

CITY OF RANCHO CORDOVA, CALIFORNIA

Comprehensive Annual Financial Report

*For the Year Ended
June 30, 2014*



**CITY OF Rancho
Cordova**
Incorporated July 1, 2003



**CITY OF RANCHO CORDOVA,
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

Prepared by

FINANCE DEPARTMENT

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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December 12, 2014

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

Staff proudly presents the Comprehensive Annual Financial Report (CAFR) of the City of Rancho Cordova (City) for the fiscal year ended June 30, 2014. We are pleased to report our eleventh consecutive General Fund surplus. The net result of operations in the General Fund, which is the primary operating fund of the City, exceeded our original budget, producing a larger surplus than originally budgeted. Higher than anticipated revenues, allowed higher than anticipated expenditures and still produced a General Fund surplus of \$666,213, exceeding our originally budgeted surplus of \$11,700.

The ending General Fund balance was \$27,548,909. Results for the fiscal year were better than both the original budget and the interim results reported to the Council in February. At that time we were anticipating a surplus of \$68,000. 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.

The CAFR 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 Government Finance Officers Association (GFOA). 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 government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of this report in conformity with U.S. generally accepted accounting principles (GAAP). 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 present fairly the financial position and the changes in 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.

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

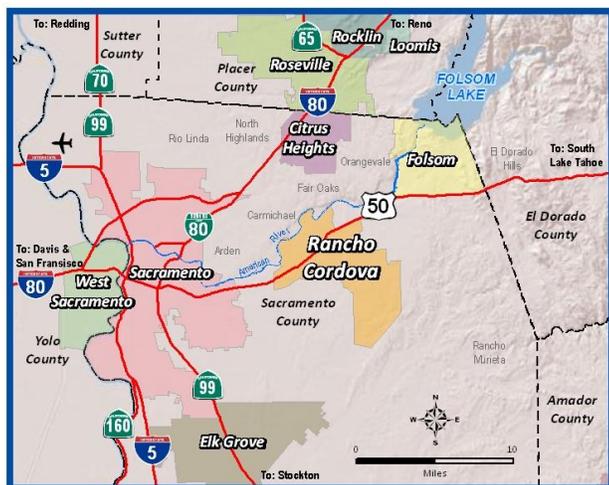
emphasis on internal controls and legal requirements involving the administration of federal awards. This separately prepared report is available from the City's Finance Department upon request.

This report is presented in four sections; Introduction, Financial, Supplemental and Statistical Section.

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. The Supplemental section includes the combining fund financial statements and schedules.
4. Lastly, the Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

ABOUT THE CITY

Not everyone who reads this report is familiar with our City and 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 5th youngest city, having incorporated July 1, 2003 following an electoral vote in November of 2002.

The former Mather Air Force Base and Aerojet Manufacturing (now Aerojet/Rocketdyne), 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 45,000 jobs in approximately 2,000 business establishments.

Organized as a General Law City under State of California law, the 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 34.8 square mile border for a population of 67,839, 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 Park District. Services provided from in-house staff include Code Enforcement, Animal Services, Public Works, Building and Safety, Housing, 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 unit, the Rancho Cordova

Financing Authority, which is blended in the report since they are governed by the City Council sitting in a separate capacity or provide services exclusively to the City. The Successor Agency to the former Community Redevelopment Agency is a fiduciary fund and is reported separately since the State of California passed ABx1 26, resulting in the dissolution of the Redevelopment Agency as of January 31, 2012. 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 January each year at our Council-Staff retreat wherein we determine Council's priorities for the next fiscal year. Then in February we hold our Annual Corporate Report, which is a past recipient of 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 is continuing on its recovery from the Great Recession. The recovery is evidenced by improvements in the unemployment rate, consumer spending, and hotel occupancy rates. Office and industrial vacancy rates continue to improve. The housing market continues to improve and return to its prerecession levels as the inventory increases.

The unemployment rate in Rancho Cordova was higher than the national average at 8.4% in August 2014, according to the U.S. Bureau of Labor Statistics, but this is down from 10.4% in the prior year, showing the economic recovery in the City is getting better.



On June 30, 2014 there were 52 properties in Rancho Cordova that were in foreclosure, according to the Sacramento County Assessor's Office. This is significantly down from the prior year, when there were 118 properties in foreclosure. This supports assertions of an improved housing market, as does our increased property tax revenues.

Property tax revenues experienced the first increase since FY 2007/08, growing 3.4% from the prior year. This ends a five year decline in this major revenue source and we expect to see small increases for the next few years.

According to Cassidy Turley's 2014 quarterly reports, the commercial real estate vacancy rates improved slightly in 2014. The office vacancy rate in 2013 has remained relatively constant, declining to 14.6% from 14.7% in the prior year. The industrial vacancy rate improved to 8.7% from 9.7% in the prior year. We expect to see improvements in both the office and industrial vacancy rates moving forward.

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 and results. We are very proud to have made it through the Great Recession with annual surpluses in the General Fund. 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 and expenditures for the coming three years. Our projections have identified several key challenges and opportunities which include:

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 2027/28. While assessed valuation is increasing, it is not keeping pace with the increase in the revenue neutrality payment to the County. The revenue neutrality payment for the next fiscal year increases by \$409,574, yielding a total payment of \$7,909,438. We are anticipating a 1.75% increase in assessed valuation for fiscal year 2014/15 which yields an increase in revenues of only \$211,000 in Property Tax revenue.

Unwinding the former Redevelopment Agency



The Rancho Cordova Successor Agency continues to be in a position where the assessed values of properties located in the former redevelopment project area are below the base year, resulting in no property tax revenues being available to meet enforceable obligations. With the approval of the Department of Finance, the Successor Agency retained the unencumbered fund balance at dissolution and the proceeds from the transfer of land for

governmental purposes, which it has been using to meet its enforceable obligations. While most of the obligations of the former Redevelopment Agency have been satisfied, a loan payable to the

City's General Fund, in the amount of \$5,617,635 remains outstanding. In accordance with the post compliance section of the dissolution act, the Successor Agency could not begin making payments on the loan until Fiscal Year 2014/15, assuming there are sufficient property tax revenues available. The maximum annual repayment amount is limited based on calculations in the dissolution act. Based on anticipated increases in assessed valuation, the City expects small repayments to begin in Fiscal year 2015/16. For more information on the dissolution of the Redevelopment Agency, please see Note 15 to the Financial Statements.

In spite of these challenges, the future holds promise and opportunity, such as:

- The General Fund, which is the largest of the City's operating funds, showed an increase in revenues by 3.8% in Fiscal Year 2013/14, continuing a positive trend that began last year with a 3% gain over Fiscal year 2011/12 year. The City expects this trend to continue for at least the next three years.
- Tax revenues remain our largest revenue source, with sales tax revenues rising 6.1% and property tax revenues increasing 3% over Fiscal Year 2012-13. Foreclosures have significantly declined over the past two years. In addition, commercial real estate vacancy rates are beginning to decrease and the City's unemployment rate is falling. The City continues to push for economic development within its boundaries, in an effort of striving for a business-friendly environment.
- In November 2014, voters in Rancho Cordova approved Measure H, a ½ cent local add-on sales tax. This increase is anticipated to produce approximately \$7 million per year to fund community priorities. This additional revenue will significantly increase the City's ability to commence projects and provide services.

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 ended June 30, 2014 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 21.6% of operating expenditures for fiscal year 2014/15.

MAJOR INITIATIVES

The City has many goals and projects planned for the 2014/15 fiscal year, all of which are described in the budget document which can be located on our website at www.cityoffranchocordova.org. Some of these projects may either affect the General Fund or be large enough to warrant mention in this letter.

- In partnership with Mercy Housing and the Veterans Resource Center of America, the Housing Department started construction of phase one of the Mather Veterans Village in December 2014. This first phase will include 50 permanent supportive housing units and rehabilitation of a vacant infirmary building located on the 3.64 acre site. The rehabilitated two - story infirmary building will provide space for the transitional housing.
- Identifying initial priorities and projects for the additional sales tax revenue that will be generated by Measure H will be a significant focus of the City Council, City staff and community.

AWARDS AND ACKNOWLEDGEMENTS

The City is a proud recipient of the Certificate of Achievement for Excellence in Financial Reporting from the GFOA of the United States and Canada. This certificate is a prestigious 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.

Also, we are honored to have received the Distinguished Budget Presentation Award since Fiscal Year 2010/11 by the GFOA. This award reflects our commitment to meeting the highest principles of governmental budgeting. We hold ourselves to these standards and aspire to create budget documents that communicate with you, our citizens.

Finally, we were very proud to be recipients of two awards for our Citizens Financial Report, which is published in the winter edition of the City's newsletter and aims to educate citizens about the results of operations of the previous fiscal year, as well as significant accomplishments achieved. It differs from this Comprehensive Annual Financial Report in that it only contains summary financial data, for the General Fund, and is focused on reader interest or "readability". The California Association of Public Information Officers honored the City with their Excellence in Communications Award which recognized the City in the Special Innovation category for demonstrating leadership, innovation, creative approach, and success in its Citizens Financial Report. Second, we the City received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA. The City was honored to be recognized by both a communications association and a technical association for the same report.

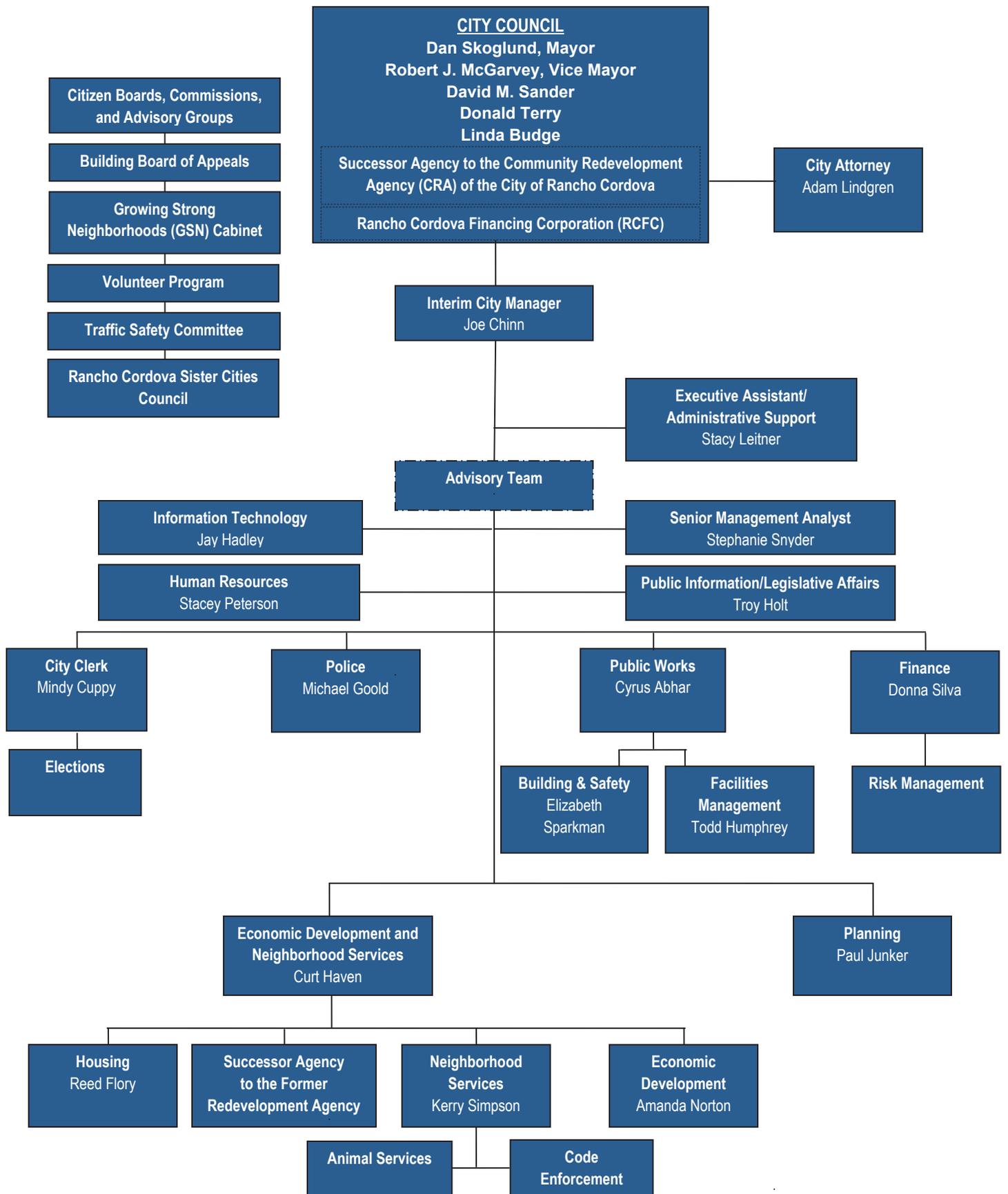
We want to thank the other City departments who assisted and contributed to the preparation of this report. Finally, we appreciate the dedication of the Mayor, City Council and City Manager's Office, who have supported our goal of excellence in all aspects of financial management, consistent with the City's mission to protect, preserve and enhance the quality of life for present and future generations.

Respectfully Submitted,



Donna Silva, CPA, Finance Director

ORGANIZATION CHART - CITY OF RANCHO CORDOVA



**CITY OF RANCHO CORDOVA
PRINCIPAL OFFICERS
JUNE 30, 2014**

ELECTED OFFICIALS

Dan Skoglund
Mayor

Robert J. McGarvey
Vice Mayor

David M. Sander
Council Member

Donald Terry
Council Member

Linda Budge
Council Member

EXECUTIVE TEAM

Joe Chinn
Interim City Manager

Adam Lindgren
City Attorney

Mindy Cuppy
City Clerk

Curt Haven
Director of Economic Development

Donna Silva
Finance Director

Paul Junker
Planning Director

Michael Goold
Police Chief

Cyrus Abhar
Public Works Director, Chief Building Official



City of Rancho Cordova Citywide Goals

1. Promote the Positive Image of Rancho Cordova
2. Ensure a Safe, Inviting and Livable Community
3. Empower Responsible Citizenship
4. Establish Logical City Boundaries that Provide Regional Leadership and Address Financial Challenges
5. Ensure the Availability of the Best Public Services in the Region while Practicing Sound Fiscal Management
6. Drive Diverse Economic Opportunities



Government Finance Officers Association

**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, 2013

Executive Director/CEO

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Rancho Cordova, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rancho Cordova, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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, 2014, and the respective changes in the financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1L, the City recategorized one fund which affected individual but not beginning fund balances of various governmental funds in total.

The emphasis of these this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 12, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Rancho Cordova, CA (the City), is pleased to present the City's financial statements. This narrative, required by the Governmental Accounting Standards Board, provides readers a broad overview of the financial activities of the City during the fiscal year ended June 30, 2014. 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 27.

OVERALL FINANCIAL HIGHLIGHTS

- **The City's General Fund reported a surplus of \$666,213 for the year ending June 30, 2014, creating an ending fund balance of \$27.5 million.**
- As of June 30, 2014, total assets of the City exceeded its total liabilities by \$408 million (net position). Of this amount, \$28 million (unrestricted) may be used to meet ongoing obligations to citizens and creditors, but was subject to designation for specific City programs; \$65 million was restricted net position and must be used only for specific purposes. The remaining \$315 million was invested in capital assets, net of related debt.
- As of June 30, 2014, the City's governmental activities reported a net position of \$409 million. Of that, \$29 million was available to meet the City's current and future needs (unrestricted net position), an increase over the fiscal year ending June 30, 2013 by \$818 thousand.
- The City's reserve policy requires a minimum fund balance reserve be maintained at all times in the General Fund. This minimum level, called the economic uncertainty reserve, is required to be 20% of the General Fund operating budget. At the end of the fiscal year, the economic uncertainty reserve balance remained unchanged at \$9.4 million. With a 2014/15 General Fund budget of \$43.4 million, the policy only requires a reserve of \$8.7 million. With revenues trending upwards, the City declined to lower the reserve, thus avoiding having to increase it again over the next few years to match growing expenditures. As a result, the current reserve represents 21.6%. This reserve is included in unrestricted Net Position since it is not legally required or restricted but rather an informal policy of the City Council.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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 MD&A is supplementary information to the basic financial statements themselves.

We have presented herein financial information regarding the primary government, the City of Rancho Cordova, as well as the City of Rancho Cordova Public Financing Corporation, a component unit. Financial information for the City and Financing Corporation are accounted for in the financial statements in accordance with principles defining the governmental reporting entity adopted by Governmental Accounting Standards Board (GASB). Following is a brief description of each:

- **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), Streets, Public Improvements, Planning and Zoning, and General Administrative Services.

- **The City of Rancho Cordova Public Financing Corporation** (the Corporation) is a joint powers authority organized on February 15, 2005 pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the California Government Code 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 provide 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), deferred outflows/inflows of resources and liabilities (including long-term debt) of the City using the **accrual basis of accounting**. This format is similar to the accounting used by most private-sector companies.

The Statement of Net Position presents information on all City assets, deferred outflows/inflows of resources and liabilities, with the difference reported as net position. Net position is one way to measure the City's financial health. Over time, changes in net position 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 median home values 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 position 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 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 28 and 29 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 inflows 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 currently maintains four major governmental funds, each of which has information presented on page 32 on the Governmental Fund Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, individually.

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.

All governmental fund financial statements can be found starting on page 32.

MAJOR PROPRIETARY FUNDS – The City charges customers for directly received services. 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 major proprietary fund financial statements can be found starting on page 44.

FIDUCIARY FUNDS – Trust and agency 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 agency 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 more detailed information that helps provide a full understanding of the financial information presented in the government-wide and fund financial statements. The notes explain many of the policies and programs that result in the financial performance presented in the financial statements.

Notes to the financial statements can be found starting on page 51.

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, Internal Service Funds and Fiduciary Funds.

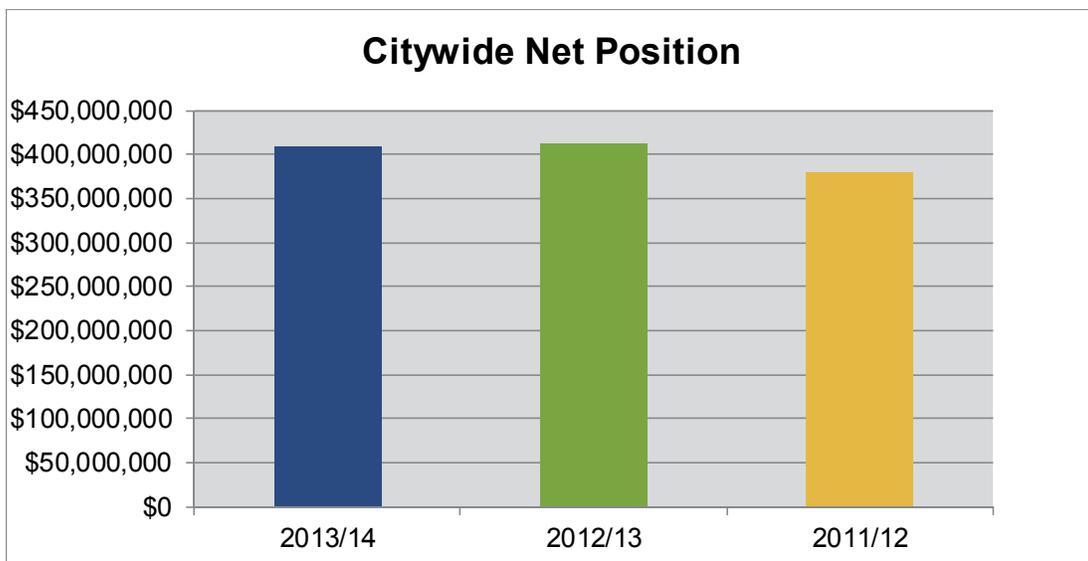
This report also contains statistical information that may be useful to readers of this report. This information can be found in the last section of this report, starting on page 143.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

STATEMENT OF NET POSITION

A review of net position over time serves as a useful indicator of fiscal health. As of June 30, 2014, the total net position of the City was \$408.5 million, which is a decrease of \$4.3 million from fiscal year ending June 30, 2013, and an increase of \$29.3 million from fiscal year ending June 30, 2012. While a decrease in net position could indicate a decline in the City's financial health, in this situation the decrease is directly related to a reduction in capital contributions (or donated assets) received from developers. As is typical in the development process, there are years when the City accepts major infrastructure improvements in one year and then smaller improvements in future years. The Grants & Contribution graph on page 12 clearly illustrates this trend within the City.

City policymakers, management and staff have diligently monitored City activities and adjusted to changing economic conditions. Business-type activities negative net position was decreased by \$137 thousand from last year and decreased by \$77 thousand as compared to the 2011/12 fiscal year.



The condensed Statement of Net Position for the fiscal years ended June 30, 2014, 2013 and 2012, below, allows for analysis of the City's net position as a whole.

Net Position of Governmental and Business-type Activities

	Governmental Activities			Business-Type Activities			Total		
	2013/14	2012/13	2011/12	2013/14	2012/13	2011/12	2013/14	2012/13	2011/12
Current assets	\$ 103,693,776	\$ 102,113,604	\$ 100,758,886	\$ (1,455,031)	\$ (1,620,274)	\$ (1,586,511)	\$ 102,238,745	\$ 100,493,330	\$ 99,172,375
Capital assets	335,622,147	342,225,473	314,278,768	1,412,328	1,442,253	1,472,178	337,034,475	343,667,726	315,750,946
Total Assets	439,315,923	444,339,077	415,037,654	(42,703)	(178,021)	(114,333)	439,273,220	444,161,056	414,923,321
Deferred amount of refunding	85,592	89,751	-	-	-	-	85,592	89,751	-
Total Deferred Outflow	439,401,515	444,428,828	415,037,654	(42,703)	(178,021)	(114,333)	439,358,812	444,250,807	414,923,321
Current liabilities	\$ 9,089,905	\$ 9,376,293	\$ 13,552,314	\$ 739	\$ 2,234	\$ 5,887	\$ 9,090,644	\$ 9,378,527	\$ 13,558,201
Long-term liabilities outstanding	21,771,879	22,227,798	22,258,200	-	-	-	21,771,879	22,227,798	22,258,200
Total Liabilities	30,861,784	31,604,091	35,810,514	739	2,234	5,887	30,862,523	31,606,325	35,816,401
Net Position:									
Invested in capital, net of related debt	\$ 313,935,860	\$ 320,087,426	\$ 291,926,279	\$ 1,412,328	\$ 1,442,253	\$ 1,472,178	\$ 315,348,188	\$ 321,529,679	\$ 293,398,457
Restricted	65,172,962	64,124,648	62,607,924	-	-	-	65,172,962	64,124,648	62,607,924
Unrestricted	29,430,909	28,612,663	24,692,937	(1,455,770)	(1,622,508)	(1,592,398)	27,975,139	26,990,155	23,100,539
Total Net Position	\$ 408,539,731	\$ 412,824,737	\$ 379,227,140	\$ (43,442)	\$ (180,255)	\$ (120,220)	\$ 408,496,289	\$ 412,644,482	\$ 379,106,920

The City's net position as of June 30, 2014, was comprised of the following:

- Again this year, the largest portion of total assets consists of capital assets (for example, land, buildings and infrastructure), totaling \$337 million or 83% of total net position.
- Cash and investments comprised \$89.6 million in the city treasury and \$1.9 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. The significant cash and investment reserves provide ongoing operating resources, to meet current needs.
- Receivables, totaling \$10.7 million, consist of accounts receivable, notes receivable and monies due from other governments. These are detailed in Note 4 of the financial statements.
- Net Investment in Capital Assets of \$315.3 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 position, totaling \$65.2 million, represents 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 position that can be used to meet the government's ongoing obligations to citizens and creditors increased to \$28.0 million.

