3,970,479
Debt service:							
Principal retirement	-	423,012	1,143,012	1,043,044	1,003,012	1,118,011	725,000
Interest and fiscal charges	-	628,765	1,157,641	1,295,270	1,528,116	1,414,494	1,354,950
Bond issuance costs	-	-	-	498,787	-	-	-
Capital outlay	31,133	13,061,880	28,223,470	11,840,393	15,697,381	16,370,213	17,962,305
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>	<u>\$ 61,709,594</u>	<u>\$ 59,218,526</u>
Excess of revenues over (under) expenditures	\$ 6,978,200	\$ 11,111,840	\$ 8,878,240	\$ 24,956,119	\$ 7,526,464	\$ 3,784,482	\$ 1,535,278
Other financing sources (uses)							
Transfers in	-	719,634	3,921,921	20,710,051	18,212,921	22,288,975	24,838,370
Transfers out	-	(719,634)	(3,921,921)	(21,812,102)	(18,712,921)	(23,536,456)	(25,066,927)
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>	<u>(1,247,481)</u>	<u>(228,557)</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>	<u>\$ 2,537,001</u>	<u>\$ 1,306,721</u>
Debt services as a percentage of non-capital expenditures	-	4.2%	5.9%	6.8%	5.2%	5.1%	5.1%

* 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
2008/09	16,224,862	9,040,890	1,213,596	1,953,249	2,183,506	257,019	877,878	31,751,000
2009/10	14,852,263	8,824,813	1,359,669	2,177,275	1,821,607	145,555	1,024,500	30,205,682
TOTAL	\$ 74,124,134	\$ 66,716,166	\$ 7,285,887	\$ 12,748,492	\$ 16,385,125	\$ 2,694,177	\$ 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%
2008/09	6,349,138,912	40,000	462,249,763	69,531,303	6,741,897,372	6,811,428,675	1.1399%
2009/10	6,014,538,118	40,000	507,550,695	71,509,406	6,450,619,407	6,522,128,813	1.2245%

* 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 13 .

** 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									Total Direct Rate
		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%	0.0000%	***
2004/05	1.0000%	0.0000%	0.0587%	0.0060%	0.0067%	0.0530%	0.0386%	0.0000%	0.0000%	0.0000%	***
2005/06	1.0000%	0.0000%	0.1131%	0.0032%	0.0055%	0.0531%	0.0000%	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%	0.0000%	***
2007/08	1.0000%	0.0000%	0.0890%	0.0066%	0.0055%	0.0512%	0.0000%	0.0370%	0.0600%	0.0000%	***
2008/09	1.0000%	0.0000%	0.0000%	0.0074%	0.0000%	0.0477%	0.0000%	0.0505%	0.0343%	0.0000%	1.1399%
2009/10	1.0000%	0.0000%	0.0000%	0.0124%	0.0000%	0.0537%	0.0000%	0.0985%	0.0599%	0.0000%	1.2245%

* 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%.

*** The Total Direct Tax Rate was not available.

Source: Sacramento County Auditor-Controller

CITY OF RANCHO CORDOVA
Principal Taxpayers
Last Ten Fiscal Years
As of June 30, 2010
(Unaudited)

Taxpayer	Land Use	2009/2010 Assessed Valuation	Percentage of Total Assessed Valuation **	2004 * Assessed Valuation	Percentage of Total Assessed Valuation
PGOCC LLC	Office Building	\$ 109,203,464	1 1.82%		
DL Capital Center, LP	Office Building	99,016,500	2 1.65%		
Rreef America Reit Corp	Office Building	77,033,535	3 1.28%		
Altair Holding Company	Office Building	74,895,182	4 1.25%	\$ 61,929,830	2 1.73%
Franklin Resources Inc	Office Building	60,164,632	5 1.00%	47,931,162	4 1.34%
Wasatch Pool Holdings LLC	Apartments	39,922,701	6 0.66%	34,916,838	7 0.97%
Cordova LLC	Office Building	37,612,617	7 0.63%	33,442,539	8 0.93%
Mather Development Partners LP	Office Building	35,936,207	8 0.60%		
Lexington Lion Rancho Cordova LP	Office Building	34,421,341	9 0.57%		
Hines REIT 3400 Data Dr. LP	Office Building	34,151,130	10 0.57%		
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%
Elliott Whiterock LLC	Industrial			28,424,850	9 0.79%
JB Management LP	Commercial			25,973,468	10 0.72%
		\$ 602,357,309		\$ 433,163,208	