The following is a condensed Statement of Activities for the fiscal years ending June 30, 2014, 2013 and 2012:

Statement of Activities

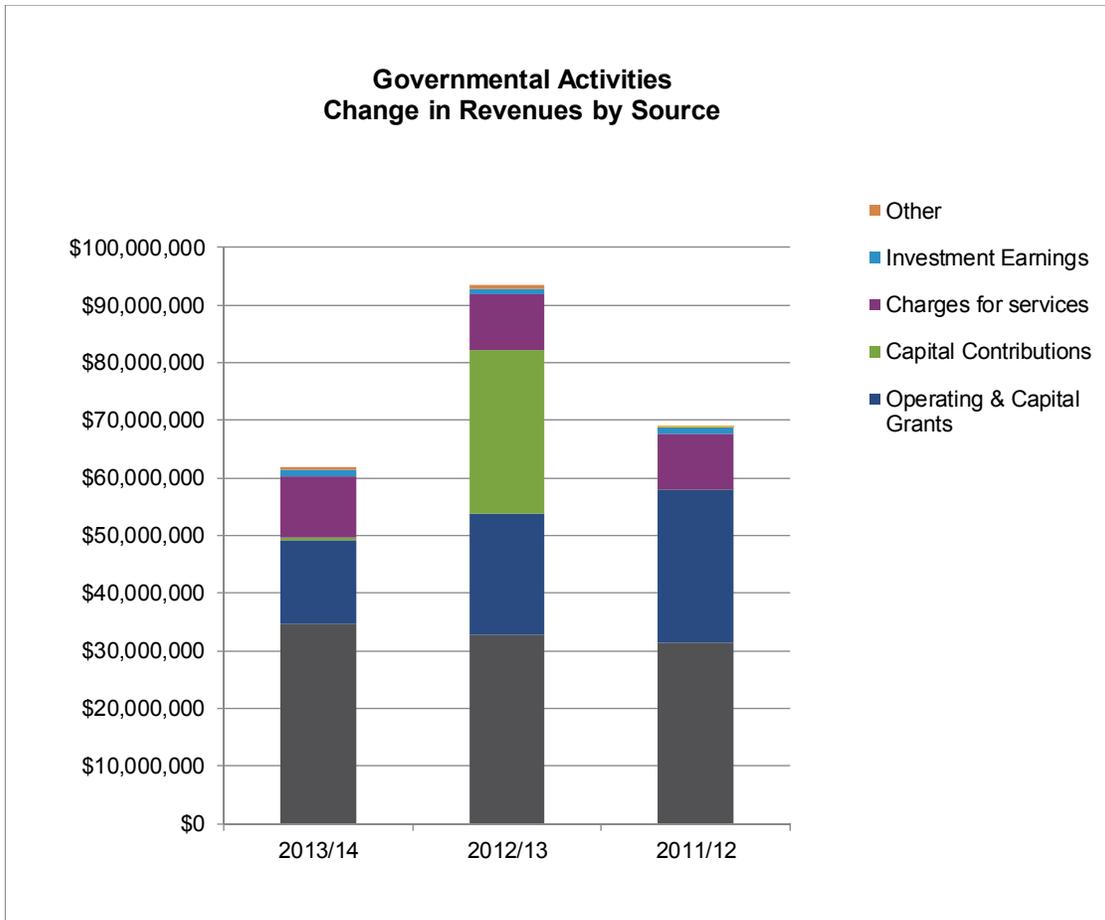
	Governmental Activities			Business-Type Activities			Total		
	2013/14	2012/13	2011/12	2013/14	2012/13	2011/12	2013/14	2012/13	2011/12
Revenues:									
Program Revenues									
Charges for services	\$ 10,615,042	\$ 9,783,541	\$ 9,548,242	\$ 4,700	\$ 9,500	\$ 11,400	\$ 10,619,742	\$ 9,793,041	\$ 9,559,642
Operating grants & contributions	6,484,293	8,306,015	8,924,056	-	-	-	6,484,293	8,306,015	8,924,056
Capital grants	7,963,186	12,585,491	17,528,137	-	-	-	7,963,186	12,585,491	17,528,137
Capital contributions	562,352	28,378,468	72,671	-	-	-	562,352	28,378,468	72,671
General Revenues:									
Taxes	34,739,694	32,911,118	31,532,319	-	-	-	34,739,694	32,911,118	31,532,319
Investment Earnings	1,098,942	959,979	1,122,769	107	94	107	1,099,049	960,073	1,122,876
Other	401,379	658,883	227,747	-	-	-	401,379	658,883	227,747
Total Revenues	<u>61,864,888</u>	<u>93,583,495</u>	<u>68,955,941</u>	<u>4,807</u>	<u>9,594</u>	<u>11,507</u>	<u>61,869,695</u>	<u>93,593,089</u>	<u>68,967,448</u>
Expenses:									
General Government	30,105,912	27,907,919	26,389,142	-	-	-	30,105,912	27,907,919	\$ 26,389,142
Community Development	6,200,258	5,452,232	7,627,192	-	-	-	6,200,258	5,452,232	7,627,192
Public Safety	17,187,388	16,476,763	15,878,548	-	-	-	17,187,388	16,476,763	15,878,548
Public Works	11,280,959	8,276,583	9,911,194	-	-	-	11,280,959	8,276,583	9,911,194
Interest and fiscal charges	1,063,097	1,107,696	1,221,777	-	-	-	1,063,097	1,107,696	1,221,777
Cemetery	-	-	-	180,274	69,629	63,809	180,274	69,629	63,809
Total Expenses	<u>65,837,614</u>	<u>59,221,193</u>	<u>61,027,853</u>	<u>180,274</u>	<u>69,629</u>	<u>63,809</u>	<u>66,017,888</u>	<u>59,290,822</u>	<u>61,091,662</u>
Excess (deficiency) in Net Position Before									
Extraordinary Items and Transfers:									
Extraordinary Item	-	(144,949)	265,589	-	-	-	-	(144,949)	265,589
Transfers	(312,280)	-	-	312,280	-	-	-	-	-
Change in Net Position	<u>(4,285,006)</u>	<u>34,217,353</u>	<u>8,193,677</u>	<u>136,813</u>	<u>(60,035)</u>	<u>(52,302)</u>	<u>(4,148,193)</u>	<u>34,157,318</u>	<u>8,141,375</u>
Net Position -- Beginning of Year	<u>412,824,737</u>	<u>378,607,384</u>	<u>371,033,463</u>	<u>(180,255)</u>	<u>(120,220)</u>	<u>(67,918)</u>	<u>412,644,482</u>	<u>378,487,164</u>	<u>370,965,545</u>
Net Position -- End of Year	<u>\$ 408,539,731</u>	<u>\$ 412,824,737</u>	<u>\$ 379,227,140</u>	<u>\$ (43,442)</u>	<u>\$ (180,255)</u>	<u>\$ (120,220)</u>	<u>\$ 408,496,289</u>	<u>\$ 412,644,482</u>	<u>\$ 379,106,920</u>

Note: Beginning Net Position for 2012/13 has been restated.

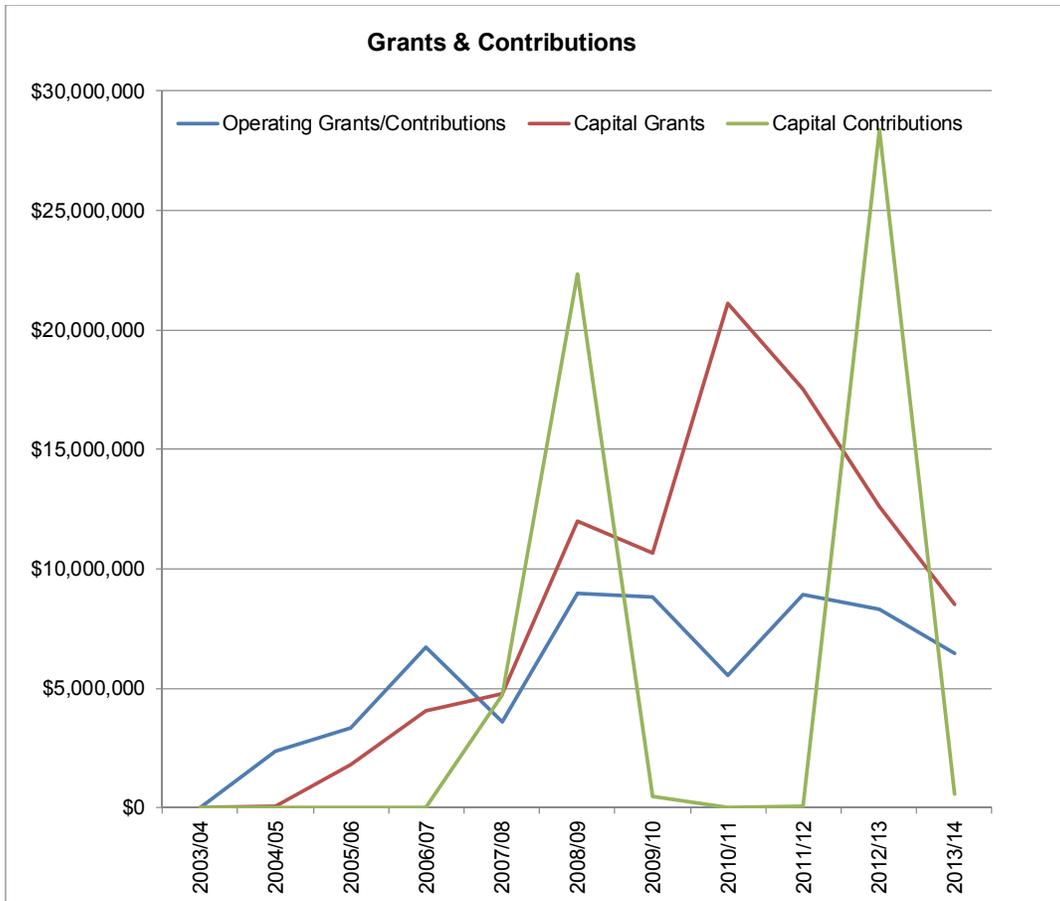
REVENUE HIGHLIGHTS

The chart below shows total revenues received from the Governmental Activities, as shown in the condensed Statement of Activities by revenue source. Capital and Operating Grants have been combined to show total grant activity.

Total fiscal year 2013/14 revenues decreased by \$31.7 million, or approximately 34%, from the prior year. As illustrated in the graph below, this decline was primarily due to a decrease in capital grants, which saw a reduction of \$4.6 million, and capital contributions, or one time donations, which saw a reduction of \$27.8 million, while the other revenue categories saw slight increases. In fiscal year 2012/13, the City received four capital contributions, or donated assets, from developers as projects were completed during the year. These projects included Anatolia 1 – Major Road Improvements totaling \$26.7 million, public improvements constructed as part of Sunridge Park Village 1B totaling \$526 thousand, Public Street improvements installed as part of the Walgreen's project totaling \$188 thousand and the Storm Drain infrastructure installed for Sunridge Park Village 5A totaling \$61 thousand. The City has only had one other large spike in the Capital Contributions, in fiscal year 2008/09, when the City recorded \$2.8 million for Zinfandel Drive and various public street and signal improvements totaling \$22.4 million.



Taxes and assessments, our largest revenue category, were slightly higher, once again, due to increases in property, sales, utility, and other tax revenues. Sales tax revenues were up by \$736,947 from last year and up by \$1.4 million from two years ago. Property taxes increased by \$324,026 as compared to last year and increased by \$747,369 from two years ago. Overall, the city has started to see increases in the tax revenues as the economy recovers from the recession. Property Tax revenues appear to be beginning a recovery and, with a continued increase in sales tax revenues, represent a real recovery in the overall economy. Market conditions suggest that we will continue to see modest growth in the housing market in the current fiscal year 2014/15, and possible larger increases in assessed valuation beginning in the 2015/16 fiscal year.



As illustrated in the above graph, the City's Capital Grants and Capital Contributions fluctuate from year to year while the Operating Grants/Contributions have been a little more stable over the last few years.

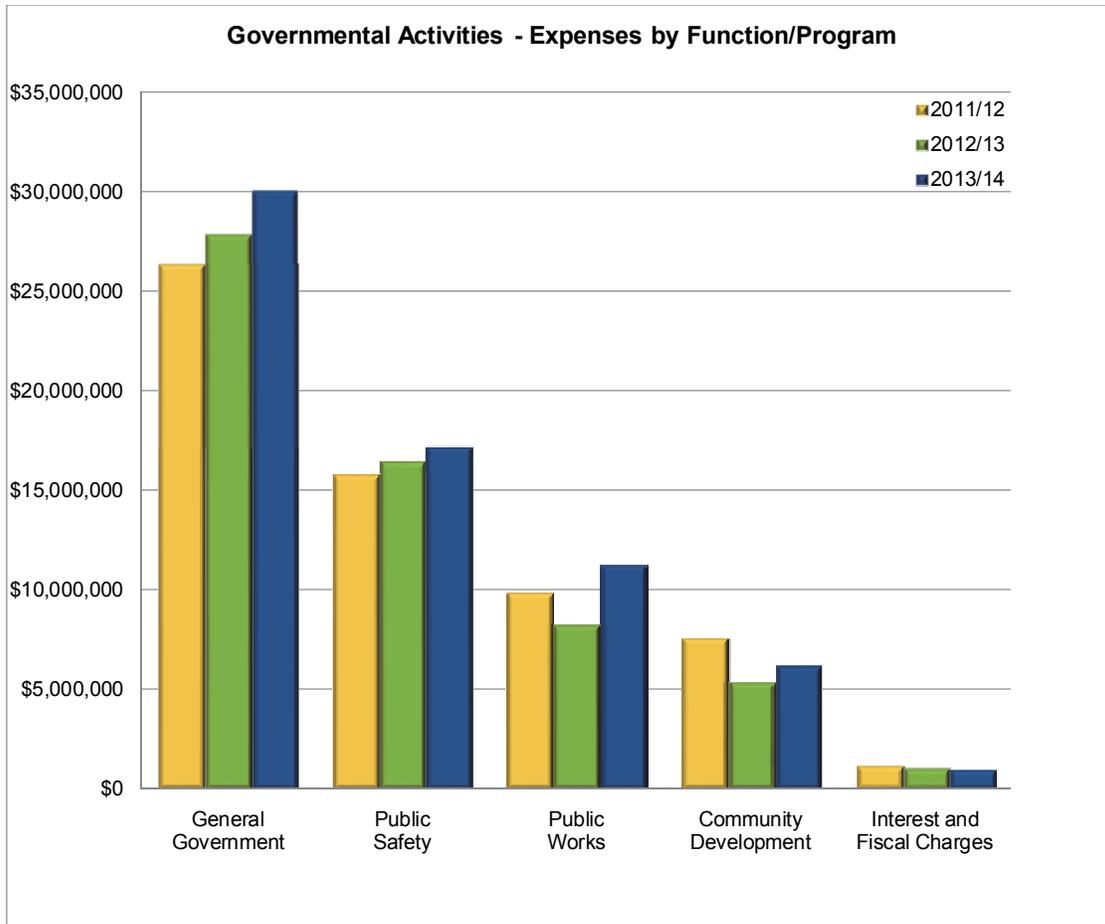
The majority of grant revenues received by the City are from reimbursement type grants where costs are incurred up front and then reimbursed from the grantor, usually on a quarterly basis. Grant revenue is recorded when the expenditure is incurred, not when the grant is awarded, or the funds received.

In fiscal year 2012/13, the City received Capital Contributions of four donated assets from developers as projects were completed during the year, which is shown by the large spike for the Capital Contributions in the graph above. These contributions vary from year to year and are directly related to new development projects and the speed in which major infrastructure must be built to service the new development.

The Kilgore Cemetery (the City's lone business-type activity) remains in its infancy. The City discontinued its partnership with the Fair Oaks Cemetery District in fiscal year 2012/13. Expansion of the cemetery, to offer plots for sale, is necessary to secure revenues sufficient to cover operating expenses. Construction of phase two is on hold pending available funding.

EXPENSE HIGHLIGHTS

A comparison of Governmental Expenditures, by functional program is shown on the chart on below.



General Government expenses of \$30.1 million accounted for 45.7% of total expenses, and increased by \$2.2 million from the prior year. Public Safety costs, primarily for police protection, increased \$0.7 million, or 4.3% from fiscal year 2012/13. Public Works costs increased \$3.0 million, to \$11.3 million, and represented 17.1% of total expenses. Lastly, Community Development expenses also saw an increase of 13.7% from the prior year to \$6.2 million in the current year.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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. As previously mentioned, fund accounting uses 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 financial reporting to the City Council.

The Governmental Funds financial statements break out four major funds as follows: General Fund, Sunrise Douglas Revenue Fund, Traffic Mitigation Special Revenue Fund, and the Grants Special Revenue Fund. All other governmental funds are combined into the category “Nonmajor Governmental Funds”.

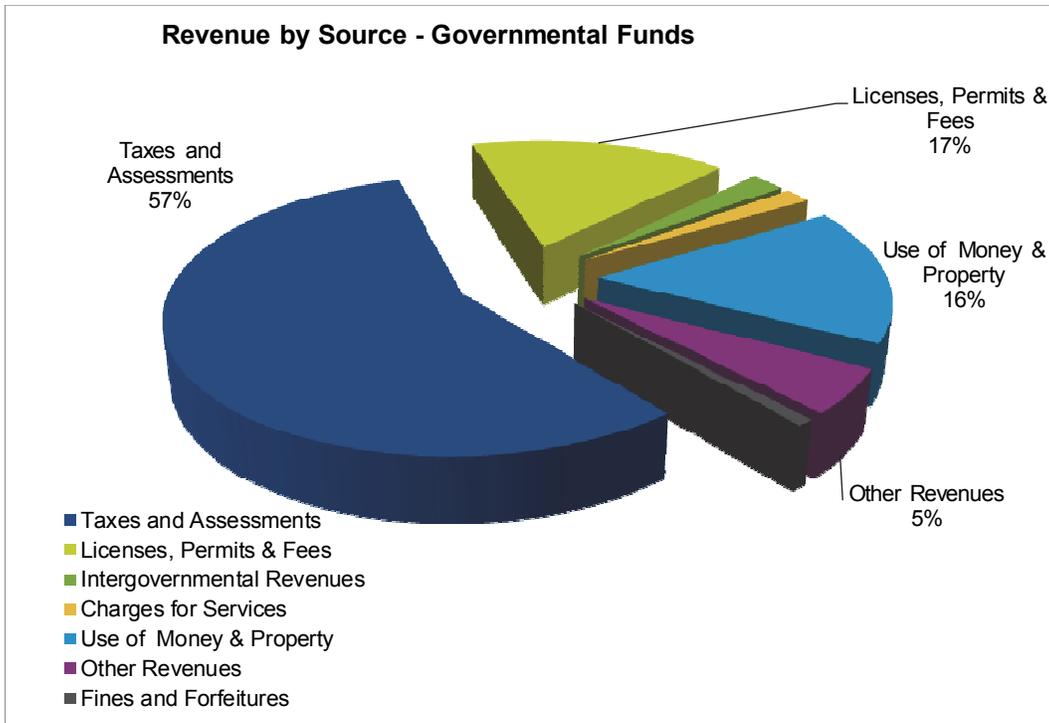
The table on the following page demonstrates the significant balances and transactions in these funds.

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

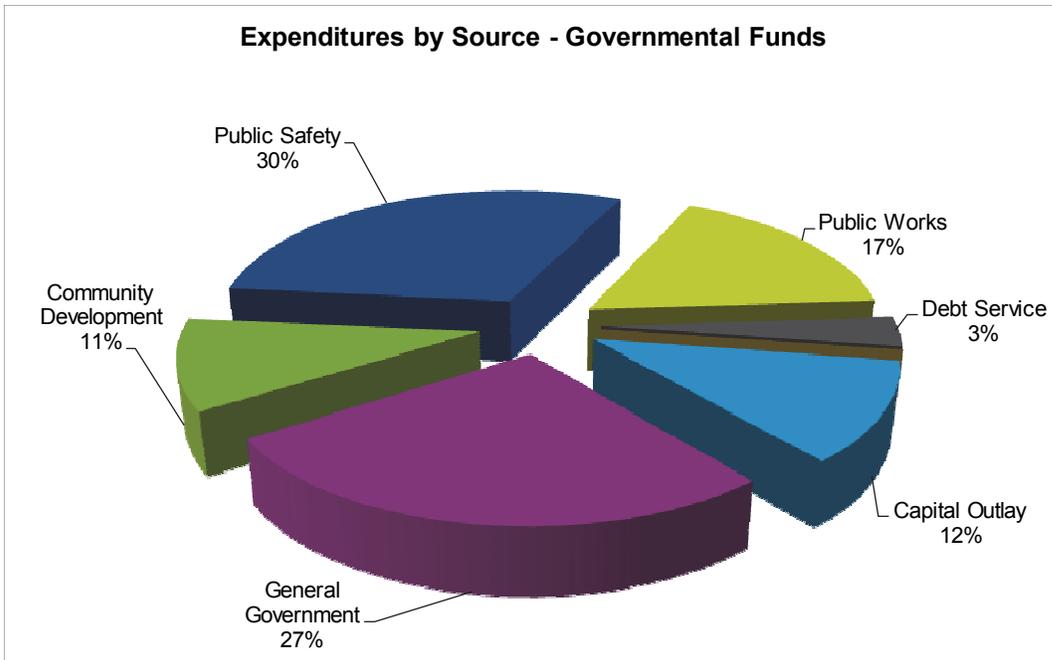
	<u>2013/14</u>	<u>2012/13</u>	<u>2011/12</u>
Revenues:			
Taxes and Assessments	\$ 34,620,251	\$ 35,506,292	\$ 34,165,037
Licenses, Permits & Fees	10,419,315	12,028,868	9,894,338
Fines and Forfeitures	1,424,763	1,336,428	1,083,794
Use of Money & Property	1,104,518	986,863	1,015,217
Intergovernmental Revenues	9,913,819	13,145,345	15,148,811
Charges for Services	3,242,051	3,042,033	3,533,612
Other Revenues	<u>517,541</u>	<u>315,467</u>	<u>338,618</u>
Total Revenues	<u>61,242,258</u>	<u>66,361,296</u>	<u>65,179,427</u>
Expenditures:			
General Government	15,278,010	15,156,251	14,855,261
Community Development	5,923,004	5,452,232	6,469,795
Public Safety	17,093,766	16,354,005	15,795,913
Public Works	9,527,340	7,628,907	6,466,683
Debt Service	1,959,977	1,958,098	2,008,750
Est reduction in fair value of land held for resale			1,157,397
Capital Outlay	<u>6,491,784</u>	<u>13,418,857</u>	<u>18,901,174</u>
Total Expenditures	<u>56,273,881</u>	<u>59,968,350</u>	<u>65,654,973</u>
Excess (Deficiency) of Revenues over Expenditures	4,968,377	6,392,946	(475,546)
Other Financing Sources (Uses):			
Proceeds from Long Term Debt	428,011	-	-
Transfers In	9,827,272	18,071,384	17,732,940
Transfers Out	<u>(6,913,113)</u>	<u>(19,996,312)</u>	<u>(19,215,839)</u>
Total Other Financing Sources (Uses)	<u>3,342,170</u>	<u>(1,924,928)</u>	<u>(1,482,899)</u>
Net Change in Fund Balances before Extraordinary Item	8,310,547	4,468,018	(1,958,445)
Extraordinary Item (Note 15A):			
Assets transferred to/liabilities assumed by the Successor Agency	<u>-</u>	<u>(144,949)</u>	<u>265,589</u>
Net Change in Fund Balances	8,310,547	4,323,069	(1,692,856)
Fund Balances, beginning of year	<u>86,945,416</u>	<u>82,622,347</u>	<u>84,315,203</u>
Fund Balances, end of year	<u>\$ 95,255,963</u>	<u>\$ 86,945,416</u>	<u>\$ 82,622,347</u>

At the end of fiscal year 2013/14, the City's governmental funds reported a total combined ending fund balance of \$95.3 million, a net increase of \$8.3 million from the prior year. Of the fund balance, \$9.6 million was non-spendable, and \$69.7 million was restricted.

The table above shows total Governmental Revenues decreased by \$5.1 million, or 7.7% from the prior year, due primarily to decreases in revenues in the Grants Fund revenues and in the Traffic Mitigation Fund.



Taxes and Assessments remain the largest revenue source, representing 57% of total revenues. Overall, Taxes and Assessments decreased by \$886,041, or 2.5% from the prior year. The overall decline was caused by a significant decrease in revenues in the Non-Major Governmental Funds. The decline was due to a one-time payment of \$2.3 million received in the prior year from Sacramento County for storm drain taxes that has been collected by the County for the maintenance of the storm drain system in Rancho Cordova. The City is in the process of transitioning this maintenance from the County to the City, resulting in the funds for the maintenance also being transferred to the City. The decline does not affect the general upward trend in revenues as all other taxes increased from the prior year as noted below.



Public Safety is our largest category of expense, representing 30.4% of total governmental expenditures. Current year costs of \$17.1 million were 4.5% higher than the prior year. The majority of Public Safety expenses are reported in the General Fund and this change will be explained below in the analysis of the General Fund.

General Government, the second largest expense category had expenditures of \$15.3 million and, like Public Safety, are largely accounted for within the General Fund and will be explain further below.

See below for explanation of significant variances in each of the major funds.

GENERAL FUND FINANCIAL INFORMATION

The General Fund is the chief operating fund of the City. The total fund balance has increased to \$27.5 million. Included in the unassigned fund balance is the City’s Economic Uncertainty Reserve of \$9.4 million which represents 21.6% of next year’s General Fund expenditures. The City Council has set a reserve policy of 20% of the next year’s expenditures; however, management has declined to reduce the current reservation in order to provide an additional cushion in case of economic fluctuation.

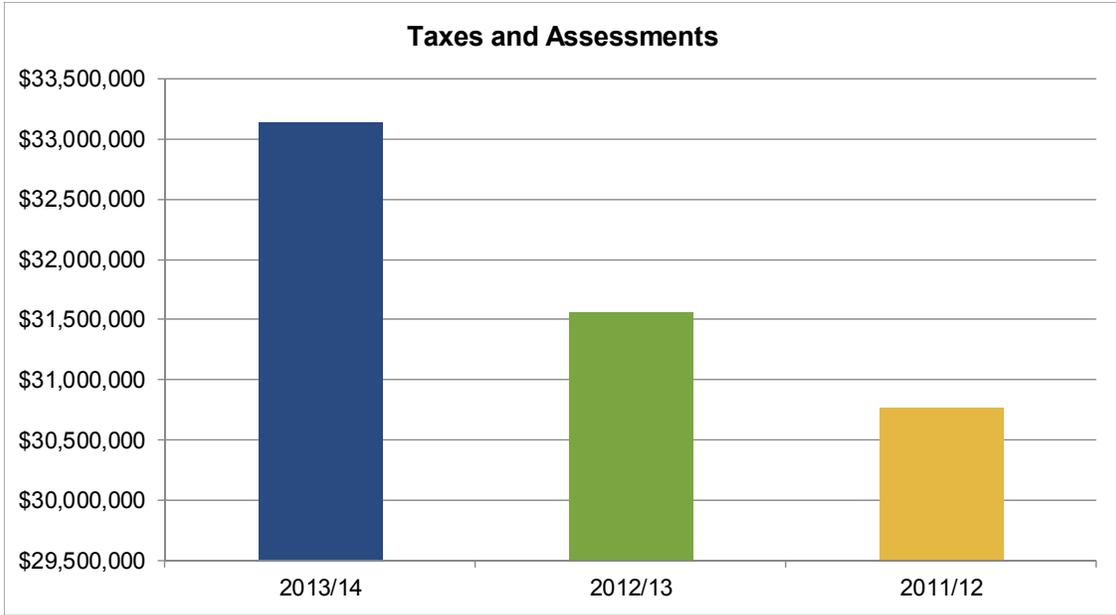
The table on the following page shows the General Fund Revenues, Expenditures, and Changes in Fund Balances.

GENERAL FUND REVENUE AND EXPENDITURES

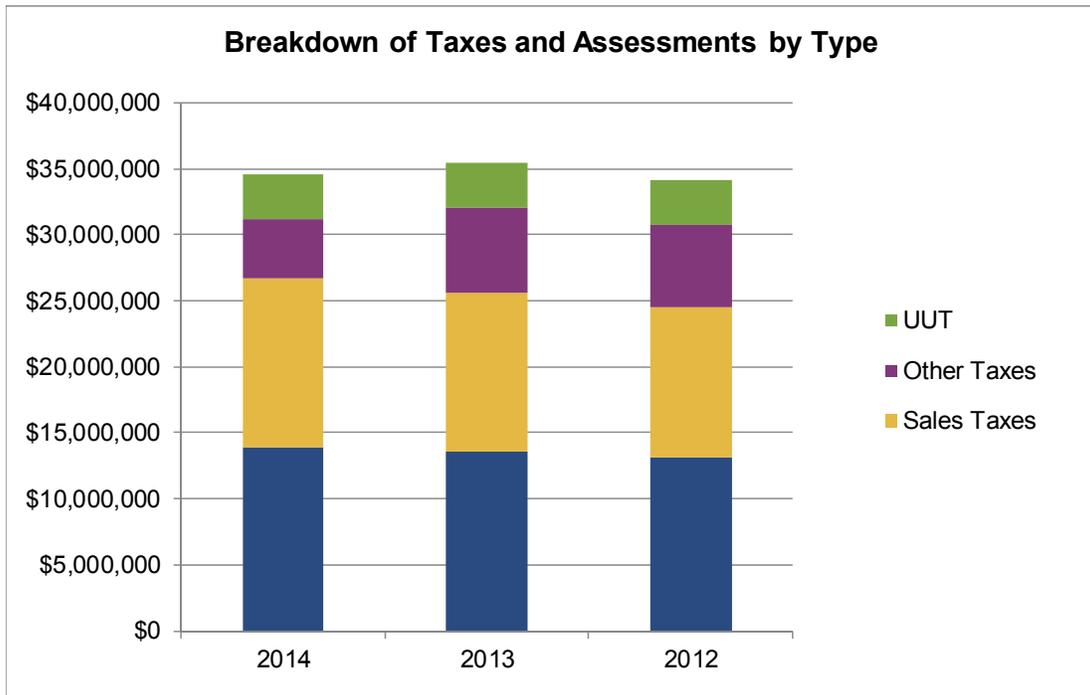
**Revenues, Expenditures and Changes in Fund Balances
General Fund**

	<u>2013/14</u>	<u>2012/13</u>	<u>2011/12</u>
Revenues:			
Taxes and Assessments	\$ 33,139,288	\$ 31,560,889	\$ 30,766,679
Charges for Services	3,157,167	2,835,425	3,437,101
Licenses, Permits & Fees	4,694,244	4,802,107	3,975,946
Fines and Forfeitures	1,422,015	1,324,340	1,082,819
Intergovernmental Revenues	697,524	944,152	482,075
Use of Money & Property	681,380	582,373	516,810
Other Revenues	<u>288,566</u>	<u>315,467</u>	<u>338,618</u>
Total Revenues	<u>44,080,184</u>	<u>42,364,753</u>	<u>40,600,048</u>
Expenditures:			
General Government	14,611,069	14,134,012	13,532,570
Community Development	5,480,794	5,246,031	5,030,178
Public Safety	16,775,337	16,014,270	15,514,247
Public Works	2,937,084	2,734,951	3,172,366
Capital Outlay	67,748	207,506	159,857
Debt Service	<u>12,671</u>	<u>12,671</u>	<u>12,671</u>
Total Expenditures	<u>39,884,703</u>	<u>38,349,441</u>	<u>37,421,889</u>
Excess (Deficiency) of Revenues over Expenditures	4,195,481	4,015,312	3,178,159
Other Financing Sources (Uses):			
Issuance of capital lease	-	-	-
Transfers In	151,872	239,475	175,528
Transfers Out	<u>(3,681,140)</u>	<u>(3,562,349)</u>	<u>(2,497,892)</u>
Total Other Financing Sources (Uses)	<u>(3,529,268)</u>	<u>(3,322,874)</u>	<u>(2,322,364)</u>
Net Change in Fund Balances before Extraordinary Item	666,213	692,438	855,795
Extraordinary Item (Note 15A):			
Assets transferred to/liabilities assumed by the Successor Agency	<u>-</u>	<u>(59,126)</u>	<u>(381,490)</u>
Net Change in Fund Balances	666,213	633,312	474,305
Fund Balances, beginning of year	<u>26,882,696</u>	<u>26,249,384</u>	<u>25,775,079</u>
Fund Balances, end of year	<u>\$ 27,548,909</u>	<u>\$ 26,882,696</u>	<u>\$ 26,249,384</u>

Total General Fund revenues increased over the prior year by \$1.7 million, or 4%, primarily due to an increase in Tax and Assessment revenue. The majority, 75.2%, of General Fund Revenues come from Taxes and Assessments. These revenues increased by \$1.6 million over the prior year.



This revenue category includes Property Tax, Sales Tax, Transient Occupancy Tax (TOT), Utility Users Tax (UUT), Property Transfer Tax and the Police Tax. The following chart shows a breakdown of the four major taxes and assessments over the previous three years. As the chart demonstrates, Sales Tax, Other Taxes, and UUT continue to show steady increases year over year, whereas Property Tax has made the first significant increase in five years.

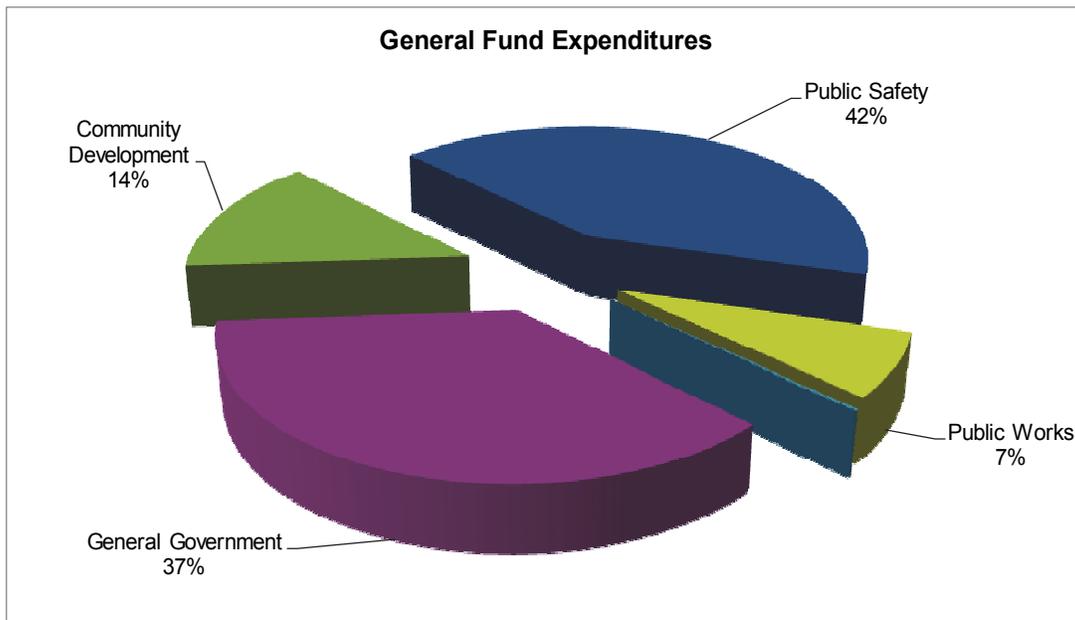


Property Tax revenues saw an increase of 3.4% this year. This increase signals the City has started to rebound from the decline in the housing market, resulting in higher property values and property tax revenues. The second largest source of tax revenue, Sales tax, continued to see another year of growth with an increase of 6.1% compared to fiscal year 2012/13. This source will continue to improve as the City sees new retail establishments and restaurants open in the coming years and the recent passage of Measure H, a ½ cent sales tax increase, during the November 2014 election.

Licenses, Permits and Fees saw a 2.25% decrease compared to last year, due to a decrease in the franchise fees collected from commercial garbage service providers operating within the City. Building Permits were down slightly but Business License revenues increased.

Charges for Services consist primarily of cost recovery revenue for City-provided services. There was an increase of 11.35% from the prior year, due to an increase in development activity.

General Fund expenditures increased by \$1,535,262 over the prior year. An increase in revenues allowed the City to incur expenses that were deferred in prior years. Note that the 4% increase in expenditures is in line with the 4% increase in revenues. Maintaining a balanced relationship of revenues to expenditures has produced our eleventh consecutive surplus in the General Fund, a high priority for the City Council and the community.



As indicated in the above chart, the largest expenditure in the General Fund is Public Safety at \$16.8 million or 42% of total expenditures. The City contracts with the Sacramento County Sheriff's Department for law enforcement. Public Safety expenditures this year increased from last year by \$761,067, or 4.8%, due to an increase in salaries and benefits as required by the employment contracts negotiated and managed by the County of Sacramento. This increase accounts for almost half of the increased costs in the General Fund

General Government expenditures, the second largest expenditure, were \$14.6 million (37% of General Fund expenditures), and included 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. Also included in this category is the annual property tax obligation due to the County under the Revenue Neutrality Agreement (\$7.5 million this year). General Government expenditures increased by 3.4% from the prior year. This increase was mostly due to the annual increase in the revenue neutrality payment to the County of Sacramento. All other General Government expenditures were relatively stable from the prior year.

Community Development, consisting of Economic Development, Facilities Management, Planning, Building & Safety and Neighborhood Services expended \$5.5 million, a slight increase of \$235 thousand, due to increased cost of facility operations and the addition of a Code Enforcement Officer.

Public Works General Fund expenditures were \$2.9 million, an increase of approximately 7.4%, or \$202,133 from the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City had one amendment to its budget during the year to adjust for significant variances in expenditures not originally anticipated in the budget. This budget amendment did not affect the General Fund. However, City Council policy allows for an automatic budget adjustment in the General Fund to transfer a set portion of the General Fund surplus, if any, to the Capital and Infrastructure Internal Service Funds. Additionally, the City Council has a policy which allows the General Fund transfer out budget to be automatically adjusted to allow for up to 1/6th of the balance of the Kilgore Cemetery Enterprise Fund advance to be written off in any year the Cemetery Fund does not have sufficient net income to make the annual debt payment, as long as the General Fund has sufficient surplus available. These automatic adjustments are in addition to the one described above.

	General Fund Budgetary Highlights				Percent Variance with Final Budget
	Original Budget	Final Budget	Actual	Variance	
Revenues:					
Taxes and Assessments	\$ 31,715,200	\$ 31,715,200	\$ 33,139,288	\$ 1,424,088	4.5%
Licenses, Permits & Fees	4,169,900	4,169,900	4,694,244	524,344	12.6%
Fines and Forfeitures	1,466,400	1,466,400	1,422,015	(44,385)	-3.0%
Use of Money & Property	703,300	703,300	681,380	(21,920)	-3.1%
Intergovernmental Revenues	494,600	494,600	697,524	202,924	41.0%
Charges for Services	2,714,300	2,714,300	3,157,167	442,867	16.3%
Other Revenues and Transfers In	910,900	913,900	440,438	(473,462)	-51.8%
Total Revenues and Transfers	<u>42,174,600</u>	<u>42,177,600</u>	<u>44,232,056</u>	<u>2,054,456</u>	4.9%
Expenditures					
General Government	14,478,600	14,118,600	14,611,069	492,469	3.5%
Community Development	6,250,800	6,250,800	5,480,794	(770,006)	-12.3%
Public Safety	17,063,400	17,063,400	16,775,337	(288,063)	-1.7%
Public Works	2,823,900	2,823,900	2,937,084	113,184	4.0%
Capital Outlay	199,600	199,600	67,748	(131,852)	-66.1%
Debt Service	14,400	14,400	12,671	(1,729)	-12.0%
Transfers Out	1,332,200	3,690,822	3,681,140	(9,682)	-0.3%
Total Expenditures and Transfers	<u>42,162,900</u>	<u>44,161,522</u>	<u>43,565,843</u>	<u>(595,679)</u>	-1.3%
Excess/(Deficiency) of					
Revenues over Expenditures	<u>\$ 11,700</u>	<u>\$ (1,983,922)</u>	<u>\$ 666,213</u>	<u>\$ 2,650,135</u>	

Total Revenues exceeded the budget by 4.9% with the larger of the variances from the original budget explained below.

Tax revenues outperformed the original budget by \$1.4 million, a 4.5% positive variance from the original budget. Property taxes were \$609,403 more than projected and Sales tax revenue \$417,265 more than projected.

Licenses, Permits and Fees were \$524,344, or 12.6%, higher than expected. This increase is largely due to higher than anticipated building permits being issued for both residential and commercial properties. Additionally, The City saw an increase in Franchise Fee revenue being generated from both residential and commercial garbage haulers.

Charges for Services had a positive variance of \$442,867 between the budgeted revenues to the actual. This increase is largely due to staff work on projects that were cost recoverable but not anticipated when the budget was originally prepared. Additionally, the City has changed how the administration fees from the Sunridge Anatolia and Sunridge Park CFD funds were recorded. In prior years the CFD admin fees had been recorded as a transfer in but starting FY 2013-14 these fees will be recorded as a Charge for Service.

Other Revenues and Transfers In varied from the budget due to a change in how the administration fees from the Sunridge Anatolia and Sunridge Park CFD funds were recorded, as discussed above. Additionally, the City had originally anticipated a transfer from an Internal Service Fund into the General Fund to cover a contribution on the Entertainment Center project. The developers of the Entertainment Center project had not secured funding as of June 30th therefore a City contribution was not required prior to year end.

The City was able to manage its General Fund expenditure activity to produce actual expenditures that were 1.3% lower than the final budget and just 1.4% above the original budget. While the original budget had anticipated a surplus of \$11,700, we are pleased that improvements in revenues, and continued management of expenditures led to an actual increase in net fund balance of \$666,213.

FINANCIAL ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

Three major funds, in addition to the General Fund, were separately stated in the City's governmental fund statements for fiscal year 2013/14. 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, on-going administration and fee program updates. The revenues consist of impact fees of \$3.4 million and interest earnings of \$110,094 and were 13% lower than the prior year due a decrease in the number of building permits issued. Expenditures this year included Public Works expenses and capital projects totaling \$2.8 million and were \$2.5 million less than the prior year due to fewer capital projects being funded from this revenue source.

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 \$1.0 million, interest earnings of \$130,902 and charges for services of \$15,000. Total revenues were 34% lower than the prior year due a decrease in the number of building permits issued and a reduction in the impact fee amount. Expenditures this year totaled \$1.5 million and were \$1.7 million less than the prior year due to fewer capital projects being funded.

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. The City had completed some large grant project in prior years, and since grants are typically awarded on a reimbursement basis, this resulted in fewer grant revenues being recorded in the current year. As of June 30, 2014, the Grants Fund had received \$2.7 million in intergovernmental revenues, as compared to \$6.9 million in the prior year. As should be expected, grant expenditures also decreased from \$5.5 million in the prior year to \$1.1 million in the current year.

FINANCIAL ANALYSIS OF NON-MAJOR GOVERNMENTAL FUNDS

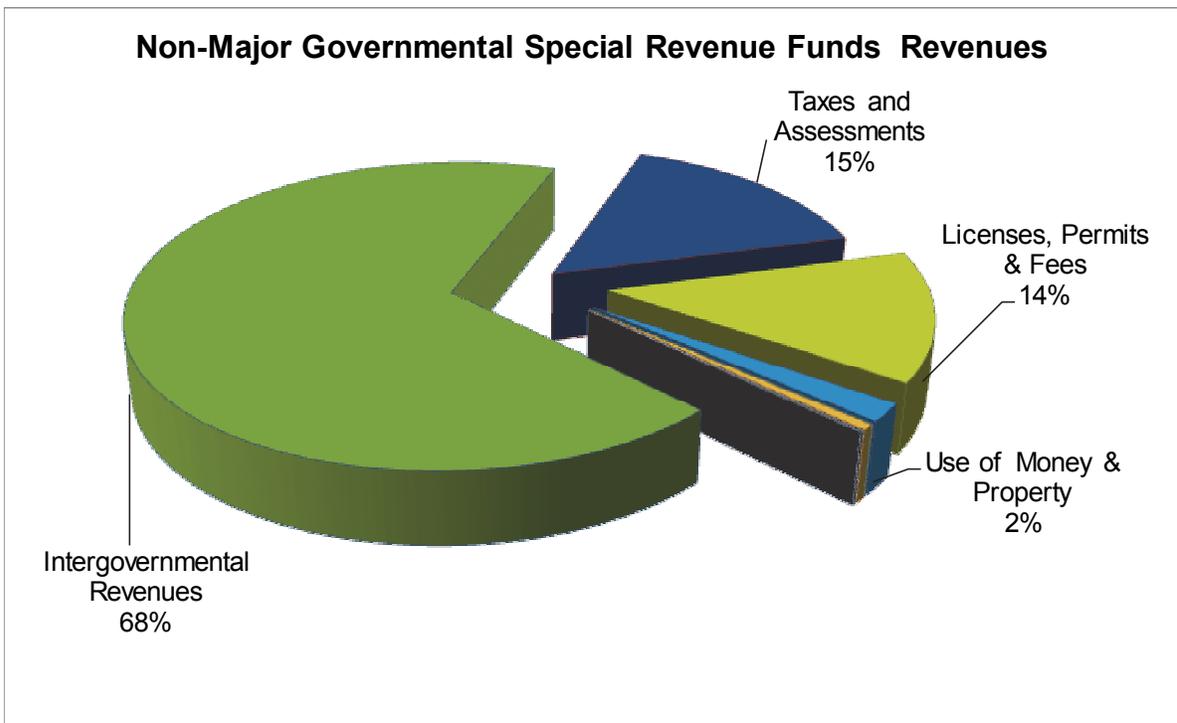
These funds, consisting mostly of Special Revenue Funds, were not of sufficient volume to warrant a "major-fund" designation. Some of these funds are as follows:

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 2013/14 were \$2.1 million. Public Works capital improvement projects funded by the Gas Tax Fund totaled \$3.0 million, resulting in a reduction in fund balance from \$4.1 million in 2013 to \$3.3 million in 2014.

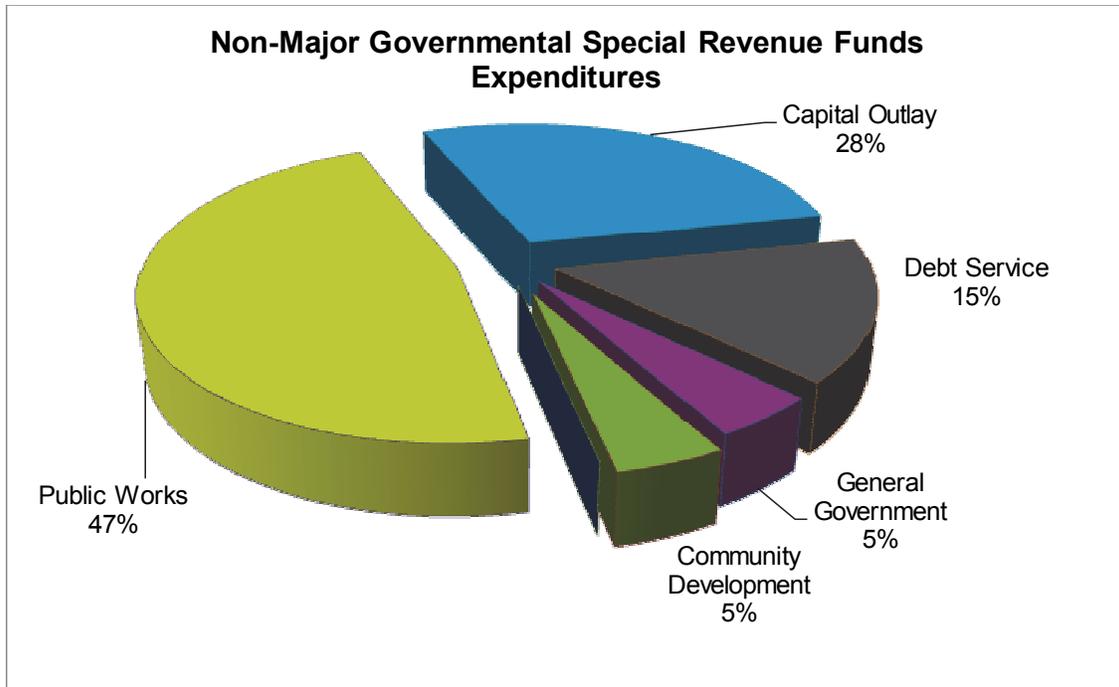
Community Facilities Fees Fund – The Community Facility Fee is collected by the City to cover the costs of municipal facilities required to serve an increased population as a result of new development. These facilities primarily include city hall, police station, community center, corporation yard, library, city museum, and a parking structure. During fiscal year 2013/14, a total of \$867,586 in fees was collected. The fund had \$1.03 million in capital projects and transfers out of \$1.01 million were made to support debt service payments on City Hall and the Kilgore Police Station. This resulted in a reduction in fund balance in the current with of \$1.14 million for an ending fund balance of \$3.2 million as of June 30, 2014.

Measure A Special Revenue Fund – Measure A is a voter approved one-half percent sales tax in Sacramento County. In 2004, voters approved a 30-year extension of this program that went into effect in April 2009. Once approved, bonds were sold to provide funding for capital projects. This funding was used in conjunction with the monies available from the first measure for maintenance and capital projects. This year the City received \$2.0 million in Measure A revenues. The City expended \$966,871 on maintenance and capital improvement projects. This resulted in an ending fund balance of \$2.5 million.

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



Conversely, the following graph provides the percentage makeup of the *expenditures* associated with all Non-Major Governmental Special Revenue Funds.



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following schedule shows the changes in the capital assets for the year.

Capital Assets
For the fiscal years ending June 30, 2014, 2013, 2012

	Governmental Activities			Business Activities			Total		
	2013/14	2012/13	2011/12	2013/14	2012/13	2011/12	2013/14	2012/13	2011/12
Land	\$ 8,568,723	\$ 6,925,393	\$ 6,925,393	\$ 225,000	\$ 225,000	\$ 225,000	\$ 8,793,723	\$ 7,150,393	\$ 7,150,393
Construction in progress	44,128,666	59,997,101	49,313,115	199,800	199,800	199,800	44,328,466	60,196,901	49,512,915
Infrastructure	372,509,778	352,074,988	322,192,925	-	-	-	372,509,778	352,074,988	322,192,925
Building & Improvements	27,317,312	27,349,734	27,349,734	1,197,003	1,197,003	1,197,003	28,514,315	28,546,737	28,546,737
Equipment & Software	4,608,105	4,281,238	4,135,129	6,049	6,049	6,049	4,614,154	4,287,287	4,141,178
Accumulated Depreciation	(121,510,437)	(108,402,981)	(95,637,528)	(215,524)	(185,599)	(155,674)	(121,725,961)	(108,588,580)	(95,793,202)
Total	\$ 335,622,147	\$ 342,225,473	\$ 314,278,768	\$ 1,412,328	\$ 1,442,253	\$ 1,472,178	\$ 337,034,475	\$ 343,667,726	\$ 315,750,946

The City's investment in capital assets includes land, infrastructure, building and improvements, equipment and construction in progress. The City completed fourteen capital improvement projects this year, resulting in the removal of \$21.0 million from construction in progress, along with acquiring a new 16.7 acre parcel of land for a future corporation yard. Activities from new projects resulted in the addition of \$4.9 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, 2014, 2013, 2012

	Governmental Activities			Business Activities			Total		
	2013/14	2012/13	2011/12	2013/14	2012/13	2011/12	2013/14	2012/13	2011/12
Compensated Absences	\$ 624,766	\$ 674,381	\$ 663,727	\$ -	\$ -	\$ -	\$ 624,766	\$ 674,381	\$ 663,727
Certificates of Participation	21,570,000	22,455,000	23,295,000	-	-	-	21,570,000	22,455,000	23,295,000
Less deferred amount on refunding		-	(93,910)	-	-	-	-	-	(93,910)
Issuance discounts	(250,010)	(262,097)	(274,185)	-	-	-	(250,010)	(262,097)	(274,185)
Streetlight Retrofit Loan	428,011	-	-	-	-	-	428,011	-	-
Capital Lease Obligations	23,878	34,895	45,340	-	-	-	23,878	34,895	45,340
Total	\$ 22,396,645	\$ 22,902,179	\$ 23,635,972	\$ -	\$ -	\$ -	\$ 22,396,645	\$ 22,902,179	\$ 23,635,972

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.

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

Additionally, 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. Information regarding the assessment debt without city commitment can be found in Note 8 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's primary revenue sources are 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.

Our budget for fiscal year 2014/15 anticipates General Fund revenues of \$43.4 million, which is slightly less than the \$44.0 we received in 2013/14. This difference is a result of the City moving to a two year budget, with fiscal year 2014-15 being the second year with assumptions developed during the recession. We believe that our midyear analysis will result in an increase in our revenue adjustment as we continue to see signs of an economic recovery.

The City of Rancho Cordova places an emphasis on the generation and protection of revenue, as well as the management of expenditures. Over the past few years, we have secured significant ongoing additional revenues for our General Fund, such as the negotiation of a revenue sharing agreement with the County over the revenues generated in the newly annexed commercial area, the passage of Measure E in November 2010 expanding the applicability of our Utility Users Tax, a settlement with the County over their charges for Property Tax Administration fees and the passage of a Card Room tax in the November 2012 election, which goes into effect January 2014. Additionally, voter approved ½ cent general sales tax increase, Measure H, during the November 2014 election. This is expected to generate approximately \$7 million in additional General Fund revenues and will be used to address significant community priorities. We continue to place a high regard on maintaining a flexible structure that allows us to adjust to changing economic conditions in order to continue living within our means.

We are proud to report that we made it through the Great Recession without the use of our General Fund balance or Economic Uncertainty Reserve and in spite of the recession and the slow recovery, we remain fiscally strong. We have a fully funded economic uncertainty reserve, in excess of the minimum level set by our City Council. The recession has resulted in an internal team focused on finding innovative ways of generating new revenues, honing our administrative processes and evaluating the best use of our limited and precious resources. This team will continue with its efforts into the future to ensure we are well prepared to offer the best public

service in the region, while maintaining fiscal strength, as the economy continues its slow but cyclical recovery.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The CAFR is intended to provide citizens, taxpayers, investors and creditors with an in-depth presentation and analysis of the City's finances, in accordance with Generally Accepted Accounting Principles. 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. We can also be found on Facebook and Twitter.

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CITY OF RANCHO CORDOVA

**STATEMENT OF NET POSITION AND
STATEMENT OF ACTIVITIES**

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position 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 position. 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 Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City and the Rancho Cordova Financing Corporation, which is legally separate but is a component unit of the City because it is controlled by the City, which is financially accountable for its activities.