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

** 2009/2010 Local Secured Assessed Valuation: \$6,104,538,118

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%	-
2008/09	8,238,312	8,238,312	100.00%	-
2009/10	7,930,659	7,930,659	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 13.

(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 (1)	Per Capita (1)
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
2008/09	-	25,590,000	25,590,000	1.07%	416
2009/10	-	24,865,000	24,865,000	0.98%	395

* 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)

2009/2010 Assessed Valuation:	\$ 6,522,128,813
Redevelopment Incremental Valuation:	<u>341,360,459</u>
	\$ 6,180,768,354

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/10	% Applicable (1)	City's share of Debt 6/30/10
Los Rios Community College District	\$ 199,815,000	4.36%	\$ 8,711,934
Folsom-Cordova Unified School District Facilities Improvement District No. 1	43,791,054	77.48%	33,927,557
Folsom-Cordova Unified School District Facilities Improvement District No. 3	43,548,856	24.54%	10,688,196
Folsom-Cordova Unified School District Facilities Improvement District No. 4	62,118,831	96.06%	59,672,591
Sacramento Unified School District	362,182,966	3.23%	11,687,644
San Juan Unified School District	258,740,398	0.08%	214,755
Elk Grove Unified School District Facilities Improvement District No. 1	154,336,626	3.21%	4,958,836
City of Rancho Cordova Community Facilities District No. 2003-1	58,550,000	100.00%	58,550,000
City of Rancho Cordova Community Facilities District No. 2004-1	13,435,000	100.00%	13,435,000
Sac Area Flood Control District Consolidated Capital Assessment District	168,040,000	3.38%	5,678,072
Sac Area Flood Control District Operation & Maintenance Assessment District	4,165,000	6.48%	<u>269,767</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 207,794,351</u>

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:

Sacramento County General Fund Obligations	\$ 373,115,337	5.25%	\$ 19,573,631
Sacramento County Pension Obligations	931,452,642	5.25%	48,864,006
Sacramento County Office of Education Certificates of Participation	10,560,000	5.25%	553,978
Los Rios Community College District Certificates of Participation	6,505,000	4.36%	283,618
Folsom-Cordova Unified School District Certificates of Participation	31,560,000	29.58%	9,334,501
Sacramento Unified School District Certificates of Participation	83,105,000	3.23%	2,681,798
Sacramento Unified School District Pension Obligations	3,630,000	3.23%	117,140
San Juan Unified School District General Fund Obligations	1,972,573	0.08%	1,637
City of Rancho Cordova	24,865,000	100.00%	24,865,001
Sacramento Metropolitan Fire District Pension Obligations	65,613,975	12.01%	<u>7,876,958</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 114,152,267</u>
Less: Sacramento County self-supporting obligations			<u>380,728</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 113,771,539</u>

GROSS COMBINED TOTAL DEBT **\$ 321,946,619 (2)**
NET COMBINED TOTAL DEBT **\$ 321,565,891**

- (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 2009/2010 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt 3.19%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$24,865,000) 0.40%
Gross Combined Total Debt 5.21%
Net Combined Total Debt 5.20%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10 \$ -