CITY OF RANCHO CORDOVA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	\$89,626,983	\$16,348	\$89,643,331
Restricted cash and investments with fiscal agent (Note 3)	1,864,182		1,864,182
Receivables:			
Accounts, net (Note 4)	931,632		931,632
Interest	4,339	1	4,340
Due from other governments (Note 4)	3,138,565		3,138,565
Loans (Note 4)	6,414,795		6,414,795
Other (Note 4)	241,900		241,900
Internal balances (Note 5)	1,471,380	(1,471,380)	
Capital assets (Note 6):			
Nondepreciable	52,697,389	424,800	53,122,189
Depreciable, net	282,924,758	987,528	283,912,286
Total Assets	439,315,923	(42,703)	439,273,220
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on refunding (Note 7)	85,592		85,592
Total Assets and Deferred Outflow of Resources	439,401,515	(42,703)	439,358,812
LIABILITIES			
Accounts payable and accrued liabilities	7,152,374	739	7,153,113
Interest payable	411,218		411,218
Refundable deposits	901,547		901,547
Compensated absences (Note 1G):			
Due within one year	535,687		535,687
Due in more than one year	89,079		89,079
Long-term debt (Note 7):			
Due within one year	1,050,785		1,050,785
Due in more than one year	20,721,094		20,721,094
Total Liabilities	30,861,784	739	30,862,523
NET POSITION (Note 9)			
Net investment in capital assets	313,935,860	1,412,328	315,348,188
Restricted for:			
Debt service	1,864,182		1,864,182
Sunrise Douglas development	16,626,997		16,626,997
Traffic Mitigation	18,939,877		18,939,877
Community facilities	3,186,286		3,186,286
Park development	826,788		826,788
Villages of Zinfandel development	346,893		346,893
Mather Field traffic	13,127		13,127
Transit related services	3,390,020		3,390,020
Grant-funded projects	387,495		387,495
Asset forfeiture	48,457		48,457
Road improvements	12,315,001		12,315,001
Landscape and lighting	470,262		470,262
Rental code compliance	4		4
Storm water improvements	4,238,324		4,238,324
Measure A funds	2,519,249		2,519,249
Total Restricted Net Position	65,172,962		65,172,962
Unrestricted (Deficit)	29,430,909	(1,455,770)	27,975,139
Total Net Position(Deficit)	\$408,539,731	(\$43,442)	\$408,496,289

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

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	\$30,105,912	\$1,033,345	\$138,715	\$1,030,175	(\$27,903,677)		(\$27,903,677)
Community Development	6,200,258	2,917,407		79,231	(3,203,620)		(3,203,620)
Public Safety	17,187,388	2,626,799	843,433		(13,717,156)		(13,717,156)
Public Works	11,280,959	4,037,491	5,502,145	7,416,132	5,674,809		5,674,809
Interest on long-term debt	1,063,097				(1,063,097)		(1,063,097)
Total Governmental Activities	65,837,614	10,615,042	6,484,293	8,525,538	(40,212,741)		(40,212,741)
Business-type Activities:							
Cemetery	180,274	4,700				(\$175,574)	(175,574)
Total Business-type Activities	180,274	4,700				(175,574)	(175,574)
Total Primary Government	\$66,017,888	\$10,619,742	\$6,484,293	\$8,525,538	(40,212,741)	(175,574)	(40,388,315)
General revenues:							
Taxes:							
Property taxes					8,083,269		8,083,269
Property taxes in lieu of vehicle license fees					4,864,721		4,864,721
Sales taxes					12,797,765		12,797,765
Transient occupancy					2,859,013		2,859,013
Utility user taxes					3,439,608		3,439,608
Other taxes					2,695,318		2,695,318
Use of money and property					1,098,942	107	1,099,049
Other					401,379		401,379
Transfers (Note 5)					(312,280)	312,280	
Total general revenues and extraordinary item					35,927,735	312,387	36,240,122
Change in Net Position					(4,285,006)	136,813	(4,148,193)
Net Position (Deficit) - Beginning					412,824,737	(180,255)	412,644,482
Net Position (Deficit) - Ending					\$408,539,731	(\$43,442)	\$408,496,289

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 2013. 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 other services.

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.

GRANTS SPECIAL REVENUE FUND

Accounts for grant monies awarded to the City.

CITY OF RANCHO CORDOVA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014

	General Fund	Sunrise Douglas	Traffic Mitigation	Grants
ASSETS				
Cash and investments (Note 3)	\$19,198,644	\$16,653,659	\$18,973,787	\$456,055
Restricted cash and investments with fiscal agent (Note 3)				
Receivables:				
Accounts, net (Note 4)	921,982		8,803	
Interest	1,108	806	919	
Other (Note 4)	241,900			
Due from other governmental agencies (Note 4)	2,424,809			301,327
Loans (Note 4)	6,305,085			4,621,180
Due from other funds (Note 5)	1,092,625			
Advances to other funds (Note 5)	3,482,486			
	<u>33,668,639</u>	<u>16,654,465</u>	<u>18,983,509</u>	<u>5,378,562</u>
Total Assets				
LIABILITIES				
Accounts payable	\$4,543,054	\$27,468	\$43,632	\$176,640
Accrued liabilities	350,596			
Refundable deposits	901,547			
Due to other funds (Note 5)				302,987
Advances from other funds (Note 5)				
Unearned Revenue	37,001			
	<u>5,832,198</u>	<u>27,468</u>	<u>43,632</u>	<u>479,627</u>
Total Liabilities				
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - accounts receivable	31,262		8,803	
Unavailable revenue - interest receivable	1,125			
Unavailable revenue - due from other governmental agencies	83,964			75,084
Unavailable revenue - long-term receivable	171,181			4,621,180
	<u>287,532</u>		<u>8,803</u>	<u>4,696,264</u>
Total Deferred Inflows of Resources				
FUND BALANCES (Note 9)				
Nonspendable	9,616,390			
Restricted		16,626,997	18,931,074	202,671
Unassigned	17,932,519			
	<u>27,548,909</u>	<u>16,626,997</u>	<u>18,931,074</u>	<u>202,671</u>
Total Fund Balances (Deficits)				
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$33,668,639</u>	<u>\$16,654,465</u>	<u>\$18,983,509</u>	<u>\$5,378,562</u>

See accompanying notes to financial statements

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$33,541,631	\$88,823,776
1,864,182	1,864,182
847	931,632
1,469	4,302
	241,900
997,996	3,724,132
509,855	11,436,120
	1,092,625
	3,482,486
<u>\$36,915,980</u>	<u>\$111,601,155</u>
\$1,156,619	\$5,947,413
	350,596
	901,547
789,638	1,092,625
2,011,106	2,011,106
	37,001
<u>3,957,363</u>	<u>10,340,288</u>
50,847	90,912
	1,125
451,603	610,651
<u>509,855</u>	<u>5,302,216</u>
<u>1,012,305</u>	<u>6,004,904</u>
	9,616,390
33,976,504	69,737,246
<u>(2,030,192)</u>	<u>15,902,327</u>
<u>31,946,312</u>	<u>95,255,963</u>
<u>\$36,915,980</u>	<u>\$111,601,155</u>

CITY OF RANCHO CORDOVA
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2014

Total fund balances reported on the governmental funds balance sheet \$95,255,963

Amounts reported for Governmental Activities in the Statement of Net Position 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. 335,622,147

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

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 Position.

Cash and investments	803,207
Interest receivable	37
Accounts payable	(20,919)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 435,013

LONG-TERM ASSETS AND LIABILITIES

The assets, deferred outflows of resources and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Deferred amount on refunding	85,592
Accounts payable and accrued liabilities	(833,446)
Interest payable	(411,218)
Long-term debt	(21,771,879)
Governmental activities portion of compensated absences	<u>(624,766)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$408,539,731

See accompanying notes to financial statements

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CITY OF RANCHO CORDOVA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Sunrise Douglas</u>	<u>Traffic Mitigation</u>	<u>Grants</u>
REVENUES				
Property taxes	\$12,421,203			
Sales taxes	12,797,765			
Utility user taxes	3,439,608			
Other taxes	4,480,712			
Charges for services	3,157,167		\$15,000	
Licenses, permits and fees	4,694,244	\$3,383,104	1,028,814	
Fines, forfeitures and penalties	1,422,015			
Intergovernmental	697,524			\$2,683,973
Use of money and property	681,380	110,094	130,902	48
Other	288,566			212,224
	<u>44,080,184</u>	<u>3,493,198</u>	<u>1,174,716</u>	<u>2,896,245</u>
EXPENDITURES				
Current:				
General Government	14,611,069			81,050
Community Development	5,480,794			
Public Safety	16,775,337			318,429
Public Works	2,937,084	91,915	295,476	277,333
Capital outlay	67,748	2,624,298	112,664	37,365
Debt service:				
Principal	11,017			
Interest and fiscal charges	1,654			
	<u>39,884,703</u>	<u>2,716,213</u>	<u>408,140</u>	<u>714,177</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>4,195,481</u>	<u>776,985</u>	<u>766,576</u>	<u>2,182,068</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt (Note 7)				
Transfers in (Note 5)	151,872			
Transfers (out) (Note 5)	<u>(3,681,140)</u>	<u>(90,084)</u>	<u>(1,086,341)</u>	<u>(339,031)</u>
	<u>(3,529,268)</u>	<u>(90,084)</u>	<u>(1,086,341)</u>	<u>(339,031)</u>
NET CHANGE IN FUND BALANCES				
	666,213	686,901	(319,765)	1,843,037
BEGINNING FUND BALANCES (DEFICITS)				
	<u>26,882,696</u>	<u>15,940,096</u>	<u>19,250,839</u>	<u>(1,640,366)</u>
ENDING FUND BALANCES (DEFICITS)				
	<u>\$27,548,909</u>	<u>\$16,626,997</u>	<u>\$18,931,074</u>	<u>\$202,671</u>

See accompanying notes to financial statements

Nonmajor Governmental Funds	Total Governmental Funds
\$1,480,963	\$13,902,166
	12,797,765
	3,439,608
	4,480,712
69,884	3,242,051
1,313,153	10,419,315
2,748	1,424,763
6,532,322	9,913,819
182,094	1,104,518
16,751	517,541
<u>9,597,915</u>	<u>61,242,258</u>
585,891	15,278,010
442,210	5,923,004
	17,093,766
5,925,532	9,527,340
3,649,709	6,491,784
885,000	896,017
1,062,306	1,063,960
<u>12,550,648</u>	<u>56,273,881</u>
<u>(2,952,733)</u>	<u>4,968,377</u>
428,011	428,011
9,675,400	9,827,272
<u>(1,716,517)</u>	<u>(6,913,113)</u>
<u>8,386,894</u>	<u>3,342,170</u>
5,434,161	8,310,547
<u>26,512,151</u>	<u>86,945,416</u>
<u>\$31,946,312</u>	<u>\$95,255,963</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, 2014

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 Position 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 \$8,310,547

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.

Retirements are therefore deducted from the fund balance	(137,659)
The capitalized expenditures are therefore added back to fund balance	5,862,950
Depreciation expense deducted from the fund balance	(14,160,341)
Transfer of assets from the Internal Service Funds are added back to the fund balance	3,420,045
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	562,352

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 Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Proceeds from loan payable	(428,011)
Repayment of debt principal is added back to fund balance	896,017
Amortization of deferred amount on refunding and issuance discounts is deducted from fund balance	(12,087)

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):

Deferred amount on refunding	(4,159)
Interest payable	17,109
Unavailable revenue	(2,146,387)
Compensated absences	49,615

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 Position - All Internal Service Funds	(6,514,997)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	(\$4,285,006)
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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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$11,811,800	\$11,811,800	\$12,421,203	\$609,403
Sales taxes	12,380,500	12,380,500	12,797,765	417,265
Transient occupancy taxes	2,589,000	2,589,000	2,859,013	270,013
Utility user taxes	3,430,000	3,430,000	3,439,608	9,608
Other taxes	1,503,900	1,503,900	1,621,699	117,799
Charges for services	2,714,300	2,714,300	3,157,167	442,867
Licenses, permits and fees	4,169,900	4,169,900	4,694,244	524,344
Fines, forfeitures and penalties	1,466,400	1,466,400	1,422,015	(44,385)
Intergovernmental	494,600	494,600	697,524	202,924
Use of money and property	703,300	703,300	681,380	(21,920)
Other	228,000	228,000	288,566	60,566
Total Revenues	41,491,700	41,491,700	44,080,184	2,588,484
EXPENDITURES:				
Current				
General Government	14,478,600	14,118,600	14,611,069	(492,469)
Community Development	6,250,800	6,250,800	5,480,794	770,006
Public Safety	17,063,400	17,063,400	16,775,337	288,063
Public Works	2,823,900	2,823,900	2,937,084	(113,184)
Capital outlay	199,600	199,600	67,748	131,852
Debt service:				
Principal	12,700	12,700	11,017	1,683
Interest and fiscal charges	1,700	1,700	1,654	46
Total Expenditures	40,830,700	40,470,700	39,884,703	585,997
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	661,000	1,021,000	4,195,481	3,174,481
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 5)	682,900	685,900	151,872	(534,028)
Transfers (out) (Note 5)	(1,332,200)	(3,690,822)	(3,681,140)	9,682
Total other financing sources (uses)	(649,300)	(3,004,922)	(3,529,268)	(524,346)
NET CHANGE IN FUND BALANCE	11,700	(1,983,922)	666,213	2,650,135
Fund balance, July 1	26,882,696	26,882,696	26,882,696	
Fund balance, June 30	<u>\$26,894,396</u>	<u>\$24,898,774</u>	<u>\$27,548,909</u>	<u>\$2,650,135</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, 2014

	<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	\$2,583,400	\$2,583,400	\$3,383,104	\$799,704
Use of money and property			110,094	110,094
Total Revenues	<u>2,583,400</u>	<u>2,583,400</u>	<u>3,493,198</u>	<u>909,798</u>
EXPENDITURES:				
Current				
General Government	250,000	250,000		250,000
Public Works	385,600	385,600	91,915	293,685
Capital outlay	<u>650,000</u>	<u>650,000</u>	<u>2,624,298</u>	<u>(1,974,298)</u>
Total Expenditures	<u>1,285,600</u>	<u>1,285,600</u>	<u>2,716,213</u>	<u>(1,430,613)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,297,800</u>	<u>1,297,800</u>	<u>776,985</u>	<u>(520,815)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out) (Note 5)	<u>(4,864,000)</u>	<u>(4,864,000)</u>	<u>(90,084)</u>	<u>4,773,916</u>
Total other financing sources (uses)	<u>(4,864,000)</u>	<u>(4,864,000)</u>	<u>(90,084)</u>	<u>4,773,916</u>
NET CHANGE IN FUND BALANCE	(3,566,200)	(3,566,200)	686,901	4,253,101
Fund balance, July 1	<u>15,940,096</u>	<u>15,940,096</u>	<u>15,940,096</u>	
Fund balance, June 30	<u><u>\$12,373,896</u></u>	<u><u>\$12,373,896</u></u>	<u><u>\$16,626,997</u></u>	<u><u>\$4,253,101</u></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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services			\$15,000	\$15,000
Licenses, permits and fees	\$787,800	\$787,800	1,028,814	241,014
Use of money and property			130,902	130,902
			<u>1,174,716</u>	<u>386,916</u>
Total Revenues	<u>787,800</u>	<u>787,800</u>	<u>1,174,716</u>	<u>386,916</u>
EXPENDITURES:				
Current				
Public Works	1,266,000	1,266,000	295,476	970,524
Capital outlay			112,664	(112,664)
			<u>408,140</u>	<u>857,860</u>
Total Expenditures	<u>1,266,000</u>	<u>1,266,000</u>	<u>408,140</u>	<u>857,860</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(478,200)</u>	<u>(478,200)</u>	<u>766,576</u>	<u>1,244,776</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out) (Note 5)	<u>(6,799,500)</u>	<u>(6,799,500)</u>	<u>(1,086,341)</u>	<u>5,713,159</u>
Total other financing sources (uses)	<u>(6,799,500)</u>	<u>(6,799,500)</u>	<u>(1,086,341)</u>	<u>5,713,159</u>
NET CHANGE IN FUND BALANCE	<u>(7,277,700)</u>	<u>(7,277,700)</u>	<u>(319,765)</u>	<u>6,957,935</u>
Fund balance, July 1	<u>19,250,839</u>	<u>19,250,839</u>	<u>19,250,839</u>	
Fund balance, June 30	<u>\$11,973,139</u>	<u>\$11,973,139</u>	<u>\$18,931,074</u>	<u>\$6,957,935</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$11,354,000	\$11,354,000	\$2,683,973	(\$8,670,027)
Use of money and property			48	48
Miscellaneous			212,224	212,224
			<u>212,224</u>	<u>212,224</u>
Total Revenues	<u>11,354,000</u>	<u>11,354,000</u>	<u>2,896,245</u>	<u>(8,457,755)</u>
EXPENDITURES				
Current:				
General Government			81,050	(81,050)
Community Development	252,000	252,000		252,000
Public Safety	444,600	444,600	318,429	126,171
Public Works	383,800	383,800	277,333	106,467
Capital outlay	994,000	994,000	37,365	956,635
			<u>714,177</u>	<u>1,360,223</u>
Total Expenditures	<u>2,074,400</u>	<u>2,074,400</u>	<u>714,177</u>	<u>1,360,223</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>9,279,600</u>	<u>9,279,600</u>	<u>2,182,068</u>	<u>(7,097,532)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 5)				
Transfers (out) (Note 5)	(9,279,600)	(9,279,600)	(339,031)	8,940,569
	<u>(9,279,600)</u>	<u>(9,279,600)</u>	<u>(339,031)</u>	<u>8,940,569</u>
Total other financing sources (uses)	<u>(9,279,600)</u>	<u>(9,279,600)</u>	<u>(339,031)</u>	<u>8,940,569</u>
NET CHANGE IN FUND BALANCE			1,843,037	1,843,037
Fund balance, (deficit) July 1	<u>(1,640,366)</u>	<u>(1,640,366)</u>	<u>(1,640,366)</u>	
Fund balance (deficit), June 30	<u>(\$1,640,366)</u>	<u>(\$1,640,366)</u>	<u>\$202,671</u>	<u>\$1,843,037</u>

See accompanying notes to financial statements

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.

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.

CITY OF RANCHO CORDOVA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2014

	Business-type Activities- Enterprise Fund	Governmental Activities -
	Kilgore Cemetery	Internal Service Funds
ASSETS		
Current assets:		
Cash and investments (Note 3)	\$16,348	\$803,207
Receivables:		
Interest	1	37
Total current assets	16,349	803,244
Noncurrent assets:		
Capital assets (Note 6)		
Nondepreciable	424,800	
Depreciable, net	987,528	93,569
Total noncurrent assets	1,412,328	93,569
Total Assets	1,428,677	896,813
LIABILITIES		
Current liabilities:		
Accounts payable	739	20,919
Total current liabilities	739	20,919
Noncurrent liabilities:		
Advance from other funds (Note 5)	1,471,380	
Total noncurrent liabilities	1,471,380	
Total Liabilities	1,472,119	20,919
NET POSITION (Note 9)		
Net investment in capital assets	1,412,328	93,569
Unrestricted	(1,455,770)	782,325
Total Net Position (Deficit)	(\$43,442)	\$875,894

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities- Enterprise Fund	Governmental Activities -
	Kilgore Cemetery	Internal Service Funds
OPERATING REVENUES		
Service charges	\$4,700	
Other		\$223,699
Total Operating Revenues	4,700	223,699
OPERATING EXPENSES		
Administration	150,349	280,456
Depreciation	29,925	319,661
Total Operating Expenses	180,274	600,117
Operating Income (Loss)	(175,574)	(376,418)
NONOPERATING REVENUES (EXPENSES)		
Interest income	107	60,278
Miscellaneous expenses		(2,972,418)
Total Nonoperating Revenues (Expenses)	107	(2,912,140)
Income (Loss) Before Transfers	(175,467)	(3,288,558)
TRANSFERS		
Transfers in (Note 5)	312,280	14,000
Transfers (out) (Note 5)		(3,240,439)
Net transfers	312,280	(3,226,439)
Change in net position	136,813	(6,514,997)
BEGINNING NET POSITION (DEFICIT)	(180,255)	7,390,891
ENDING NET POSITION (DEFICIT)	(\$43,442)	\$875,894

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities- Enterprise	Governmental Activities -
	Kilgore Cemetery	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$4,700	\$89,718
Payments to suppliers	(151,844)	(231,249)
Cash Flows from Operating Activities	(147,144)	(141,531)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund loan repayment	(163,007)	
Transfers in	312,280	14,000
Transfer (out)		(3,240,439)
Cash Flows from Noncapital Financing Activities	149,273	(3,226,439)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets		(1,270,131)
Cash Flows from Capital and Related Financing Activities		(1,270,131)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	107	60,433
Cash Flows from Investing Activities	107	60,433
Net Cash Flows	2,236	(4,577,668)
Cash and investments at beginning of period	14,112	5,380,875
Cash and investments at end of period	\$16,348	\$803,207
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:		
Operating income (loss)	(\$175,574)	(\$376,418)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:		
Depreciation	29,925	319,661
Change in assets and liabilities:		
Accounts payable	(1,495)	(84,774)
Cash Flows from Operating Activities	(\$147,144)	(\$141,531)

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.

Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund is used to account for the activities of the Successor Agency to the former Redevelopment Agency of the City of Rancho Cordova.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations and other governments.

CITY OF RANCHO CORDOVA
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2014

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund	Total Agency Funds
ASSETS		
Cash and investments (Note 3)	\$632,191	\$14,651,693
Restricted cash and investments with fiscal agents (Note 3)		13,591,170
Receivables:		
Accounts		571
Interest		709
Due from other government agencies		57,243
Other	30	
Land held for resale (Note 15B)	842,254	
Total Assets	1,474,475	\$28,301,386
Accounts payable and accrued liabilities	58	\$38,752
Due to assessment district bondholders		20,714,858
Due to other agencies		7,547,776
Long-term obligations (Note 15C):		
Due in more than one year	5,617,635	
Total Liabilities	5,617,693	\$28,301,386
NET POSITION (DEFICIT) HELD IN TRUST FOR OTHER GOVERNMENTS	(\$4,143,218)	

See accompanying notes to financial statements

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CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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 unit described below is 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, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Position 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.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component unit. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The 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.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Specific Plan 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 impact fee imposed on the development of real property.

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

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.

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 five Internal Service Funds. These funds accumulate funds to pay for potential litigation, insurance claims, and replacement of vehicles, equipment, computer technology, infrastructure, and capital facilities. The City closed the Technology Enhancement and Replacement, Capital Facilities, and Infrastructure Internal Services Funds in fiscal year 2014. The ending fund balances of these funds were transferred to the City's newly established Capital Projects Funds.

Fiduciary Funds - Fiduciary Funds account for assets held by the City as an agent for various functions. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. 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.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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; however, revenue is recognized in governmental funds only to the extent it is measurable and available.

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 if the revenues are collected within ninety days after year-end. 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 position 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.

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

E. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred amount on refunding reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: accounts receivable, interest receivable, due from other governments and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

F. *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.

G. *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 60 hours of universal leave may be cashed out to be paid in either one pay period or broken into two separate pay periods during the fiscal year, as long as the employee leaves 40 hours of leave in their universal leave bank. 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.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The changes in compensated absences were as follows:

	Governmental Activities
Beginning Balance	\$674,381
Additions	542,895
Payments	(592,510)
Ending Balance	\$624,766
Current Portion	\$535,687

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

H. *Prepays*

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 nonspendable fund balance to indicate they do not constitute resources available for appropriation.

I. *Refundable Deposits Payable*

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

J. *Land Held for Resale*

The Redevelopment Agency had purchased parcels of land as part of its efforts to develop or redevelop blighted properties within the Redevelopment areas. As discussed in Note 15, due to the dissolution of the Redevelopment Agency, the land held for resale of the Low and Moderate Income Housing Fund was transferred to the City as successor to the housing activities of the Agency as of January 31, 2012. Such land parcels are accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer.

The City holds one parcel with a carrying value of zero as a result of a pending Exclusive Negotiating Rights Agreement with a developer in which the City anticipates transferring the land to the developer with no compensation. As of June 30, 2014, the land had not been transferred to the developer, as the City had not received sufficient grant funding to begin the intended development of the land.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. New, Closed and Inactive Funds

The Low and Moderate Income Housing Asset Special Revenue Fund did not have any activity and became inactive during fiscal year 2013-2014. The Fund is expected to have activity in subsequent years.

The CFD 2014-2 Street, Lighting & Landscape Special Revenue Fund was established for the purpose of funding the ongoing operation and maintenance of streets, lighting and landscaping resulting from new development.

The City closed the Sunrise Douglas Library Fund and the Villages of Zinfandel Library Fund into the Community Facilities Fees Funds which will now account for all Library Impact Fees collected.

The City closed the Technology Enhancement and Replacement, Capital Facilities, and Infrastructure Internal Services Funds in fiscal year 2013-2014. The ending fund balances of these funds were transferred to the City's newly established Capital Projects Funds.

L. Restatement of Fund Balance

During fiscal year 2013-2014, the City recategorized \$2,655,087 from the Landscaping and Lighting Fund to the Transit Related Service Tax Fund. Accordingly, the beginning fund balances of the two funds were adjusted by \$2,655,087; however, there was no affect on total fund balance.

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (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.

**CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)

Budgets are adopted on a basis consistent with generally accepted accounting principles for all funds except the Asset Forfeiture, Mather Field Impact Fees and Cap Vill Park Development Fees Special Revenue Funds. 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.

B. Excess of Expenditures over Appropriations

During fiscal 2014, the following funds had expenditures in excess of appropriations:

Fund	Excess of Expenditures Over Appropriations
Major Fund:	
Sunrise Douglas Special Revenue Fund	\$1,430,613
Non Major Funds:	
Special Revenue Funds	
Community Facilities Fees	2,600
Gas Tax	2,242,887
Transportation Development Act	611
Roadway Improvements	1,232
Capital Project Fund:	
Capital Outlay Fund	2,432,484

Although these funds had expenditures in excess of appropriations, when taking into consideration the amounts that had been appropriated for Other Financing (Uses) or Transfers (Out), the Sunrise Douglas Special Revenue, Gas Tax, and the Roadway Improvement funds would not have exceeded total appropriations at the fund level.

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.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

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.

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	\$50 Million	None
California Asset Management Program	N/A	None	\$40 Million	None
Negotiable Certificates of Deposit	5 years	30%	None	None
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	1 year	None	None	None
Commercial Paper	270 Days	25%	(A)	A-1 or equivalent
Money Market Mutual Funds	N/A	20%	10%	Highest Rating
Shares of Beneficial of Interest - issued by a joint powers authority	5 years	None	None	None
Sacramento County Investment Pool	N/A	None	None	None
Municipal and State Obligations	5 years	None	None	None
Medium-Term Notes	5 years	30%	None	A

(A) Investment in one issuer may not exceed 5% of the portfolio, and investments may not exceed 10% of the outstanding paper of the issuing corporation.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

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	AAAm or AAAm-G
Investment Agreements *	None	None	None	None
Other Investments (including repurchase agreements)*	None	None	None	None

* Approved in writing by Insurer.

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, 2014 consist of the following:

City cash and investments in primary government:	
Cash and investments	\$89,643,331
Restricted cash and investments with fiscal agents	<u>1,864,182</u>
Total City cash and investments in primary government	<u>91,507,513</u>
Cash and investments in Fiduciary Funds (separate statement):	
Cash and investments	15,283,884
Restricted cash and investments with fiscal agents	<u>13,591,170</u>
Total cash and investments	<u><u>\$120,382,567</u></u>

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

As of June 30, 2014, the City's cash and investments consisted of the following:

Cash on hand	\$2,000
Deposits with financial institutions	4,630,896
Investments	<u>115,749,671</u>
Total cash and investments	<u><u>\$120,382,567</u></u>

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	\$2,986,507	\$5,705,351	\$3,198,598	\$8,254,231	\$20,144,687
U.S. Treasury Notes	4,510,897	3,132,423	2,242,312	1,328,305	11,213,937
U.S. Government Supported Medium-Term Corporate Notes (FDIC Insured)	1,034,367	2,323,858	4,912,264	5,858,924	14,129,413
Municipal and State Bonds		201,442	642,883	1,663,764	2,508,089
California Local Agency Investment Fund	9,211,880				9,211,880
California Asset Management Program	37,338,184				37,338,184
Money Market Mutual Funds (U.S. Securities)	193,549				193,549
Financing Corporation Bonds				5,141	5,141
Commercial Paper	1,998,777				1,998,777
Negotiable Certificates of Deposit	1,226,488	2,324,174			3,550,662
<i>Held by Fiscal Agents:</i>					
California Asset Management Program	4,085,762				4,085,762
Money Market Mutual Funds (U.S. Securities)	9,071,328				9,071,328
Guaranteed Investment Agreements				2,298,262	2,298,262
Total Investments	<u>\$71,657,739</u>	<u>\$13,687,248</u>	<u>\$10,996,057</u>	<u>\$19,408,627</u>	<u>\$115,749,671</u>

Money market funds are available for withdrawal on demand and at June 30, 2014, have an average maturity of 24 days for the First American Treasury Obligation Money Market Fund, 39 days for the First American Prime Obligation Money Market Funds, 43 days for the Fidelity Prime Money Market Fund and 26 days 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, 2014

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, 2014 for the investment types provided by Standard and Poor's investment rating system.

Investments	AAA/AAAm	AA/AA+/AA-	A/A+/A-	A-1+	Total
U.S. Federal Agency Securities		\$20,144,687			\$20,144,687
U.S. Government Supported Medium-Term Corporate Notes (FDIC Insured)	\$143,086	9,058,042	\$4,928,285		14,129,413
California Asset Management Program	41,423,946				41,423,946
Money Market Mutual Funds (U.S. Securities)	9,071,328				9,071,328
Municipal and State Bonds	1,196,310	593,076	718,703		2,508,089
Financing Corporation Bonds			5,141		5,141
Commercial Paper				\$1,998,777	1,998,777
Negotiable Certificates of Deposit			550,181	2,949,889	3,500,070
Total rated	\$51,834,670	\$29,795,805	\$6,202,310	\$4,948,666	92,781,451
<i>Not rated:</i>					
California Local Agency Investment Fund					9,211,880
Guaranteed Investment Agreements					2,298,262
Negotiable Certificate of Deposit					50,592
Money Market Mutual Funds (U.S. Securities)					193,549
<i>Exempt from credit rating:</i>					
U.S. Treasury Notes					11,213,937
Total Investments					\$115,749,671

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, 2014:

Issuer	Investment Type	Amount
Federal National Mortgage Association	Federal Agency Securities	\$7,548,561
Federal Home Loan Bank	Federal Agency Securities	5,610,318

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 Agency Funds at June 30, 2014 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, 2014

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, 2014 these investments matured in an average of 232 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. At June 30, 2014 these investments matured in an average of 41 days. There are no CAMP funds invested in derivatives as of June 30, 2014.

CITY OF RANCHO CORDOVA NOTES TO BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2014
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NOTE 4 – RECEIVABLES

A. *Accounts Receivable and Due from other Governments*

Accounts receivable and other receivables consisted of the following at June 30, 2014:

Developer deposits	\$241,900
Transient occupancy taxes	416,066
Utility users taxes	369,150
Franchise fees	126,458
Fines	7,693
Other taxes	35,609
Fee deferral program	9,650
Leases	31,262
Fees	1,748
Other	3,549
Less: allowance for doubtful accounts	<u>(69,553)</u>
	<u><u>\$1,173,532</u></u>

Due from other governments consisted of the following at June 30, 2014:

Grants	\$596,946
Property and related tax	259,225
Sales tax	1,884,100
Gas tax	202,707
Utility tax	33,520
Transportation development act funds	439,103
Measure A	50,000
Leases	45,425
Fines	156,892
Other	56,214
Less: allowance for collectability	<u>(585,567)</u>
	<u><u>\$3,138,565</u></u>

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 4 – RECEIVABLES (Continued)

B. Loans Receivable

Loans receivable consisted of the following at June 30, 2014:

General Fund:	
Chamber of Commerce	\$224,914
Successor Agency to the Redevelopment Agency	5,617,635
Rancho Cordova Travel and Tourism	386,412
Capital Air Show Group	76,125
Grants Fund:	
Crossings @ New Rancho	4,621,180
Community Development Block Grant Fund:	
Rehabilitation Loan Program	109,709
Local Housing Fund:	
Mercy Housing Loan	400,145
Total Loans Receivable	11,436,120
Less Allowance for Conditional Grants	(5,021,325)
Net Carrying Value	\$6,414,795

Chamber of Commerce Loan

Under an agreement dated March 5, 2008, as amended on December 12, 2008, March 1, 2012, and August 1, 2013, the City loaned \$237,727 to the Rancho Cordova Chamber of Commerce to repay outstanding debts of the Chamber and support ongoing operations. Under the terms of the agreement, the loan balance increased during the first two years of the loan as the City paid the loan payments on behalf of the Chamber for its bank loan. The City's loan to the chamber is due on or before April 1, 2032. The interest rate for years one through five of the loan was equal to the Local Agency Investment Fund's (LAIF) interest rate plus one percent. Commencing on March 1, 2012, the interest rate was the LAIF interest rate plus one percent or a minimum of two percent at the discretion of the City. Beginning on August 1, 2013, the interest rate is three percent. In the event that the LAIF interest rate rises above three percent, the interest rate automatically increases to the LAIF interest rate plus one percent, but the increase will occur only once in a twelve-month period. Loan repayments consisted of interest-only payments in years two through four and principal and interest in the years thereafter. Unpaid principal and accrued interest on the loan totaled \$224,914 at June 30, 2014.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 4 – RECEIVABLES (Continued)

Successor Agency to the Redevelopment Agency Loans

Prior to January 31, 2012, the Redevelopment Agency had received three advances from the General Fund: (1) Advances between 2004-2006 in the amount of \$592,972; (2) Advances between 2007-2011 in the amount of \$3,296,875; (3) 2011-12 advance in the amount of \$2,362,363. These advances bear interest at the rate 9.5% and were to be repaid from available tax increment revenue. The balance of the advances, including principal and accrued interest, was \$6,598,687 as of January 31, 2012. The loans had previously been reported as an interfund advance. However, with the transfer of the associated liability to the Successor Agency, repayment of the first loan was repaid from proceeds from the sale of land. Repayment of the other two loans is contingent on the Successor Agency receiving a Finding of Completion from the State as discussed in Note 15. In addition, the interest rate on the second and third loans is limited to the Local Agency Investment Fund interest rate in place at the time the Oversight Board finds the loans were for legitimate redevelopment purposes. Therefore, the second and third loan balances were adjusted to reflect the revised interest rate in prior years. The balance of the loans, including principal and interest as of June 30, 2014 is \$5,617,635.

Rancho Cordova Travel and Tourism Loan

In June 2013, the City agreed to loan \$500,000 to the Rancho Cordova Travel and Tourism Business Improvement District (District) to pay for past and future tenant improvements to the Rancho Cordova Event Center. The loan bears simple interest of 3% and repayment of unpaid principal and interest was due on December 6, 2015 when the District was scheduled to expire and dissolve. In August 2013, the District was renewed and extended to August 31, 2023.

The loan was amended in October 2013 to require monthly payments of \$8,855 due the 1st of each month and to extend the due date to July 31, 2018. As of June 30, 2014, the outstanding balance with principal and accrued interest totaling \$386,412.

Capital Air Show Group Loan

On February 17, 2012, the City agreed to loan up to \$100,000 to the Capital Air Show Groups to be used to pay its current debt and provide short-term operational funding. The Loan bears interest of 4% per year from the date of the initial and any subsequent disbursements, continuing through the date the Loan is paid off in full. Payments on the loan are due on December 31, of each year for 3 years. The outstanding principal and accrued interest are due on December 31, 2014. As of June 30, 2014, the balance of this loan was \$75,000.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 4 – RECEIVABLES (Continued)

Crossings @ New Rancho Loans

In November 2010, the City agreed to loan up to \$4,621,180 to UHC 00516 Rancho Cordova, LP, for construction of an affordable residential rental project, The Crossings @ New Rancho (Permanent Loan). The Permanent Loan is being funded by two Neighborhood Stabilization Program (NSP) federal grants received by the City. In addition, the City agreed to provide a construction bridge loan (Bridge Loan) of up to \$3.8 million from the General Fund to pay approved construction disbursement requests from the developer, pending receipt of the NSP grant funds in accordance with the terms of the agreement. The Permanent Loan and Bridge Loan are secured by deeds of trust on the property. The Permanent Loan does not bear interest, is payable from residual receipts as defined in the agreement and is due the earlier of 55 years from the issuance of the final certificate of occupancy on the project or the 57th anniversary of the loan origination date. The Bridge Loan bears interest of 4.02% from the date of each disbursement, but total interest will not exceed \$80,000, and payments on the Bridge Loan are due on a quarterly basis as NSP grant proceeds are made available to the City. When the City receives the NSP grant proceeds, they automatically convert the Bridge Loan to the Permanent Loan. The balance of the Permanent Loan was \$4,621,180 as of June 30, 2014.

There is a reasonable expectation that the Permanent Loan will be forgiven upon completion of the terms and conditions of the Loan and, as such, the City accounts for this loan as a conditional grant in the Government-wide financial statements.

Rehabilitation Loan Program

During fiscal year 2011, the City began an Owner-Occupied Rehabilitation Program under its Community Development Block Grant Program that provides low-interest loans to homeowners who earn up to 80 percent of area median income. The loans bear simple interest of 3% and repayment of unpaid principal and interest is deferred for 15 years from the date of the loan agreement. The balance of the loan is due immediately if the home is sold or no longer occupied by the owner. As of June 30, 2014, there were 2 loans outstanding with principal and accrued interest totaling \$109,709.

Mercy Housing Loan

On August 9, 2013, the City entered into a loan agreement with Mercy Housing California in the amount of \$2,000,000. The purpose of the loan is for the designing, financing, building, and operating of permanent supportive housing units for disabled veterans. The loan bears no interest and is due 55 years from the issuance of the certificate of completion for the project. As of June 30, 2014, the loan had an outstanding balance of \$400,145.

There is a reasonable expectation that the Mercy Housing Loan will be forgiven upon completion of the terms and conditions of the Loan and, as such, the City accounts for this loan as a conditional grant in the Government-wide financial statements.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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, 2014 were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
General Fund	Non-Major Governmental Funds	\$151,872 (A), (B)
Non-Major Governmental Funds	General Fund	3,354,860 (C), (D)
	Sunrise Douglas Fund	90,084 (B)
	Traffic Mitigation Fund	1,086,341 (B)
	Grants Fund	339,031 (C)
	Non-Major Governmental Funds	1,561,560 (D)
	Internal Service Funds	3,240,439 (C)
Enterprise Funds	General Fund	312,280 (B), (E)
Internal Service Funds	General Fund	<u>14,000 (F)</u>
Total Interfund Transfers		<u><u>\$10,150,467</u></u>

The reasons for these transfers are set forth below:

- | | |
|------------------------------|--|
| (A) To return unspent funds | (E) To implement Resolution 52-2014 authorizing annual transfer of up to 1/6 of the advance balance from the General Fund to the Kilgore Cemetery Fund |
| (B) To fund program | (F) To fund purchase of vehicles |
| (C) To fund capital projects | |
| (D) To fund debt service | |

B. 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, 2014, the Grants Special Revenue Fund and Non-Major Governmental Funds owed the General Fund \$302,987 and \$789,638.

C. Long-Term Advances

At June 30, 2014, 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 nonspendable fund balance.

Interfund advances are long-term loans and consisted of the following at June 30, 2014:

Advances from General Fund to:	
General Plan Special Revenue Fund	\$1,391,853
Local Housing Special Revenue Fund	619,253
Kilgore Cemetery Enterprise Fund	<u>1,471,380</u>
Total	<u><u>\$3,482,486</u></u>

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

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

Local Housing Trust Fund advance does not bear interest and is repayable from future impact fees.

The Kilgore Cemetery advance accrues interest at the LAIF rate and is expected to be repaid from future net income or the balance will be written off, in equal annual adjustments, over the same period.

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 position as a reduction in the book value of capital assets.

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, 2014

NOTE 6 – CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	Balance at June 30, 2013	Additions	Retirements	Transfers	Balance at June 30, 2014
Governmental activities					
Capital assets not being depreciated:					
Land	\$6,386,496	\$1,643,330			\$8,029,826
Easements	538,897				538,897
Construction in progress	59,997,101	4,941,822		(\$20,810,257)	44,128,666
Total capital assets not being depreciated	<u>66,922,494</u>	<u>6,585,152</u>		<u>(20,810,257)</u>	<u>52,697,389</u>
Capital assets being depreciated:					
Infrastructure	352,074,988	394,208		20,040,582	372,509,778
Buildings and improvements	27,349,734		(\$137,659)	105,237	27,317,312
Office equipment and furniture	1,753,098	361,705	(94,871)	49,853	2,069,785
Software	2,155,321	32,274	(560,351)	614,585	2,241,829
Vehicles	372,819	122,133	(198,461)		296,491
Total capital assets being depreciated	<u>383,705,960</u>	<u>910,320</u>	<u>(991,342)</u>	<u>20,810,257</u>	<u>404,435,195</u>
Less accumulated depreciation for:					
Infrastructure	(98,857,518)	(12,372,109)			(111,229,627)
Buildings and improvements	(5,954,199)	(943,852)			(6,898,051)
Office equipment and furniture	(1,128,566)	(348,091)	94,871		(1,381,786)
Software	(2,096,862)	(268,293)	560,351		(1,804,804)
Vehicles	(365,836)	(28,794)	198,461		(196,169)
Total accumulated depreciation	<u>(108,402,981)</u>	<u>(13,961,139)</u>	<u>853,683</u>		<u>(121,510,437)</u>
Net capital assets being depreciated	<u>275,302,979</u>	<u>(13,050,819)</u>	<u>(137,659)</u>	<u>20,810,257</u>	<u>282,924,758</u>
Governmental activity capital assets, net	<u>\$342,225,473</u>	<u>(\$6,465,667)</u>	<u>(\$137,659)</u>		<u>\$335,622,147</u>
Business-type activities					
Capital assets not being depreciated:					
Land	\$225,000				\$225,000
Construction in progress	199,800				199,800
Total capital assets not being depreciated	<u>424,800</u>				<u>424,800</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	(179,550)	(\$29,925)			(209,475)
Software	(6,049)				(6,049)
Total accumulated depreciation	<u>(185,599)</u>	<u>(29,925)</u>			<u>(215,524)</u>
Net capital assets being depreciated	<u>1,017,453</u>	<u>(29,925)</u>			<u>987,528</u>
Business-type activity capital assets, net	<u>\$1,442,253</u>	<u>(\$29,925)</u>			<u>\$1,412,328</u>

During the year ended June 30, 2014, depreciation of \$13,684,996 was charged to the general government function, \$276,143 was charged to Internal Service Funds and \$29,925 was charged to the Kilgore Cemetery Enterprise Fund.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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 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, 2013	Additions	Retirements	Balance June 30, 2014	Due within one year
Governmental Activity Debt						
Certificates of Participation:						
2005 Series A						
3.00-5.00%, due 9/1/2035	\$3,695,000	\$3,295,000		\$90,000	\$3,205,000	\$90,000
2005 Series B						
3.00-5.00%, due 9/1/2015	3,010,000	1,060,000		335,000	725,000	355,000
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	6,000,000		460,000	5,540,000	485,000
Less: Issuance discounts		(262,097)		(12,087)	(250,010)	
Total Certificates of Participation		<u>22,192,903</u>		<u>872,913</u>	<u>21,319,990</u>	<u>930,000</u>
Streetlight Retrofit Loan Payable	1,809,734		\$428,011		428,011	109,164
Capital Lease Obligations	55,365	34,895		11,017	23,878	11,621
Total Governmental Activity Debt		<u>\$22,227,798</u>	<u>\$428,011</u>	<u>\$883,930</u>	<u>\$21,771,879</u>	<u>\$1,050,785</u>

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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. In December 2012, the City and Corporation amended the facilities lease to release certain property from the lease agreement and add other property to the lease agreement. 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 being amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. Prior to July 1, 2012, the deferred amount on refunding was netted against the new debt. With the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, it is now reported separately as a deferred outflow of resources on the Statement of Net Position. The unamortized balance as of June 30, 2014 was \$85,592.

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 position. As of June 30, 2014, \$16,470,000 of the 2005 Certificates of Participation were outstanding, but are excluded from these financial statements.

E. Streetlight Retrofit Loan

On May 1, 2014, the City entered into a loan agreement in the amount of \$1,809,734 with the State of California, Energy Resources Conservation and Development Commission for the energy efficiency retrofit of streetlights. Principal payments of \$75,375 and interest payments of 1% are due every six months from December 22, 2014 through June 22, 2027.

F. Capital Lease Agreement

On June 1, 2011, the City entered into a capital lease agreement in the amount of \$55,365 with Governmental Capital Corporation for a SIRE server for the City Clerk's document management system. Principal and interest payments of \$3,168 are due every three months from August 15, 2011 through May 15, 2016.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 7 – LONG-TERM DEBT (Continued)

G. 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, 2014, the City does not expect to incur a liability.

H. Debt Service Requirements

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

For the Year Ending June 30	Principal	Interest
2015	\$1,050,785	\$1,054,316
2016	1,126,289	980,761
2017	770,420	937,812
2018	719,395	888,255
2019	710,000	851,886
2020 - 2024	4,160,000	3,636,568
2025 - 2029	5,260,000	2,539,303
2030 - 2034	6,520,000	1,267,166
2035 - 2036	1,705,000	76,950
Total payments due	22,021,889	\$12,233,017
Reconciliation of Long Term Debt:		
Issuance discounts	(250,010)	
	\$21,771,879	

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.

In December 2012, the Sunridge Anatolia CFD 2003-1, Series 2003, Special Tax Bonds were refunded by the Sunridge Anatolia CFD 2003-1, Series 2012, Special Tax Refunding Bonds.

In January 2014, the Sunridge Anatolia CFD 2003-1, Series 2014 were issued to finance the construction and acquisition of capital improvements of benefit to the District.

**CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 8 – ASSESSMENT DEBT WITHOUT CITY COMMITMENT

As of June 30, 2014, Special Tax Bonds outstanding were as follows:

Sunridge Anatolia CFD 2003 - 1 - Series 2005	\$14,125,000
Sunridge Anatolia CFD 2003 - 1 - Series 2007	19,975,000
Sunridge Anatolia CFD 2003 - 1 - Series 2012	23,775,000
Sunridge Anatolia CFD 2003 - 1 - Series 2014	11,230,000
Sunridge Park CFD 2004 - 1 - Series 2007	13,185,000
	\$82,290,000
	\$82,290,000

NOTE 9 – NET POSITION AND FUND BALANCES

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

A. Net Position

Net Position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

Net Investment in Capital Assets, describes the portion of Net Position 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 Position 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 successor agency assets.

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

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for resale are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee, the City Manager, and may be changed at the discretion of the City Council or the City Manager. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City’s Fund Balances, as of June 30, 2014, are below:

Fund Balance Classifications	General Fund	Sunrise Douglas	Traffic Mitigation	Grants	Other Governmental Funds	Total
Nonspendables:						
Items not in spendable form:						
Loans Receivable	\$6,133,904					\$6,133,904
Advances to Other Funds	3,482,486					3,482,486
Total Nonspendable Fund Balances	9,616,390					9,616,390
Restricted for:						
Development Improvements		\$16,626,997			\$6,120,331	22,747,328
Traffic Mitigation			\$18,931,074			18,931,074
Debt Service					1,864,182	1,864,182
Transportation					12,259,378	12,259,378
Storm Water Improvements					4,238,324	4,238,324
Capital Projects					4,758,728	4,758,728
Public Safety				\$202,671	48,457	251,128
Parks and Recreation					826,788	826,788
Transit Services					3,390,020	3,390,020
Community Development					30	30
Rental Code Compliance					4	4
Landscaping and Lighting					470,262	470,262
Total Restricted Fund Balances		16,626,997	18,931,074	202,671	33,976,504	69,737,246
Unassigned:						
General Fund	17,932,519					17,932,519
Other Governmental Funds						
Deficit Residuals					(2,030,192)	(2,030,192)
Total Unassigned Fund Balances	17,932,519				(2,030,192)	15,902,327
Total Fund Balances (Deficits)	\$27,548,909	\$16,626,997	\$18,931,074	\$202,671	\$31,946,312	\$95,255,963

C. Minimum Fund Balance Policy

The City’s annual budget requires the City to maintain a minimum fund balance reserve in the General Fund. The minimal, optimal level required for the reserve is 20% of the General Fund operating budget. The reserve can be drawn down as a funding source of last resort and used only after other reserve accounts have been accessed. At the end of each fiscal year, the actual and final General Fund surplus will first be used to fully fund the required reserve, and at the City Manager’s discretion, up to 75% of any remaining General Fund surplus will be automatically appropriated as a transfer out of the General Fund with 50% transferred to the Capital Facility Internal Service Fund and 25% transferred to the Infrastructure Internal Service Fund. As of June 30, 2014, the minimum fund balance reserve, which is reported within the unassigned fund balance of the General Fund, had a balance of \$9,419,717

**CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

D. Fund Equity Deficits

The following funds have a fund deficit at June 30, 2014:

Fund	Amount
Transportation Development Authority Fund	\$611
General Plan Special Revenue Fund	1,391,853
CFD 2013-2 Police Services Special Revenue Fund	1,157
Local Housing Special Revenue Fund	636,571
Kilgore Cemetery Enterprise Fund	43,442

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

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 final compensation rate, which is the average full-time monthly pay rate for the highest 36 consecutive months. 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 made 5.5% of the 8% participant contribution required by CalPERS through June 30, 2011 and 2.5% of the 8% participant contribution effective July 1, 2011, 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.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

The Plan provisions and benefits in effect at June 30, 2014 are summarized as follows:

	Miscellaneous	
	Prior to 1/1/13	On or After 1/1/13
Hire Date	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50	62
Retirement age	2.0% - 2.7%	2%
Monthly benefit factors, as a % of annual salary	8%	6.25%
Required employee contribution rates	15.064%	6.25%
Required employer contribution rates	3 years	3 years
Final Average Compensation Period		

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:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$695,178	100%	\$0
June 30, 2013	741,197	100%	0
June 30, 2014	791,711	100%	0

CalPERS uses the market related value method of valuing the Plan's assets. For the most recent actuarial report, as of June 30, 2012, an investment rate of return of 7.50% is assumed, including inflation at 2.75%. 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 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 City paid off the balance of the side fund on September 1, 2011 in the amount of \$335,982, which was the balance as of that date.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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 2.7% @ 55 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
2010	\$2,297,871,345	\$1,815,671,616	\$482,199,729	79.0%	\$434,023,381	111.1%
2011	2,486,708,579	1,981,073,089	505,635,490	79.7%	427,300,410	118.3%
2012	2,680,181,441	2,178,799,790	501,381,651	81.3%	417,600,034	120.1%

Actuarial information is not yet available for the 2% @ 62 State-wide pool.

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

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).

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

The City's contribution for active employees and Council members is the minimum required amount (e.g., \$119 for 2014). Therefore, the City's 2014 contribution toward health plan benefits for retired employees is 5% times 10 (years in CalPERS medical) times \$119 or \$59.50. 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. Survivors are eligible for CalPERS health benefits coverage if they qualify for a continuing monthly survivor allowance from CalPERS. CalPERS will deduct the monthly premium from the retirement check and the City will continue its contribution toward an eligible family member.

As of June 30, 2014, 4 participants were eligible to receive retirement health care benefits.

The City Council passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT, an agent multiple-employer plan administered by CALPERS consisting of an aggregation of single-employer plans, 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.

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, 2013 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% discount rate; (b) 3.25% projected annual salary increase, and (c) 4.5% health care cost trend rate increase. The health care cost trend rate is the rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

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 thirty year amortization period.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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, 2014, the City contributed \$36,147 to the Plan to prefund benefits. Since the City has been contributing the annual required contribution, 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)	\$38,817
Annual OPEB cost	38,817
Contributions made	(36,147)
Payments made to retiree	(2,670)
(Decrease) increase in net OPEB obligation	0
Net OPEB Asset at June 30, 2013	0
Net OPEB Obligation (Asset) at June 30, 2014	\$0

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated July 1, 2013, amounted to \$385,180. The City's prior year contributions, the current year annual required contribution, along with investment income net of administrative expenses resulted in assets with CERBT of \$544,982 as of June 30, 2014.