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>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 387,526,715	\$ 661,897,885	\$ 705,000,000	\$ 888,967,197	\$ 1,015,741,979	\$ 1,011,284,606	\$ 967,592,911
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	1,011,284,606	967,592,911
Total net debt applicable to the limit as a percentage of debt limit	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	6,522,128,813
Less: Exemptions	<u>(71,509,406)</u>
<i>Total assessed value</i>	6,450,619,407
Debt limit (15% of total assessed value)	967,592,911
Debt applicable to limit	
General Obligation Bonds outstanding	-
Less: Amounts available for repayment	<u>-</u>
Total debt applicable to limitation	<u>-</u>
Authorized legal debt margin	<u>\$ 967,592,911</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 (1)	County (2)	Personal Income	Per Capita	Median Age (4)	Unemployment
				Personal Income Sacramento Metro Area (3)		Rate County (5)
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%
2008/09	61,500	1,472,084	2,398,623,000	39,002	34.1	12.2%
2009/10	62,899	1,453,495	2,530,804,164	40,236	33.7	12.5%

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

(1) Source: California Department of Finance, as of January 1, 2010

(2) Source: County of Sacramento

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

(4) Source: U.S. Census Bureau

(5) Source: www.labormarketinfo.edd.ca.gov (October 2010)

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

<u>Employer</u>	2010		2004*	
	Number of Employees (1)	Percentage of Total City Employment	Number of Employees (2)	Percentage of Total City Employment
Health Net Federal Services	2000	4.00%		
Vision Service Plan	1750	3.50%		
Delta Dental	1000	2.00%	1500	n.a.
Verizon	1000	2.00%		
GenCorp, Inc. (Aerojet)	1000	2.00%	1387	n.a.
Franklin Templeton Investments	900	1.80%		
Volcano Corporation	700	1.40%		
Bank of America	600	1.20%		
Catholic Healthcare West	600	1.20%		
Sutter Health/Sutter Connect	500	1.00%		
Cedar Valley Concrete			926	n.a.
EDS Corporation			675	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	2009	2010
City Council	5	5	5	5	5	5	5
City Manager	3	3	3	4	4	4	3
City Clerk	2.5	3.5	4	3	4	4	3
Administrative Services	-	-	4	3	5	5	4
Human Resources	0	1	1	2	3	3	3
Finance	3	5.5	5	7	8	9	8
Information Technology	-	-	1	1	2	2	2
Building & Inspection	-	1	6	11	10	9	6
Animal Services	-	-	2	2	2	2	2
Economic Development	1	1	2	2	3	4	4
Facilities Management	-	-	1	2	2	2	3
Code Enforcement	-	-	-	4	9	8	6
Housing	-	-	-	1	2	2	3
Public Information Officer	-	-	-	-	-	1	1
Public Works	3	6	10	15	17	17	18
Total employees	17.5	26	44	62	76	77	71

* 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)

	Fiscal Year*		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
	July 1, 2003	July 1, 2003	July 1, 2003
	General Law	General Law	General Law
Date of Incorporation			
Form of Government			
Number of Employees			
Full-time	71	77	76
Part-time	-	-	-
Number of contract employees (excludes public safety - shown on next page)	14	17	17
Area in square miles	33	33	33
Facilities and services not included in the reporting entity			
Culture and Recreation:			
Parks	31	31	31
Park acreage	304	304	304
Swimming pools	2	2	2
Tennis courts	27	27	27
Community centers	3	3	3
Senior centers	1	1	1
Ball and soccer fields	20	20	20
Fire Protection:			
Number of stations	5	5	5
Education:			
Number of districts	4	4	4
Number of elementary schools	13	13	13
Number of secondary schools	4	4	4
Number of community colleges	2	2	2
County Library:			
City branches	1	1	1

* The City of Rancho Cordova incorporated on July 1, 2003 and began preparing a Comprehensive Annual Financial Report in fiscal year 2008. Therefore, data prior to 2008 is not available.

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	2004	2005	2006	Fiscal Year *	2007	2008	2009	2010
Public Safety								
Police:								
Stations	1	1	1		1	1	1	1
Sworn personnel	72	67	67		69	68	64	58
Non sworn personnel	16	13	13		13	13	16	14
Highways and Streets								
Streets (miles)	208	220	220		220	295	235	245
Streetlights	2,715	3,000	3,000		3,000	4,435	4,435	4,435
Traffic Signals	46	70	70		70	76	76	76

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

Source: *Departments within the City of Rancho Cordova*