The Plan's annual required contributions and actual contributions are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2012	\$27,007	(\$27,007)	100%	0
June 30, 2013	30,955	(30,955)	100%	0
June 30, 2014	38,817	(38,817)	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 most recent actuarial study is presented below:

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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]
7/1/2010	\$265,980	\$265,980	\$0	100.00%	\$3,021,252	0.00%
7/1/2011	350,649	261,013	(89,636)	134.34%	4,730,328	-1.89%
7/1/2013	440,678	385,180	(55,498)	114.41%	5,305,704	-1.05%

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 \$383,548 for the year ended June 30, 2014. 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	\$35,000,000	\$10,000
Workers' compensation	Statutory	0
Property - all risk	600,000,000	5,000
Property - all flood	415,000,000	25,000
Master Crime	15,000,000	2,500
Cyber Liability	2,000,000	Various
Pollution	No limit	1,000,000

Complete separate financial statements for CSAC EIA may be obtained from the CSAC EIA at 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 12 – RISK MANAGEMENT (Continued)

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.

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, 2014, property taxes retained by the County in accordance with the revenue neutrality agreement totaled \$7,499,864.

The City has an agreement with the County which provides law enforcement services to the City through June 30, 2016. The cost of providing this service is outlined in a service plan, which is provided to the City annually. The service plan for fiscal year 2014-15 projects total costs of \$17,205,300.

The City entered into an agreement with the County in 2004 which provides maintenance services. The agreement was amended in August 2012 and the agreement is automatically renewable annually through June 30, 2022. Under the agreement, the City is required to budget \$1,000,000 annually for these services and is required to expend a minimum of \$500,000 each year of the contract. For the fiscal year ended June 30, 2014, actual costs totaled \$525,548, with the majority of the costs charged to the Measure A Special Revenue Fund.

**CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014**

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

During fiscal year 2010, the City annexed property known as the Sunrise-Folsom Area from the County and entered into a revenue sharing agreement with the County that became effective in fiscal year 2011. The agreement requires the City to transmit 75% of sales and use tax, transient occupancy and a portion of the utility users' tax revenues to the County. Since both parties and the Local Agency Formation Commission approved both agreements, the City was able to recover all of its costs of services to the area and all of its administrative costs in administering the agreements. The County was able to retain the property tax from the annexation area.

The City had outstanding contracts for services in the amount of \$23,300,093 and outstanding contracts for construction in the amount of \$6,530,747 at June 30, 2014.

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, 2014, are as follows:

Year ending June 30,	Lease Payments
2015	\$105,611
2016	<u>105,679</u>
Total	<u><u>\$211,290</u></u>

Total costs of such leases were \$110,050 for the fiscal year ended June 30, 2014.

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. REDEVELOPMENT DISSOLUTION

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

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

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and on February 1, 2012, certain housing assets were transferred to the City's Low and Moderate Income Housing Asset Special Revenue Fund.

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established in April 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor.

ABx1 26 and AB1484 also directed the State Controller to review the activities of all redevelopment agencies and successor agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency. The State Controller's Office completed its asset transfer review in February 2014. The review found that the RDA transferred \$7,227,114 in assets after January 1, 2011, including unallowable transfers, totaling \$369,535, to the City, or 5.11% of transferred assets. The State Controller's review goes on to further explain the City corrected this error in April 8, 2013 by returning the \$369,535 back to the Successor Agency resulting in their review finding no further action being required by the City or the Successor Agency.

The activities of the Housing Successor are reported in the Low and Moderate Income Housing Assets Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

Cash and investments of the Successor Agency as of June 30, 2014 are discussed in Note 3 above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2014.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

B. LAND HELD FOR RESALE

The Successor Agency assumed the property held for resale of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency had purchased parcels of land as part of its efforts to develop or redevelop blighted properties within the Redevelopment areas. Such land parcels are accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer. With the Department of Finance approval, the Successor Agency sold three properties for \$1,700,000 during the year ended June 30, 2013. As of June 30, 2014, the Successor Agency held one parcel with a carrying value of \$842,254.

C. LONG-TERM OBLIGATIONS

Prior to January 31, 2012, the Redevelopment Agency had received three advances from the General Fund: (1) Advances between 2004-2006 in the amount of \$592,972; (2) Advances between 2007-2011 in the amount of \$3,296,875; (3) Fiscal year 2011-12 advance in the amount of \$2,362,363. These advances bear interest at the rate of 9.5% and were to be repaid from available tax increment revenue. The balance of the advances, including principal and accrued interest, was \$6,598,687 as of January 31, 2012. With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the advances and has recorded a loan payable to the City's General Fund.

With the transfer of the associated liability to the Successor Agency, repayment of the first loan is contingent upon the Successor Agency having sufficient property tax revenues available for the repayment. Repayment of the other two loans is based upon whether the Successor Agency to the Redevelopment Agency receives a Finding of Completion, as defined in Health and Safety Code Section 34179.6. After the Successor Agency receives a Finding of Completion, and under the provisions of Health and Safety Code Section 34191.4(b)(2)(A), the loans can be repaid by the Successor Agency. However, the Successor Agency must apply for approval of the loans by the Oversight Board including a finding that the loans were for legitimate redevelopment purposes. If the Oversight Board finds that the loans are enforceable obligations, the loans are to be repaid in accordance with a defined schedule over a reasonable term of years. Repayment cannot begin prior to fiscal year 2014 and the maximum annual repayment amount is limited based on calculations in the Code Section. In addition, the interest rate on the loans is limited to the Local Agency Investment Fund interest rate calculated from the inception of the loan. The loan balances were adjusted to reflect the revised interest rate prior to being assumed by the Successor Agency, and the balance of the loans including principal and accrued interest as of June 30, 2012 was \$5,914,411.

During fiscal year 2013, the Department of Finance determined that the \$592,972 advances were enforceable obligations of the Successor Agency and they were repaid to the City with the proceeds from the sale of land.

CITY OF RANCHO CORDOVA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

The Successor Agency received its Finding of Completion on April 26, 2013 and the Oversight Board made the findings noted above on September 9, 2013 to approve the remaining advances as enforceable obligations. The Department of Finance issued further clarification on the calculation of interest on the outstanding loan payable and the loan balances were adjusted to reflect the revised interest rate of 0.024%, the LAIF rate at the time of Oversight Board action, and the balance of the loans including principal and accrued interest as of June 30, 2014 was \$5,617,635.

D. STATE APPROVAL OF ENFORCEABLE OBLIGATIONS

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

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NON-MAJOR SPECIAL REVENUE FUNDS
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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.

TRANSIT-RELATED SERVICES TAX FUND

Accounts for revenues and expenditures related to providing transit-related services.

NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
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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 and maintenance. These funds may be used at the Public Works Director's discretion for any drainage-related expenses, including staff costs.

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.

MEASURE A FUND

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

GENERAL PLAN 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 SPECIAL REVENUE FUNDS (Continued)

POLICE SERVICES COMMUNITY FACILITIES DISTRICT 2013-2 FUND

Established to account for future development projects and annexations to meet police special assessment obligations.

LOCAL HOUSING FUND

Established to account for grants restricted for housing programs under Health and Safety Code 50843.5

NON-MAJOR CAPITAL PROJECTS FUND

CAPITAL OUTLAY FUND

Established to account for financial resources for the acquisition, construction, maintenance, replacement, and enhancement of major capital facilities.

NON-MAJOR DEBT SERVICE FUND

FINANCING CORPORATION DEBT SERVICE FUND

Used to account for debt issued on behalf of the City.

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

	SPECIAL REVENUE FUNDS					
	Asset Forfeiture	Villages of Zinfandel	Community Facilities Fees	Park Development	Gas Tax	Street Cut Fees
ASSETS						
Cash and investments	\$48,455	\$346,608	\$3,185,554	\$782,029	\$4,010,903	\$331,134
Restricted cash and investments						
Receivables:						
Accounts, net		269	578			
Interest	2	16	154	38	188	16
Due from other governmental agencies					202,707	
Loans						
Total Assets	\$48,457	\$346,893	\$3,186,286	\$782,067	\$4,213,798	\$331,150
LIABILITIES						
Accounts payable					\$881,109	
Due to other funds						
Advances to other funds						
Total Liabilities					881,109	
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - accounts receivable		\$269	\$578			
Unavailable revenue - due from other governmental agencies						
Unavailable revenue - loans receivable						
Total Deferred Inflows of Resources		269	578			
FUND EQUITY						
Fund balances (deficits)						
Restricted	\$48,457	346,624	3,185,708	\$782,067	3,332,689	\$331,150
Unassigned						
Total Fund Balances (Deficits)	48,457	346,624	3,185,708	782,067	3,332,689	331,150
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$48,457	\$346,893	\$3,186,286	\$782,067	\$4,213,798	\$331,150

SPECIAL REVENUE FUNDS

Mather Field Traffic Impact Fees	Cap Vill Park Development Fees	Transportation Development Act	Transit- Related Services Tax	Road Maintenance	Community Development Block Grant	Rental Code Compliance Program
\$13,126	\$44,719		\$3,417,374	\$2,605,578		
1	2		165	126		\$4
		\$439,103	8,367	1,040	\$211,932	
					109,710	
<u>\$13,127</u>	<u>\$44,721</u>	<u>\$439,103</u>	<u>\$3,425,906</u>	<u>\$2,606,744</u>	<u>\$321,642</u>	<u>\$4</u>
			\$35,886	\$11,436	\$19,110	
		\$611		20,436	192,792	
		611	35,886	31,872	211,902	
		439,103			109,710	
		439,103			109,710	
\$13,127	\$44,721		3,390,020	2,574,872	30	\$4
		(611)				
<u>13,127</u>	<u>44,721</u>	<u>(611)</u>	<u>3,390,020</u>	<u>2,574,872</u>	<u>30</u>	<u>4</u>
<u>\$13,127</u>	<u>\$44,721</u>	<u>\$439,103</u>	<u>\$3,425,906</u>	<u>\$2,606,744</u>	<u>\$321,642</u>	<u>\$4</u>

(Continued)

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

SPECIAL REVENUE FUNDS

	<u>Roadway Improvement</u>	<u>Storm Water Utility Tax</u>	<u>Landscaping and Lighting</u>	<u>Measure A</u>	<u>General Plan</u>
ASSETS					
Cash and investments	\$6,075,997	\$4,293,433	\$520,712	\$2,620,604	
Restricted cash and investments					
Receivables:					
Accounts, net					
Interest	293	208	25	75	
Due from other governmental agencies			4,289	78,535	
Loans					
Total Assets	<u>\$6,076,290</u>	<u>\$4,293,641</u>	<u>\$525,026</u>	<u>\$2,699,214</u>	
LIABILITIES					
Accounts payable		\$55,317	\$54,764	\$76,179	
Due to other funds				53,786	
Advances to other funds					\$1,391,853
Total Liabilities		<u>55,317</u>	<u>54,764</u>	<u>129,965</u>	<u>1,391,853</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - accounts receivable				50,000	
Unavailable revenue - due from other governmental agencies					
Unavailable revenue - loans receivable					
Total Deferred Inflows of Resources				<u>50,000</u>	
FUND EQUITY					
Fund balances (deficits)					
Restricted	\$6,076,290	4,238,324	470,262	2,519,249	
Unassigned					(1,391,853)
Total Fund Balances (Deficits)	<u>6,076,290</u>	<u>4,238,324</u>	<u>470,262</u>	<u>2,519,249</u>	<u>(1,391,853)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$6,076,290</u>	<u>\$4,293,641</u>	<u>\$525,026</u>	<u>\$2,699,214</u>	

<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>Total Nonmajor Governmental Funds</u>
<u>CFD 2013-2 Police Services</u>	<u>Local Housing</u>	<u>Capital Outlay</u>	<u>Financing Corporation Debt Service</u>	
		\$5,245,405		\$33,541,631
			\$1,864,182	1,864,182
				847
		156		1,469
		52,023		997,996
	\$400,145			509,855
	\$400,145	\$5,297,584	\$1,864,182	\$36,915,980
\$1,157	\$17,318	\$5,500		\$1,156,619
	619,253	520,856		789,638
				2,011,106
1,157	636,571	526,356		3,957,363
				50,847
	400,145	12,500		451,603
				509,855
	400,145	12,500		1,012,305
		4,758,728	\$1,864,182	33,976,504
(1,157)	(636,571)			(2,030,192)
(1,157)	(636,571)	4,758,728	1,864,182	31,946,312
	\$400,145	\$5,297,584	\$1,864,182	\$36,915,980

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

SPECIAL REVENUE FUNDS						
	Asset Forfeiture	Villages of Zinfandel	Community Facilities Fees	Park Development	Gas Tax	Street Cut Fees
REVENUES						
Property taxes and assessments						
Licenses, permits and fees		\$20,535	\$867,586	\$153,855		\$7,848
Fines, forfeitures and penalties	\$2,748					
Charges for services					\$169	
Intergovernmental					2,109,563	
Use of money and property	312	2,220	27,592	4,842	24,492	2,172
Other	590		1,050			
Total Revenues	<u>3,650</u>	<u>22,755</u>	<u>896,228</u>	<u>158,697</u>	<u>2,134,224</u>	<u>10,020</u>
EXPENDITURES						
Current:						
General Government						
Community Development						
Public Works			519		2,568,930	
Capital outlay			1,027,081		30,457	
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures			<u>1,027,600</u>		<u>2,599,387</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,650</u>	<u>22,755</u>	<u>(131,372)</u>	<u>158,697</u>	<u>(465,163)</u>	<u>10,020</u>
OTHER FINANCING SOURCES (USES)						
Loan proceeds						
Transfers in		3,085				
Transfers (out)			(1,012,041)	(3,077)	(292,517)	
Total Other Financing Sources (Uses)		<u>3,085</u>	<u>(1,012,041)</u>	<u>(3,077)</u>	<u>(292,517)</u>	
NET CHANGE IN FUND BALANCE	3,650	25,840	(1,143,413)	155,620	(757,680)	10,020
Fund Balances (Deficits), Beginning of the Year, As Adjusted	<u>44,807</u>	<u>320,784</u>	<u>4,329,121</u>	<u>626,447</u>	<u>4,090,369</u>	<u>321,130</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$48,457</u>	<u>\$346,624</u>	<u>\$3,185,708</u>	<u>\$782,067</u>	<u>\$3,332,689</u>	<u>\$331,150</u>

SPECIAL REVENUE FUNDS

Mather Field Traffic Impact Fees	Cap Vill Park Development Fees	Transportation Development Act	Transit- Related Services Tax	Road Maintenance	Community Development Block Grant	Rental Code Compliance Program
			\$651,987	\$339,801		\$88,421
			5,250	20,250	\$1,030,175	
\$87	\$299		21,363	16,091		322
<u>87</u>	<u>299</u>		<u>678,600</u>	<u>376,142</u>	<u>1,030,175</u>	<u>88,743</u>
					585,891 6,967	
		\$611	417,915	98,247		
		611	417,915	98,247	592,858	
87	299	(611)	260,685	277,895	437,317	88,743
					(175,332)	(88,814)
					(175,332)	(88,814)
87	299	(611)	260,685	277,895	261,985	(71)
13,040	44,422		3,129,335	2,296,977	(261,955)	75
<u>\$13,127</u>	<u>\$44,721</u>	<u>(\$611)</u>	<u>\$3,390,020</u>	<u>\$2,574,872</u>	<u>\$30</u>	<u>\$4</u>

(Continued)

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS				
	Roadway Improvement	Storm Water Utility Tax	Landscaping and Lighting	Measure A	General Plan
REVENUES					
Property taxes and assessments			\$489,175		
Licenses, permits and fees	\$63,415				\$69,334
Fines, forfeitures and penalties					
Charges for services				\$7,800	
Intergovernmental		\$1,375,000		2,017,584	
Use of money and property	39,969	24,132	3,546	13,924	
Other					
Total Revenues	103,384	1,399,132	492,721	2,039,308	69,334
EXPENDITURES					
Current:					
General Government					
Community Development					5,858
Public Works	200,000	537,796	1,140,371	961,754	
Capital outlay	1,232	779		5,117	
Debt Service:					
Principal					
Interest and fiscal charges					
Total Expenditures	201,232	538,575	1,140,371	966,871	5,858
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(97,848)	860,557	(647,650)	1,072,437	63,476
OTHER FINANCING SOURCES (USES)					
Loan proceeds			428,011		
Transfers in	363,672			219,339	
Transfers (out)	(10,748)	(106,542)			
Total Other Financing Sources (Uses)	352,924	(106,542)	428,011	219,339	
NET CHANGE IN FUND BALANCE	255,076	754,015	(219,639)	1,291,776	63,476
Fund Balances (Deficits), Beginning of the Year, As Adjusted	5,821,214	3,484,309	689,901	1,227,473	(1,455,329)
ENDING FUND BALANCES (DEFICITS)	\$6,076,290	\$4,238,324	\$470,262	\$2,519,249	(\$1,391,853)

<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>Total Nonmajor Governmental Funds</u>
<u>CFD 2013-2 Police Services</u>	<u>Local Housing</u>	<u>Capital Outlay</u>	<u>Financing Corporation Debt Service</u>	
				\$1,480,963
	\$42,159			1,313,153
		\$36,415		2,748
			\$731	69,884
				6,532,322
				182,094
		15,111		16,751
	42,159	51,526	731	9,597,915
				585,891
	429,385			442,210
	151,948	2,432,484		5,925,532
			885,000	3,649,709
			1,062,306	885,000
				1,062,306
	581,333	2,432,484	1,947,306	12,550,648
	(539,174)	(2,380,958)	(1,946,575)	(2,952,733)
				428,011
		7,142,232	1,947,072	9,675,400
		(27,446)		(1,716,517)
		7,114,786	1,947,072	8,386,894
	(539,174)	4,733,828	497	5,434,161
(\$1,157)	(97,397)	24,900	1,863,685	26,512,151
(\$1,157)	(\$636,571)	\$4,758,728	\$1,864,182	\$31,946,312

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

	VILLAGES OF ZINFANDEL			COMMUNITY FACILITIES FEES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Licenses, permits and fees	\$3,600	\$20,535	\$16,935	\$814,600	\$867,586	\$52,986
Fines, forfeitures and penalties						
Charges for services						
Intergovernmental						
Use of money and property		2,220	2,220		27,592	27,592
Other					1,050	1,050
Total Revenues	3,600	22,755	19,155	814,600	896,228	81,628
EXPENDITURES						
Current:						
General Government						
Community Development						
Public Works	2,500		2,500	1,000	519	481
Capital outlay				1,024,000	1,027,081	(3,081)
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	2,500		2,500	1,025,000	1,027,600	(2,600)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,100	22,755	21,655	(210,400)	(131,372)	79,028
OTHER FINANCING SOURCES (USES)						
Loan proceeds						
Transfers in		3,085	3,085			
Transfers (out)	(170,700)		170,700	(1,010,500)	(1,012,041)	(1,541)
Total Other Financing Sources (Uses)	(170,700)	3,085	173,785	(1,010,500)	(1,012,041)	(1,541)
NET CHANGE IN FUND BALANCES	<u>(\$169,600)</u>	25,840	<u>\$195,440</u>	<u>(\$1,220,900)</u>	(1,143,413)	<u>\$77,487</u>
BEGINNING FUND BALANCES (DEFICITS)						
BEGINNING OF YEAR, AS ADJUSTED		320,784			4,329,121	
ENDING FUND BALANCES (DEFICITS)		<u>\$346,624</u>			<u>\$3,185,708</u>	

PARK DEVELOPMENT			GAS TAX			STREET CUT FEES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$234,000	\$153,855	(\$80,145)				\$38,000	\$7,848	(\$30,152)
	4,842	4,842	\$1,882,500	\$169 2,109,563 24,492	\$169 227,063 24,492		2,172	2,172
<u>234,000</u>	<u>158,697</u>	<u>(75,303)</u>	<u>1,882,500</u>	<u>2,134,224</u>	<u>251,724</u>	<u>38,000</u>	<u>10,020</u>	<u>(27,980)</u>
			356,500	2,568,930 30,457	(2,212,430) (30,457)			
			<u>356,500</u>	<u>2,599,387</u>	<u>(2,242,887)</u>			
<u>234,000</u>	<u>158,697</u>	<u>(75,303)</u>	<u>1,526,000</u>	<u>(465,163)</u>	<u>(1,991,163)</u>	<u>38,000</u>	<u>10,020</u>	<u>(27,980)</u>
<u>(4,700)</u>	<u>(3,077)</u>	<u>1,623</u>	<u>(5,728,600)</u>	<u>(292,517)</u>	<u>5,436,083</u>			
<u>(4,700)</u>	<u>(3,077)</u>	<u>1,623</u>	<u>(5,728,600)</u>	<u>(292,517)</u>	<u>5,436,083</u>			
<u>\$229,300</u>	<u>155,620</u>	<u>(\$73,680)</u>	<u>(\$4,202,600)</u>	<u>(757,680)</u>	<u>\$3,444,920</u>	<u>\$38,000</u>	<u>10,020</u>	<u>(\$27,980)</u>
	<u>626,447</u>			<u>4,090,369</u>			<u>321,130</u>	
	<u>\$782,067</u>			<u>\$3,332,689</u>			<u>\$331,150</u>	

(Continued)

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

	TRANSPORTATION DEVELOPMENT ACT			TRANSIT-RELATED SERVICES TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes				\$626,000	\$651,987	\$25,987
Other taxes						
Licenses, permits and fees						
Fines, forfeitures and penalties						
Charges for services					5,250	5,250
Intergovernmental	\$44,600		(\$44,600)			
Use of money and property					21,363	21,363
Other						
Total Revenues	<u>44,600</u>		<u>(44,600)</u>	<u>626,000</u>	<u>678,600</u>	<u>52,600</u>
EXPENDITURES						
Current:						
General Government						
Community Development						
Public Works				551,400	417,915	133,485
Capital outlay		\$611	(611)			
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures		<u>611</u>	<u>(611)</u>	<u>551,400</u>	<u>417,915</u>	<u>133,485</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>44,600</u>	<u>(611)</u>	<u>(45,211)</u>	<u>74,600</u>	<u>260,685</u>	<u>186,085</u>
OTHER FINANCING SOURCES (USES)						
Loan proceeds						
Transfers in						
Transfers (out)	(20,000)		20,000			
Total Other Financing Sources (Uses)	<u>(20,000)</u>		<u>20,000</u>			
NET CHANGE IN FUND BALANCES	<u>\$24,600</u>	<u>(611)</u>	<u>(\$25,211)</u>	<u>\$74,600</u>	<u>260,685</u>	<u>\$186,085</u>
BEGINNING FUND BALANCES (DEFICITS)						
BEGINNING OF YEAR, AS ADJUSTED					<u>3,129,335</u>	
ENDING FUND BALANCES (DEFICITS)		<u>(\$611)</u>			<u>\$3,390,020</u>	

ROAD MAINTENANCE			COMMUNITY DEVELOPMENT BLOCK GRANT			RENTAL CODE COMPLIANCE PROGRAM		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$433,000	\$339,801	(\$93,199)				\$85,000	\$88,421	\$3,421
	20,250	20,250	\$531,000	\$1,030,175	\$499,175		322	322
	16,091	16,091						
<u>433,000</u>	<u>376,142</u>	<u>(56,858)</u>	<u>531,000</u>	<u>1,030,175</u>	<u>499,175</u>	<u>85,000</u>	<u>88,743</u>	<u>3,743</u>
			600,000	585,891 6,967	14,109 (6,967)			
151,500	98,247	53,253						
<u>151,500</u>	<u>98,247</u>	<u>53,253</u>	<u>600,000</u>	<u>592,858</u>	<u>7,142</u>			
281,500	277,895	(3,605)	(69,000)	437,317	506,317	85,000	88,743	3,743
			(180,000)	(175,332)	4,668	(94,000)	(88,814)	5,186
			(180,000)	(175,332)	4,668	(94,000)	(88,814)	5,186
<u>\$281,500</u>	<u>277,895</u>	<u>(\$3,605)</u>	<u>(\$249,000)</u>	<u>261,985</u>	<u>\$510,985</u>	<u>(\$9,000)</u>	<u>(71)</u>	<u>\$8,929</u>
	<u>2,296,977</u>			<u>(261,955)</u>			<u>75</u>	
	<u>\$2,574,872</u>			<u>\$30</u>			<u>\$4</u>	

(Continued)

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

	ROADWAY IMPROVEMENT			STORM WATER UTILITY TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes				\$600,000		(\$600,000)
Licenses, permits and fees	\$95,100	\$63,415	(\$31,685)			
Fines, forfeitures and penalties						
Charges for services						
Intergovernmental					\$1,375,000	1,375,000
Use of money and property		39,969	39,969		24,132	24,132
Other						
Total Revenues	95,100	103,384	8,284	600,000	1,399,132	799,132
EXPENDITURES						
Current:						
General government						
Community development						
Public works	200,000	200,000		600,000	537,796	62,204
Capital outlay		1,232	(1,232)		779	(779)
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	200,000	201,232	(1,232)	600,000	538,575	61,425
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(104,900)	(97,848)	7,052		860,557	860,557
OTHER FINANCING SOURCES (USES)						
Loan proceeds						
Transfers in	350,000	363,672	13,672			
Transfers (out)	(631,800)	(10,748)	621,052	(2,337,600)	(106,542)	2,231,058
Total Other Financing Sources (Uses)	(281,800)	352,924	634,724	(2,337,600)	(106,542)	2,231,058
NET CHANGE IN FUND BALANCES	(\$386,700)	255,076	\$641,776	(\$2,337,600)	754,015	\$3,091,615
BEGINNING FUND BALANCES (DEFICITS)						
BEGINNING OF YEAR, AS ADJUSTED		5,821,214			3,484,309	
ENDING FUND BALANCES (DEFICITS)		\$6,076,290			\$4,238,324	

LANDSCAPING AND LIGHTING			MEASURE A			GENERAL PLAN		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$487,000	\$489,175	\$2,175				\$64,200	\$69,334	\$5,134
	3,546	3,546	\$4,689,100	\$7,800 2,017,584 13,924	\$7,800 (2,671,516) 13,924			
<u>487,000</u>	<u>492,721</u>	<u>5,721</u>	<u>4,689,100</u>	<u>2,039,308</u>	<u>(2,649,792)</u>	<u>64,200</u>	<u>69,334</u>	<u>5,134</u>
2,357,200	1,140,371	1,216,829	1,896,900	961,754 5,117	935,146 (5,117)	78,000	5,858	72,142
<u>2,357,200</u>	<u>1,140,371</u>	<u>1,216,829</u>	<u>1,896,900</u>	<u>966,871</u>	<u>930,029</u>	<u>78,000</u>	<u>5,858</u>	<u>72,142</u>
<u>(1,870,200)</u>	<u>(647,650)</u>	<u>1,222,550</u>	<u>2,792,200</u>	<u>1,072,437</u>	<u>(1,719,763)</u>	<u>(13,800)</u>	<u>63,476</u>	<u>77,276</u>
1,809,700	428,011	(1,381,689)	(3,104,000)	219,339	219,339 3,104,000			
<u>1,809,700</u>	<u>428,011</u>	<u>(1,381,689)</u>	<u>(3,104,000)</u>	<u>219,339</u>	<u>3,323,339</u>			
<u>(\$60,500)</u>	<u>(219,639)</u>	<u>(\$159,139)</u>	<u>(\$311,800)</u>	<u>1,291,776</u>	<u>\$1,603,576</u>	<u>(\$13,800)</u>	<u>63,476</u>	<u>\$77,276</u>
	<u>689,901</u>			<u>1,227,473</u>			<u>(1,455,329)</u>	
	<u>\$470,262</u>			<u>\$2,519,249</u>			<u>(\$1,391,853)</u>	

(Continued)

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

	CFD 2013-2 POLICE SERVICES			LOCAL HOUSING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes				\$150,000		(\$150,000)
Licenses, permits and fees				75,000	\$42,159	(32,841)
Fines, forfeitures and penalties						
Charges for services						
Intergovernmental						
Use of money and property						
Other						
Total Revenues				225,000	42,159	(182,841)
EXPENDITURES						
Current:						
General Government	\$2,000		\$2,000			
Community Development				95,000	429,385	(334,385)
Public Works						
Capital outlay				860,000	151,948	708,052
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	2,000		2,000	955,000	581,333	373,667
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,000)</u>		<u>2,000</u>	<u>(730,000)</u>	<u>(539,174)</u>	<u>190,826</u>
OTHER FINANCING SOURCES (USES)						
Loan proceeds						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u>(\$2,000)</u>		<u>\$2,000</u>	<u>(\$730,000)</u>	<u>(539,174)</u>	<u>\$190,826</u>
BEGINNING FUND BALANCES (DEFICITS)						
BEGINNING OF YEAR, AS ADJUSTED		(\$1,157)			(97,397)	
ENDING FUND BALANCES (DEFICITS)		<u>(\$1,157)</u>			<u>(\$636,571)</u>	

FINANCING CORPORATION DEBT SERVICE

<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
	\$731	\$731
	731	731
\$885,000	885,000	
<u>1,063,200</u>	<u>1,062,306</u>	<u>894</u>
<u>1,948,200</u>	<u>1,947,306</u>	<u>894</u>
<u>(1,948,200)</u>	<u>(1,946,575)</u>	<u>1,625</u>
<u>1,948,200</u>	<u>1,947,072</u>	<u>(1,128)</u>
<u>1,948,200</u>	<u>1,947,072</u>	<u>(1,128)</u>
	497	<u>\$497</u>
	<u>1,863,685</u>	
	<u>\$1,864,182</u>	

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SUBCOMBINING FUND SCHEDULES

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Sunrise Douglas Program Updates Fund	Sunrise Douglas Interim Sewer Fund	Sunrise Douglas Offsite Water Fund	Sunrise Douglas Traffic Impact Fund
ASSETS				
Cash and investments	\$135,005	\$393,394	\$304,834	\$14,572,191
Receivables:				
Interest	<u>7</u>	<u>19</u>	<u>15</u>	<u>705</u>
Total Assets	<u>\$135,012</u>	<u>\$393,413</u>	<u>\$304,849</u>	<u>\$14,572,896</u>
LIABILITIES				
Accounts payable				<u>\$27,468</u>
Total Liabilities				<u>27,468</u>
FUND BALANCES				
Restricted	<u>\$135,012</u>	<u>\$393,413</u>	<u>\$304,849</u>	<u>14,545,428</u>
Total Fund Balances	<u>135,012</u>	<u>393,413</u>	<u>304,849</u>	<u>14,545,428</u>
Total Liabilities and Fund Balances	<u>\$135,012</u>	<u>\$393,413</u>	<u>\$304,849</u>	<u>\$14,572,896</u>

Sunrise Douglas Transit Shuttle Fund	Sunrise Douglas Admin Fund	Total Sunrise Douglas Special Revenue Fund
\$455,200	\$793,035	\$16,653,659
<u>22</u>	<u>38</u>	<u>806</u>
<u>\$455,222</u>	<u>\$793,073</u>	<u>\$16,654,465</u>
		<u>\$27,468</u>
		<u>27,468</u>
<u>\$455,222</u>	<u>\$793,073</u>	<u>16,626,997</u>
<u>455,222</u>	<u>793,073</u>	<u>16,626,997</u>
<u>\$455,222</u>	<u>\$793,073</u>	<u>\$16,654,465</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, 2014

	Sunrise Douglas Program Updates Fund	Sunrise Douglas Interim Sewer Fund	Sunrise Douglas Offsite Water Fund	Sunrise Douglas Traffic Impact Fund
REVENUES				
Licenses, permits and fees	\$12,913	\$154,902	\$589,857	\$2,514,167
Use of money and property	866	2,524	1,941	96,441
Total Revenues	13,779	157,426	591,798	2,610,608
EXPENDITURES				
Current:				
Public Works				11,246
Capital outlay		111,562	539,786	1,972,950
Total Expenditures		111,562	539,786	1,984,196
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	13,779	45,864	52,012	626,412
OTHER FINANCING SOURCES (USES)				
Transfers (out)				(90,084)
Total Other Financing Sources (Uses)				(90,084)
NET CHANGE IN FUND BALANCES	13,779	45,864	52,012	536,328
BEGINNING FUND BALANCES	121,233	347,549	252,837	14,009,100
ENDING FUND BALANCES	\$135,012	\$393,413	\$304,849	\$14,545,428

Sunrise Douglas Transit Shuttle Fund	Sunrise Douglas Admin Fund	Total Sunrise Douglas Special Revenue Fund
\$12,317	\$98,948	\$3,383,104
<u>2,997</u>	<u>5,325</u>	<u>110,094</u>
<u>15,314</u>	<u>104,273</u>	<u>3,493,198</u>
	80,669	91,915
		<u>2,624,298</u>
	<u>80,669</u>	<u>2,716,213</u>
<u>15,314</u>	<u>23,604</u>	<u>776,985</u>
		<u>(90,084)</u>
		<u>(90,084)</u>
15,314	23,604	686,901
<u>439,908</u>	<u>769,469</u>	<u>15,940,096</u>
<u>\$455,222</u>	<u>\$793,073</u>	<u>\$16,626,997</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, 2014

	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	\$11,900	\$12,913	\$1,013	\$140,700	\$154,902	\$14,202
Use of money and property		866	866		2,524	2,524
Total Revenues	<u>11,900</u>	<u>13,779</u>	<u>1,879</u>	<u>140,700</u>	<u>157,426</u>	<u>16,726</u>
EXPENDITURES						
Current:						
General Government	50,000		50,000			
Public Works	25,000		25,000			
Capital outlay				350,000	111,562	238,438
Total Expenditures	<u>75,000</u>		<u>75,000</u>	<u>350,000</u>	<u>111,562</u>	<u>238,438</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(63,100)</u>	<u>13,779</u>	<u>76,879</u>	<u>(209,300)</u>	<u>45,864</u>	<u>255,164</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	(63,100)	13,779	76,879	(209,300)	45,864	255,164
BEGINNING FUND BALANCES	<u>121,233</u>	<u>121,233</u>		<u>347,549</u>	<u>347,549</u>	
ENDING FUND BALANCES	<u><u>\$58,133</u></u>	<u><u>\$135,012</u></u>	<u><u>\$76,879</u></u>	<u><u>\$138,249</u></u>	<u><u>\$393,413</u></u>	<u><u>\$255,164</u></u>

Sunrise Douglas Offsite Water Fund			Sunrise Douglas Traffic Impact Fund			Sunrise Douglas Transit Shuttle Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$201,400	\$589,857	\$388,457	\$2,127,400	\$2,514,167	\$386,767	\$11,300	\$12,317	\$1,017
	1,941	1,941		96,441	96,441		2,997	2,997
201,400	591,798	390,398	2,127,400	2,610,608	483,208	11,300	15,314	4,014
			170,000	11,246	158,754			
300,000	539,786	(239,786)		1,972,950	(1,972,950)			
300,000	539,786	(239,786)	170,000	1,984,196	(1,814,196)			
(98,600)	52,012	150,612	1,957,400	626,412	(1,330,988)	11,300	15,314	4,014
			(4,864,000)	(90,084)	4,773,916			
			(4,864,000)	(90,084)	4,773,916			
(98,600)	52,012	150,612	(2,906,600)	536,328	3,442,928	11,300	15,314	4,014
252,837	252,837		14,009,100	14,009,100		439,908	439,908	
\$154,237	\$304,849	\$150,612	\$11,102,500	\$14,545,428	\$3,442,928	\$451,208	\$455,222	\$4,014

(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, 2014

	Sunrise Douglas Admin Fund			Total Sunrise Douglas Special Revenue Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$90,700	\$98,948	\$8,248	\$2,583,400	\$3,383,104	\$799,704
Use of money and property		5,325	5,325		110,094	110,094
Total Revenues	90,700	104,273	13,573	2,583,400	3,493,198	909,798
EXPENDITURES						
Current:						
General Government	200,000		200,000	250,000		250,000
Public Works	190,600	80,669	109,931	385,600	91,915	293,685
Capital outlay				650,000	2,624,298	(1,974,298)
Total Expenditures	390,600	80,669	309,931	1,285,600	2,716,213	(1,430,613)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(299,900)	23,604	323,504	1,297,800	776,985	(520,815)
OTHER FINANCING SOURCES (USES)						
Transfers (out)				(4,864,000)	(90,084)	4,773,916
Total Other Financing Sources (Uses)				(4,864,000)	(90,084)	4,773,916
NET CHANGE IN FUND BALANCES	(299,900)	23,604	323,504	(3,566,200)	686,901	4,253,101
BEGINNING FUND BALANCES	769,469	769,469		15,940,096	15,940,096	
ENDING FUND BALANCES	\$469,569	\$793,073	\$323,504	\$12,373,896	\$16,626,997	\$4,253,101

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
TRAFFIC MITIGATION SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Traffic Mitigation Fund	Traffic Mitigation Admin Fund	Total Traffic Mitigation Special Revenue Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$18,839,808	\$133,979	\$18,973,787
Receivables:			
Accounts, net	8,803		8,803
Interest	914	5	919
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$18,849,525</u>	<u>\$133,984</u>	<u>\$18,983,509</u>
LIABILITIES			
Accounts payable	<u>\$42,512</u>	<u>\$1,120</u>	<u>\$43,632</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>42,512</u>	<u>1,120</u>	<u>43,632</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - accounts receivable	<u>8,803</u>	<u> </u>	<u>8,803</u>
	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>8,803</u>	<u> </u>	<u>8,803</u>
FUND BALANCES			
Restricted	<u>18,798,210</u>	<u>132,864</u>	<u>18,931,074</u>
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>18,798,210</u>	<u>132,864</u>	<u>18,931,074</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$18,849,525</u>	<u>\$133,984</u>	<u>\$18,983,509</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, 2014

	Traffic Mitigation Fund	Traffic Mitigation Admin Fund	Total Traffic Mitigation Special Revenue Fund
REVENUES			
Charges for services	\$15,000		\$15,000
Licenses, permits and fees	990,281	\$38,533	1,028,814
Use of money and property	129,959	943	130,902
	<u>1,135,240</u>	<u>39,476</u>	<u>1,174,716</u>
EXPENDITURES			
Current:			
Public Works	196,080	99,396	295,476
Capital outlay	112,664		112,664
	<u>308,744</u>	<u>99,396</u>	<u>408,140</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>826,496</u>	<u>(59,920)</u>	<u>766,576</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(1,086,341)		(1,086,341)
	<u>(1,086,341)</u>		<u>(1,086,341)</u>
NET CHANGE IN FUND BALANCES	(259,845)	(59,920)	(319,765)
BEGINNING FUND BALANCES	<u>19,058,055</u>	<u>192,784</u>	<u>19,250,839</u>
ENDING FUND BALANCES	<u>\$18,798,210</u>	<u>\$132,864</u>	<u>\$18,931,074</u>

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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, 2014

	Traffic Mitigation Fund			Traffic Mitigation Admin Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Charges for services		\$15,000	\$15,000			
Licenses, permits and fees	\$759,400	990,281	230,881	\$28,400	\$38,533	\$10,133
Use of money and property		129,959	129,959		943	943
Total Revenues	<u>759,400</u>	<u>1,135,240</u>	<u>375,840</u>	<u>28,400</u>	<u>39,476</u>	<u>11,076</u>
EXPENDITURES						
Current:						
Public Works	1,111,000	196,080	914,920	155,000	99,396	55,604
Capital outlay		112,664	(112,664)			
Total Expenditures	<u>1,111,000</u>	<u>308,744</u>	<u>802,256</u>	<u>155,000</u>	<u>99,396</u>	<u>55,604</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(351,600)</u>	<u>826,496</u>	<u>1,178,096</u>	<u>(126,600)</u>	<u>(59,920)</u>	<u>66,680</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)	<u>(6,795,700)</u>	<u>(1,086,341)</u>	<u>5,709,359</u>	<u>(3,800)</u>		<u>3,800</u>
Total Other Financing Sources (Uses)	<u>(6,795,700)</u>	<u>(1,086,341)</u>	<u>5,709,359</u>	<u>(3,800)</u>		<u>3,800</u>
NET CHANGE IN FUND BALANCES	<u>(7,147,300)</u>	<u>(259,845)</u>	<u>6,887,455</u>	<u>(130,400)</u>	<u>(59,920)</u>	<u>70,480</u>
BEGINNING FUND BALANCES	<u>19,058,055</u>	<u>19,058,055</u>		<u>192,784</u>	<u>192,784</u>	
ENDING FUND BALANCES	<u>\$11,910,755</u>	<u>\$18,798,210</u>	<u>\$6,887,455</u>	<u>\$62,384</u>	<u>\$132,864</u>	<u>\$70,480</u>

Total Traffic Mitigation Special Revenue Fund

<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
	\$15,000	\$15,000
\$787,800	1,028,814	241,014
	130,902	130,902
<u>787,800</u>	<u>1,174,716</u>	<u>386,916</u>
1,266,000	295,476	970,524
	112,664	(112,664)
<u>1,266,000</u>	<u>408,140</u>	<u>857,860</u>
<u>(478,200)</u>	<u>766,576</u>	<u>1,244,776</u>
<u>(6,799,500)</u>	<u>(1,086,341)</u>	<u>5,713,159</u>
<u>(6,799,500)</u>	<u>(1,086,341)</u>	<u>5,713,159</u>
(7,277,700)	(319,765)	6,957,935
<u>19,250,839</u>	<u>19,250,839</u>	
<u>\$11,973,139</u>	<u>\$18,931,074</u>	<u>\$6,957,935</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
GRANT REVENUE SPECIAL REVENUE FUNDS
JUNE 30, 2014

	<u>State Grant Fund</u>	<u>Federal Grant Fund</u>	<u>Other Grant Fund</u>	<u>Intra-fund Elimination</u>	<u>Total Grant Special Revenue Fund</u>
ASSETS					
Cash and investments	\$456,055				\$456,055
Receivables:					
Interest					
Due from other governmental agencies	203,122	\$98,205			301,327
Loans		4,621,180			4,621,180
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$659,177</u>	<u>\$4,719,385</u>	<u> </u>	<u> </u>	<u>\$5,378,562</u>
LIABILITIES					
Accounts payable	\$140,400	\$36,240			\$176,640
Due to other funds		302,987			302,987
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>140,400</u>	<u>339,227</u>	<u> </u>	<u> </u>	<u>479,627</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - due from other governmental agencies		75,084			75,084
Unavailable revenue - loans receivable		4,621,180			4,621,180
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u> </u>	<u>4,696,264</u>	<u> </u>	<u> </u>	<u>4,696,264</u>
FUND BALANCES (DEFICITS)					
Restricted	518,777			(\$316,106)	202,671
Unassigned		(316,106)		316,106	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances (Deficits)	<u>518,777</u>	<u>(316,106)</u>	<u> </u>	<u> </u>	<u>202,671</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$659,177</u>	<u>\$4,719,385</u>	<u> </u>	<u> </u>	<u>\$5,378,562</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, 2014

	State Grant Fund	Federal Grant Fund	Other Grant Fund	Total Grant Special Revenue Fund
REVENUES				
Intergovernmental	\$911,542	\$1,672,431	\$100,000	\$2,683,973
Use of money and property	48			48
Other	212,224			212,224
Total Revenues	1,123,814	1,672,431	100,000	2,896,245
EXPENDITURES				
Current:				
General Government		81,050		81,050
Public Safety	219,975	98,454		318,429
Public Works	277,333			277,333
Capital outlay	3,823	33,542		37,365
Total Expenditures	501,131	213,046		714,177
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	622,683	1,459,385	100,000	2,182,068
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(252,990)	(85,532)	(509)	(339,031)
Total Other Financing Sources (Uses)	(252,990)	(85,532)	(509)	(339,031)
NET CHANGE IN FUND BALANCES	369,693	1,373,853	99,491	1,843,037
BEGINNING FUND BALANCES (DEFICITS)	149,084	(1,689,959)	(99,491)	(1,640,366)
ENDING FUND BALANCES (DEFICITS)	\$518,777	(\$316,106)		\$202,671

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, 2014

	State Grant Fund			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental	\$1,942,000	\$1,942,000	\$911,542	(\$1,030,458)
Use of money and property			48	48
Other			212,224	212,224
Total Revenues	1,942,000	1,942,000	1,123,814	(818,186)
EXPENDITURES				
Current:				
General Government				
Community Development	252,000	252,000		252,000
Public Safety	42,000	42,000	219,975	(177,975)
Public Works	383,800	383,800	277,333	106,467
Capital outlay	994,000	994,000	3,823	990,177
Total Expenditures	1,671,800	1,671,800	501,131	1,170,669
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	270,200	270,200	622,683	352,483
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(270,200)	(270,200)	(252,990)	17,210
Total Other Financing Sources (Uses)	(270,200)	(270,200)	(252,990)	17,210
NET CHANGE IN FUND BALANCES			369,693	369,693
BEGINNING FUND BALANCES (DEFICITS)	149,084	149,084	149,084	
ENDING FUND BALANCES (DEFICITS)	\$149,084	\$149,084	\$518,777	\$369,693

Federal Grant Fund				Other Grant Fund			
Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$9,333,300	\$9,333,300	\$1,672,431	(\$7,660,869)	\$78,700	\$78,700	\$100,000	\$21,300
<u>9,333,300</u>	<u>9,333,300</u>	<u>1,672,431</u>	<u>(7,660,869)</u>	<u>78,700</u>	<u>78,700</u>	<u>100,000</u>	<u>21,300</u>
		81,050	(81,050)				
402,600	402,600	98,454	304,146				
		33,542	(33,542)				
<u>402,600</u>	<u>402,600</u>	<u>213,046</u>	<u>189,554</u>				
<u>8,930,700</u>	<u>8,930,700</u>	<u>1,459,385</u>	<u>(7,471,315)</u>	<u>78,700</u>	<u>78,700</u>	<u>100,000</u>	<u>21,300</u>
<u>(8,930,700)</u>	<u>(8,930,700)</u>	<u>(85,532)</u>	<u>8,845,168</u>	<u>(78,700)</u>	<u>(78,700)</u>	<u>(\$509)</u>	<u>78,191</u>
<u>(8,930,700)</u>	<u>(8,930,700)</u>	<u>(85,532)</u>	<u>8,845,168</u>	<u>(78,700)</u>	<u>(78,700)</u>	<u>(509)</u>	<u>78,191</u>
		1,373,853	1,373,853			99,491	99,491
<u>(1,689,959)</u>	<u>(1,689,959)</u>	<u>(1,689,959)</u>		<u>(99,491)</u>	<u>(99,491)</u>	<u>(99,491)</u>	
<u>(\$1,689,959)</u>	<u>(\$1,689,959)</u>	<u>(\$316,106)</u>	<u>\$1,373,853</u>	<u>(\$99,491)</u>	<u>(\$99,491)</u>		<u>\$99,491</u>

(Continued)

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, 2014

	Totals			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Intergovernmental	\$11,354,000	\$11,354,000	\$2,683,973	(\$8,670,027)
Use of money and property			48	48
Other			212,224	212,224
Total Revenues	11,354,000	11,354,000	2,896,245	(8,457,755)
EXPENDITURES				
Current:				
General Government			81,050	(81,050)
Community Development	252,000	252,000		252,000
Public Safety	444,600	444,600	318,429	126,171
Public Works	383,800	383,800	277,333	106,467
Capital outlay	994,000	994,000	37,365	956,635
Total Expenditures	2,074,400	2,074,400	714,177	1,360,223
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,279,600	9,279,600	2,182,068	(7,097,532)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(9,279,600)	(9,279,600)	(339,031)	8,940,569
Total Other Financing Sources (Uses)	(9,279,600)	(9,279,600)	(339,031)	8,940,569
NET CHANGE IN FUND BALANCES			1,843,037	1,843,037
BEGINNING FUND BALANCES (DEFICITS)	(1,640,366)	(1,640,366)	(1,640,366)	
ENDING FUND BALANCES (DEFICITS)	(\$1,640,366)	(\$1,640,366)	\$202,671	\$1,843,037

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Villages of Zinfandel Traffic Mitigation Fund	Villages of Zinfandel Admin Fund	Total Villages of Zinfandel Special Revenue Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$339,600	\$7,008	\$346,608
Receivables:			
Accounts, net	269		269
Interest	<u>16</u>		<u>16</u>
Total Assets	<u>\$339,885</u>	<u>\$7,008</u>	<u>\$346,893</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - accounts receivable	<u>\$269</u>		<u>\$269</u>
Total Deferred Inflows of Resources	<u>269</u>		<u>269</u>
FUND BALANCES			
Restricted	<u>339,616</u>	<u>\$7,008</u>	<u>346,624</u>
Total Fund Balances	<u>339,616</u>	<u>7,008</u>	<u>346,624</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$339,885</u>	<u>\$7,008</u>	<u>\$346,893</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, 2014

	Villages of Zinfandel Traffic Mitigation Fund	Villages of Zinfandel Admin Fund	Total Villages of Zinfandel Special Revenue Fund
REVENUES			
Licenses, permits and fees	\$19,908	\$627	\$20,535
Use of money and property	2,175	45	2,220
Total Revenues	<u>22,083</u>	<u>672</u>	<u>22,755</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>22,083</u>	<u>672</u>	<u>22,755</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>3,085</u>		<u>3,085</u>
Total Other Financing Sources (Uses)	<u>3,085</u>		<u>3,085</u>
NET CHANGE IN FUND BALANCES	25,168	672	25,840
BEGINNING FUND BALANCES	<u>314,448</u>	<u>6,336</u>	<u>320,784</u>
ENDING FUND BALANCES	<u><u>\$339,616</u></u>	<u><u>\$7,008</u></u>	<u><u>\$346,624</u></u>

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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, 2014

	Villages of Zinfandel Traffic Mitigation Fund			Villages of Zinfandel Admin Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$3,300	\$19,908	\$16,608	\$300	\$627	\$327
Use of money and property		2,175	2,175		45	45
Total Revenues	<u>3,300</u>	<u>22,083</u>	<u>18,783</u>	<u>300</u>	<u>672</u>	<u>372</u>
EXPENDITURES						
Current:						
Public works				2,500		2,500
Total Expenditures				<u>2,500</u>		<u>2,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,300</u>	<u>22,083</u>	<u>18,783</u>	<u>(2,200)</u>	<u>672</u>	<u>2,872</u>
OTHER FINANCING SOURCES (USES)						
Transfers in		3,085	3,085			
Transfers (out)	(170,700)		170,700			
Total Other Financing Sources (Uses)	<u>(170,700)</u>	<u>3,085</u>	<u>173,785</u>			
NET CHANGE IN FUND BALANCES	(167,400)	25,168	192,568	(2,200)	672	2,872
BEGINNING FUND BALANCES	<u>314,448</u>	<u>314,448</u>		<u>6,336</u>	<u>6,336</u>	
ENDING FUND BALANCES	<u>\$147,048</u>	<u>\$339,616</u>	<u>\$192,568</u>	<u>\$4,136</u>	<u>\$7,008</u>	<u>\$2,872</u>

Totals		
Budget	Actual	Variance Positive (Negative)
\$3,600	\$20,535	\$16,935
	2,220	2,220
3,600	22,755	19,155
2,500		2,500
2,500		2,500
1,100	22,755	21,655
(170,700)	3,085	3,085
		170,700
(170,700)	3,085	173,785
(169,600)	25,840	195,440
320,784	320,784	
\$151,184	\$346,624	\$195,440

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
CAPITAL OUTLAY CAPITAL PROJECTS FUNDS
JUNE 30, 2014

	Capital Improvements Projects	Capital Facilities	Infrastructure Repair and Replacement	Enhancement and Replacement	Intra-fund Elimination	Total Capital Projects Special Revenue Fund
ASSETS						
Cash and investments	\$1,000	\$3,296,322	1,715,112	232,971		\$5,245,405
Receivables:						
Interest		94.00	51.00	11.00		156
Due from other governmental agencies	52,023					52,023
Total Assets	<u>\$53,023</u>	<u>\$3,296,416</u>	<u>\$1,715,163</u>	<u>\$232,982</u>		<u>\$5,297,584</u>
LIABILITIES						
Accounts payable			\$5,500			\$5,500
Due to other funds	\$520,856					520,856
Total Liabilities	<u>520,856</u>		<u>5,500</u>			<u>526,356</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - due from other governmental agencies	12,500					12,500
Total Deferred Inflows of Resources	<u>12,500</u>					<u>12,500</u>
FUND BALANCES (DEFICITS)						
Restricted		\$3,296,416	1,709,663	\$232,982	(480,333)	4,758,728
Unassigned	(480,333)				480,333	
Total Fund Balances (Deficits)	<u>(480,333)</u>	<u>3,296,416</u>	<u>1,709,663</u>	<u>232,982</u>		<u>4,758,728</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$53,023</u>	<u>\$3,296,416</u>	<u>\$1,715,163</u>	<u>\$232,982</u>		<u>\$5,297,584</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL OUTLAY CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Capital Improvements Projects</u>	<u>Capital Facilities</u>	<u>Infrastructure Repair and Replacement</u>	<u>Enhancement and Replacement</u>	<u>Total Capital Projects Special Revenue Fund</u>
REVENUES					
Charges for services	\$36,415				\$36,415
Other	15,111				15,111
Total Revenues	<u>51,526</u>				<u>51,526</u>
EXPENDITURES					
Capital outlay	<u>2,432,484</u>				<u>2,432,484</u>
Total Expenditures	<u>2,432,484</u>				<u>2,432,484</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,380,958)</u>				<u>(2,380,958)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,903,171	3,296,416	1,709,663	232,982	7,142,232
Transfers (out)	<u>(27,446)</u>				<u>(27,446)</u>
Total Other Financing Sources (Uses)	<u>1,875,725</u>	<u>3,296,416</u>	<u>1,709,663</u>	<u>232,982</u>	<u>7,114,786</u>
NET CHANGE IN FUND BALANCES	(505,233)	3,296,416	1,709,663	232,982	4,733,828
BEGINNING FUND BALANCES (DEFICITS)	<u>24,900</u>				<u>24,900</u>
ENDING FUND BALANCES (DEFICITS)	<u>(\$480,333)</u>	<u>\$3,296,416</u>	<u>\$1,709,663</u>	<u>\$232,982</u>	<u>\$4,758,728</u>

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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 does not extend to internal service funds because they do not do business with outside parties. Financial reporting Standards require 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 Position.

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. This fund was closed as of June 30, 2014. This fund was closed as of June 30, 2014.

CAPITAL FACILITY FUND – to account for the accumulation of resources and the acquisition, construction, maintenance and/or remodeling of City owned buildings and facilities. This fund was closed as of June 30, 2014. This fund was closed as of June 30, 2014.

INFRASTRUCTURE FUND – to accumulate and account for funds to pay for the ongoing maintenance of infrastructure facilities such as roads, sidewalks and intersection improvements. This fund was closed as of June 30, 2014. This fund was closed as of June 30, 2014.

CITY OF RANCHO CORDOVA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Insurance</u>	<u>Vehicle & Equipment Replacement</u>	<u>Technology Enhancement & Replacement</u>	<u>Capital Facility</u>	<u>Infrastructure</u>	<u>Total</u>
ASSETS						
Current assets:						
Cash and investments	\$484,626	\$318,581				\$803,207
Receivables:						
Interest	<u>23</u>	<u>14</u>				<u>37</u>
Total current assets	<u>484,649</u>	<u>318,595</u>				<u>803,244</u>
Noncurrent assets:						
Capital assets:						
Depreciable, net		<u>93,569</u>				<u>93,569</u>
Total noncurrent assets		<u>93,569</u>				<u>93,569</u>
Total Assets	<u>484,649</u>	<u>412,164</u>				<u>896,813</u>
Current liabilities:						
Accounts payable	<u>20,919</u>					<u>20,919</u>
Total Liabilities	<u>20,919</u>					<u>20,919</u>
NET POSITION						
Net investment in capital assets		93,569				93,569
Unrestricted	<u>463,730</u>	<u>318,595</u>				<u>782,325</u>
Total Net Position	<u>\$463,730</u>	<u>\$412,164</u>				<u>\$875,894</u>

CITY OF RANCHO CORDOVA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Insurance	Vehicle & Equipment Replacement	Technology Enhancement & Replacement	Capital Facility	Infrastructure	Total
OPERATING REVENUES						
Other		\$46,200	\$43,518		\$133,981	\$223,699
Total Operating Revenues		46,200	43,518		133,981	223,699
OPERATING EXPENSES						
Administration	\$45,934	9,475			225,047	280,456
Depreciation		23,393		\$253,262	43,006	319,661
Total Operating Expenses	45,934	32,868		253,262	268,053	600,117
Operating Income (Loss)	(45,934)	13,332	43,518	(253,262)	(134,072)	(376,418)
NONOPERATING REVENUES (EXPENSES)						
Interest income	3,341	2,151	1,562	18,043	35,181	60,278
Miscellaneous expenses			(193,602)	(1,991,300)	(787,516)	(2,972,418)
Total Nonoperating Revenues	3,341	2,151	(192,040)	(1,973,257)	(752,335)	(2,912,140)
Income (Loss) Before Transfers	(42,593)	15,483	(148,522)	(2,226,519)	(886,407)	(3,288,558)
Transfers in		14,000				14,000
Transfers (out)			(232,982)	(1,964,001)	(1,043,456)	(3,240,439)
Net Transfers		14,000	(232,982)	(1,964,001)	(1,043,456)	(3,226,439)
Change in Net Position	(42,593)	29,483	(381,504)	(4,190,520)	(1,929,863)	(6,514,997)
BEGINNING NET POSITION	506,323	382,681	381,504	4,190,520	1,929,863	7,390,891
ENDING NET POSITION	\$463,730	\$412,164				\$875,894

CITY OF RANCHO CORDOVA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	Insurance	Vehicle & Equipment Replacement	Technology Enhancement & Replacement	Capital Facility	Infrastructure	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Reimbursements from suppliers		\$46,200	\$43,518			\$89,718
Payments to suppliers	(\$27,228)	(9,475)		(\$103,480)	(\$91,066)	(\$231,249)
Cash Flows from (Used by) Operating Activities	(27,228)	36,725	43,518	(103,480)	(91,066)	(141,531)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in		\$14,000				14,000
Transfers (out)			(\$232,982)	(1,964,001)	(1,043,456)	(3,240,439)
Cash Flows from Noncapital Financing Activities		14,000	(232,982)	(1,964,001)	(1,043,456)	(3,226,439)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets		(116,962)	(\$43,518)	(1,081,932)	(27,719)	(1,270,131)
Cash Flows from Capital and Related Financing Activities		(116,962)	(43,518)	(1,081,932)	(27,719)	(1,270,131)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	3,343	\$2,157	1,571	18,144	35,218	60,433
Cash Flows from Investing Activities	3,343	2,157	1,571	18,144	35,218	60,433
Net Cash Flows	(23,885)	(64,080)	(231,411)	(3,131,269)	(1,127,023)	(4,577,668)
Cash and investments at beginning of period	508,511	382,661	231,411	3,131,269	1,127,023	5,380,875
Cash and investments at end of period	\$484,626	\$318,581				\$803,207
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:						
Operating income (loss)	(\$45,934)	\$13,332	\$43,518	(\$253,262)	(\$134,072)	(\$376,418)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation		23,393		253,262	43,006	319,661
Change in assets and liabilities:						
Accounts payable	18,706			(103,480)		(84,774)
Cash Flows from (Used by) Operating Activities	(\$27,228)	\$36,725	\$43,518	(\$103,480)	(\$91,066)	(\$141,531)

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 PARK – 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, 2014

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
<u>Sunridge Anatolia CFD 2003-1</u>				
Cash and investments	\$3,774,701	\$345,831		\$4,120,532
Restricted cash and investments	5,485,118	1,200,156		6,685,274
Accounts receivable	571			571
Due from other governmental agencies	35,635	13,160		48,795
Interest receivable	2,784		\$2,585	199
Total Assets	<u>\$9,298,809</u>	<u>\$1,559,147</u>	<u>\$2,585</u>	<u>\$10,855,371</u>
Accounts payable	\$2,627		\$1,857	\$770
Due to assessment district bondholders	9,296,182	1,559,147	728	10,854,601
Total Liabilities	<u>\$9,298,809</u>	<u>\$1,559,147</u>	<u>\$2,585</u>	<u>\$10,855,371</u>
<u>Sunridge Park CFD 2004-1</u>				
Cash and investments	\$2,539,483	\$427,975		\$2,967,458
Restricted cash and investments	7,519,044		\$613,148	6,905,896
Due from other governmental agencies	35,378		26,930	8,448
Interest receivable	937		793	144
Total Assets	<u>\$10,094,842</u>	<u>\$427,975</u>	<u>\$640,871</u>	<u>\$9,881,946</u>
Accounts payable		\$21,689		\$21,689
Due to assessment district bondholders	\$10,094,842	406,286	\$640,871	9,860,257
Total Liabilities	<u>\$10,094,842</u>	<u>\$406,286</u>	<u>\$640,871</u>	<u>\$9,860,257</u>
<u>Sunridge North Douglas CFD 2005-1</u>				
Cash and investments	\$45,490	\$304		\$45,794
Interest receivable	2			2
Total Assets	<u>\$45,492</u>	<u>\$304</u>		<u>\$45,796</u>
Due to other agencies	<u>\$45,492</u>	<u>\$304</u>		<u>\$45,796</u>
<u>Montelena CFD</u>				
Cash and investments	\$111,861		\$111,861	
Interest receivable	6		6	
Total Assets	<u>\$111,867</u>		<u>\$111,867</u>	
Deposits	\$100,211		\$100,211	
Due to other agencies	11,656		\$11,656	
Total Liabilities	<u>\$111,867</u>		<u>\$111,867</u>	

(Continued)

CITY OF RANCHO CORDOVA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
<u>Sunrise Douglas Park Fund</u>				
Cash and investments	\$8,385,436		\$867,527	\$7,517,909
Interest receivable	437		73	364
Total Assets	<u>\$8,385,873</u>		<u>\$867,600</u>	<u>\$7,518,273</u>
Accounts payable	\$29,488		\$13,195	\$16,293
Due to other agencies	8,356,385		854,405	7,501,980
Total Liabilities	<u>\$8,385,873</u>		<u>\$867,600</u>	<u>\$7,518,273</u>
<u>Total Agency Funds</u>				
Cash and investments	\$14,856,971	\$774,110	\$979,388	\$14,651,693
Restricted cash and investments	13,004,162	1,200,156	613,148	13,591,170
Accounts receivable	571			571
Interest receivable	4,166		3,457	709
Due from other governmental agencies	71,013	13,160	26,930	57,243
Total Assets	<u>\$27,936,883</u>	<u>\$1,987,426</u>	<u>\$1,622,923</u>	<u>\$28,301,386</u>
Accounts payable	\$32,115	\$21,689	\$15,052	\$38,752
Deposits	100,211		100,211	
Due to assessment district bondholders	19,391,024	1,965,433	641,599	20,714,858
Due to other agencies	8,413,533	304	866,061	7,547,776
Total Liabilities	<u>\$27,936,883</u>	<u>\$1,987,426</u>	<u>\$1,622,923</u>	<u>\$28,301,386</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 wellbeing have changed over time:

1. Net Position by Component
2. Changes in Net Position
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 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. Legal Debt Margin Information

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. Schedule of Demographic Statistics
2. Ten Largest Area 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. Government Employment Information
2. Full-Time Equivalent City Government Employees by Function
3. Operating Indicators by Function/Program (Miscellaneous Statistics)
4. Capital Asset and Infrastructure 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.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
In capital assets	\$ 329,107	\$ 8,357,941	\$ 228,382,846	\$ 242,668,370	\$ 265,248,656	\$ 272,812,541	\$ 284,145,506	\$ 291,926,279	\$ 320,087,426	\$ 313,935,860
Restricted	30,963,342	40,513,083	53,397,757	66,637,771	67,519,112	59,207,574	56,953,066	62,607,924	64,124,648	65,172,962
Unrestricted	861,598	6,501,698	24,791,160	19,262,027	25,297,053	28,260,267	29,934,891	24,692,937	28,612,663	29,430,909
Total governmental activities net position	<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>	<u>371,033,463</u>	<u>379,227,140</u>	<u>412,824,737</u>	<u>408,539,731</u>
Business-type activities										
In capital assets	-	-	1,422,003	1,470,806	1,489,554	1,477,013	1,502,122	1,472,178	1,442,253	1,412,328
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	(1,224,820)	(1,345,183)	(1,401,825)	(1,471,042)	(1,570,040)	(1,592,398)	(1,622,508)	(1,455,770)
Total business-type activities net position	<u>-</u>	<u>-</u>	<u>197,183</u>	<u>125,623</u>	<u>87,729</u>	<u>5,971</u>	<u>(67,918)</u>	<u>(120,220)</u>	<u>(180,255)</u>	<u>(43,442)</u>
Primary government										
In capital assets	329,107	8,357,941	229,804,849	244,139,176	266,738,210	274,289,554	285,647,628	293,398,457	321,529,679	315,348,188
Restricted	30,963,342	40,513,083	53,397,757	66,637,771	67,519,112	59,207,574	56,953,066	62,607,924	64,124,648	65,172,962
Unrestricted	861,598	6,501,698	23,566,340	17,916,844	23,895,228	26,789,225	28,364,851	23,100,539	26,990,155	27,975,139
Total primary government net position	<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>	<u>\$ 370,965,545</u>	<u>\$ 379,106,920</u>	<u>\$ 412,644,482</u>	<u>\$ 408,496,289</u>

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

Expenses	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities:										
General government	\$ 5,159,815	\$ 17,939,297	\$ 22,055,441	\$ 28,454,471	\$ 23,835,036	\$ 23,975,190	\$ 31,391,098	\$ 26,389,142	\$ 27,907,919	\$ 30,105,912
Community Development	4,055,329	6,812,844	6,447,185	7,353,683	6,972,540	6,139,788	5,948,790	7,627,192	5,452,232	6,200,258
Public Safety	12,935,511	13,446,239	13,778,468	15,614,787	16,027,526	15,288,923	15,310,983	15,878,548	16,476,763	17,187,388
Public Works	2,782,143	2,630,097	4,121,579	4,950,568	9,797,172	5,781,813	4,955,151	9,911,194	8,276,583	11,280,959
Interest on long term debt	60,676	881,467	1,359,131	1,563,374	1,439,074	1,384,583	1,584,644	1,221,777	1,107,696	1,063,097
Total governmental activities expenses	<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>	<u>59,190,666</u>	<u>61,027,853</u>	<u>59,221,193</u>	<u>65,837,614</u>
Business-type activities:										
Cemetery	-	-	9,988	71,680	86,381	89,905	80,919	63,809	69,629	180,274
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>9,988</u>	<u>71,680</u>	<u>86,381</u>	<u>89,905</u>	<u>80,919</u>	<u>63,809</u>	<u>69,629</u>	<u>180,274</u>
Total primary government expenses	<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>	<u>59,271,585</u>	<u>61,091,662</u>	<u>59,290,822</u>	<u>66,017,888</u>
Program Revenues										
Governmental activities:										
Charges for services	25,932,561	26,142,639	33,364,367							
General government				12,500,088	1,101,483	723,545	981,611	1,045,377	642,864	1,033,345
Community Development				3,555,238	2,997,656	2,800,846	3,137,047	2,607,312	3,149,670	2,917,407
Public Safety				878,827	1,560,634	2,054,171	2,166,447	2,107,741	2,268,689	2,626,799
Public Works				5,651,648	3,485,309	3,590,042	3,568,562	3,787,812	3,722,318	4,037,491
Operating grants and contributions	2,378,060	3,322,801	6,718,186	3,578,050	8,976,488	8,816,551	5,543,162	8,924,056	8,306,015	6,484,293
Capital grants and contributions	39,142	1,803,132	3,820,997	9,461,811	34,079,529	11,145,048	21,104,022	17,600,808	40,963,959	8,525,538
Total governmental activities program revenues	<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>	<u>36,500,851</u>	<u>36,073,106</u>	<u>59,053,515</u>	<u>25,624,873</u>
Business-type activities:										
Charges for services					48,277	8,000	6,850	11,400	9,500	4,700
Capital grants and contributions	-	-	225,000	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>225,000</u>	<u>-</u>	<u>48,277</u>	<u>8,000</u>	<u>6,850</u>	<u>11,400</u>	<u>9,500</u>	<u>4,700</u>
Total primary government program revenues	<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>	<u>36,507,701</u>	<u>36,084,506</u>	<u>59,063,015</u>	<u>25,629,573</u>
Net (expense)/revenue										
Governmental activities	3,356,289	(10,441,372)	(3,858,254)	(22,311,221)	(5,870,249)	(23,440,094)	(22,689,815)	(24,954,747)	(167,678)	(40,212,741)
Business-type activities	-	-	215,012	(71,680)	(38,104)	(81,905)	(74,069)	(52,409)	(60,129)	(175,574)
Total primary government net (expense)/revenue	<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>	<u>\$ (22,763,884)</u>	<u>\$ (25,007,156)</u>	<u>\$ (227,807)</u>	<u>\$ (40,388,315)</u>

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property	\$ 717,685	\$ 7,739,207	\$ 8,544,439	\$ 12,252,371	\$ 11,127,070	\$ 9,970,988	\$ 8,271,587	\$ 7,250,433	\$ 7,712,950	\$ 8,083,269
Property taxes in lieu of vehicle license fees	4,606,840	4,518,669	4,482,885	5,118,290	5,097,792	4,881,275	4,823,953	5,012,950	4,793,814	4,864,721
Sales and use	9,603,899	10,418,318	10,095,717	9,304,724	9,040,890	8,824,813	11,167,725	11,354,606	12,060,818	12,797,765
Transient occupancy	2,494,012	2,581,424	2,528,209	2,518,771	2,183,506	1,821,607	2,514,865	2,625,755	2,636,893	2,859,013
Utility users	1,389,613	1,721,736	2,236,887	1,930,878	1,953,249	2,177,275	2,712,564	3,380,600	3,411,126	3,439,608
Gas	1,340,863	-	-	-	-	-	-	-	-	-
Other	138,817	982,636	1,028,478	1,371,957	402,924	285,702	1,908,640	1,907,975	2,295,517	2,695,318
Franchise fees	794,876	-	-	-	1,213,596	1,359,669	-	-	-	-
Use of money and property	187,954	1,950,149	4,402,877	5,188,665	2,983,325	1,958,977	1,789,392	1,122,769	959,979	1,098,942
Transfers and miscellaneous	245,978	3,747,908	5,250,865	6,621,970	1,364,550	828,474	254,170	227,747	658,883	89,099
Extraordinary item	-	-	-	-	-	-	-	265,589	(144,949)	-
Total governmental activities	<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>	<u>33,442,896</u>	<u>33,148,424</u>	<u>34,385,031</u>	<u>35,927,735</u>
Business-type activities:										
Use of money and property	-	-	320	120	210	147	180	107	94	107
Transfers and miscellaneous	-	-	(18,149)	-	-	-	-	-	-	312,280
Total business-type activities	-	-	<u>(17,829)</u>	<u>120</u>	<u>210</u>	<u>147</u>	<u>180</u>	<u>107</u>	<u>94</u>	<u>312,387</u>
Total primary government	<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>	<u>33,443,076</u>	<u>33,148,531</u>	<u>34,385,125</u>	<u>36,240,122</u>
Change in Net Position										
Governmental activities	24,876,826	23,218,675	34,712,103	21,996,405	29,496,653	8,668,686	10,753,081	8,193,677	34,217,353	(4,285,006)
Business-type activities	-	-	197,183	(71,560)	(37,894)	(81,758)	(73,889)	(52,302)	(60,035)	136,813
Total primary government	<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>	<u>\$ 10,679,192</u>	<u>\$ 8,141,375</u>	<u>\$ 34,157,318</u>	<u>\$ (4,148,193)</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 *</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund										
Reserved	\$ 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>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>				
Nonspendable							\$ 8,811,161	\$ 12,178,697	9,333,571	9,616,390
Unassigned							<u>16,963,918</u>	<u>14,070,687</u>	<u>17,549,125</u>	<u>17,932,519</u>
Total General Fund	<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>	<u>\$ 25,775,079</u>	<u>\$ 26,249,384</u>	<u>\$ 26,882,696</u>	<u>\$ 27,548,909</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	21,607,914	41,121,009	54,335,848	59,277,713	59,627,221	52,130,207				
Capital Projects Funds	<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>				
Nonspendable							\$ 405,963	\$ -	\$ -	\$ -
Restricted							56,972,277	61,928,667	63,518,924	69,737,246
Committed							3,209,102	-	-	-
Unassigned							<u>(2,047,218)</u>	<u>(5,555,704)</u>	<u>(3,456,204)</u>	<u>(2,030,192)</u>
Total All Other Governmental Funds	<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>	<u>\$ 58,540,124</u>	<u>\$ 56,372,963</u>	<u>\$ 60,062,720</u>	<u>\$ 67,707,054</u>

* The city implemented GASB Statement 54 in fiscal year 2011.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes and assessments	\$ 15,270,080	\$ 27,961,990	\$ 28,916,615	\$ 32,140,342	\$ 31,795,690	\$ 30,133,667	\$ 31,763,342	\$ 34,165,037	\$ 35,506,292	\$ 34,620,251
Charges for services	2,459,677	3,526,782	6,242,718	5,443,068	4,215,834	3,078,720	3,918,943	3,533,612	3,042,033	3,242,051
Licenses, fees and permits	23,045,059	35,670,026	26,554,572	16,406,734	11,606,702	9,719,697	8,392,039	9,894,338	12,028,868	10,419,315
Fines and forfeitures	388,859	464,745	567,078	735,999	777,339	1,135,908	1,236,844	1,083,794	1,336,428	1,424,763
Intergovernmental	8,499,891	5,011,087	10,492,415	13,000,346	13,609,918	14,183,280	14,169,350	15,148,811	13,145,345	9,913,819
Use of money and property	204,677	1,950,149	4,254,559	5,095,186	3,135,499	1,927,424	1,750,334	1,015,217	986,863	1,104,518
Miscellaneous	205,057	3,747,908	4,547,716	1,581,394	353,094	575,108	477,040	338,618	315,467	517,541
Total revenues	50,073,300	78,332,687	81,575,673	74,403,069	65,494,076	60,753,804	61,707,892	65,179,427	66,361,296	61,242,258
Expenditures										
General government	5,097,357	16,041,144	17,594,828	20,729,058	15,117,347	13,780,896	14,868,621	14,855,261	15,156,251	15,278,010
Community Development	4,051,342	6,812,844	6,447,185	7,353,683	6,972,540	6,135,973	5,948,790	6,469,795	5,452,232	5,923,004
Public Safety	12,916,961	13,446,239	13,778,468	15,614,787	16,027,526	15,288,923	15,310,983	15,795,913	16,354,005	17,093,766
Public Works	2,782,143	2,630,097	4,121,579	4,950,568	4,689,463	3,970,479	4,938,302	6,466,683	7,628,907	9,527,340
Estimated reduction in fair value of land held for resale								1,157,397		
Capital outlay	13,061,880	28,223,470	11,840,393	15,697,381	16,370,213	17,962,305	20,406,701	18,901,174	13,418,857	6,491,784
Debt service:										
Principal retirement	423,012	1,143,012	1,043,044	1,003,012	1,118,011	725,000	765,000	815,025	850,445	896,017
Interest and fiscal charges	628,765	1,157,641	1,295,270	1,528,116	1,414,494	1,354,950	1,555,863	1,193,725	1,107,653	1,063,960
Bond issuance costs	-	-	498,787	-	-	-	-	-	-	-
Total expenditures	38,961,460	69,454,447	56,619,554	66,876,605	61,709,594	59,218,526	63,794,260	65,654,973	59,968,350	56,273,881
Excess of revenues over (under) expenditures	11,111,840	8,878,240	24,956,119	7,526,464	3,784,482	1,535,278	(2,086,368)	(475,546)	6,392,946	4,968,377
Other financing sources (uses)										
Issuance of capital lease							55,365			
Proceeds from debt	21,217,448	6,705,000	-	-	-	-	-	-	-	428,011
Proceeds from issuance of refunding debt	-	-	20,400,000	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(19,637,790)	-	-	-	-	-	-	-
Discount on refunding debt	-	-	(341,335)	-	-	-	-	-	-	-
Transfers in	719,634	3,921,921	20,710,051	18,212,921	22,288,975	24,838,370	26,720,749	17,732,940	18,071,384	9,827,272
Transfers out	(719,634)	(3,921,921)	(21,812,102)	(18,712,921)	(23,536,456)	(25,066,927)	(26,198,217)	(19,215,839)	(19,996,312)	(6,913,113)
Total other financing sources (uses)	-	-	(1,102,051)	(500,000)	(1,247,481)	(228,557)	577,897	(1,482,899)	(1,924,928)	3,342,170
Net change in fund balances before extraordinary item								(1,958,445)	4,468,018	8,310,547
Extraordinary Item								265,589	(144,949)	-
	\$ 11,111,840	\$ 8,878,240	\$ 23,854,068	\$ 7,026,464	\$ 2,537,001	\$ 1,306,721	\$ (1,508,471)	\$ (1,692,856)	\$ 4,323,069	\$ 8,310,547
Debt services as a percentage of non-capital expenditures	4.2%	5.9%	6.8%	5.2%	5.1%	5.1%	4.9%	4.1%	4.2%	3.9%

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
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
2010/11	13,095,540	11,167,725	1,605,332	2,712,564	2,514,865	173,973	1,094,442	32,364,441
2011/12	12,027,442	11,354,606	1,580,803	3,380,600	2,625,755	217,172	1,161,104	32,347,482
2012/13	12,008,690	12,060,818	1,972,151	3,411,126	2,636,893	215,116	1,228,246	33,533,040
2013/14	12,421,203	12,797,765	1,845,459	3,439,608	2,859,013	242,617	1,379,082	34,984,747
TOTAL	\$ 123,544,213	\$ 104,669,275	\$ 13,751,321	\$ 24,353,536	\$ 24,764,055	\$ 3,264,361	\$ 8,661,742	\$ 303,008,503

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.

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	Net Assessed Valuation	Full Market Value	Total Direct Tax Rate
2004/05	\$ 4,138,028,203	56,612	\$ 334,784,128	\$ 60,216,379	\$ 4,412,652,564	\$ 4,472,868,943	1.0%
2005/06	4,676,731,067	55,495	359,892,084	60,702,885	4,975,975,761	5,036,678,646	1.0%
2006/07	5,604,585,670	52,740	385,233,405	63,423,836	5,926,447,979	5,989,871,815	1.0%
2007/08	6,403,351,771	40,000	435,424,710	67,203,285	6,771,613,196	6,838,816,481	1.0%
2008/09	6,349,138,912	40,000	462,249,763	69,531,303	6,741,897,372	6,811,428,675	1.0%
2009/10	6,014,538,118	40,000	507,550,695	71,509,406	6,450,619,407	6,522,128,813	1.0%
2010/11	5,794,843,878	40,000	441,226,348	72,443,391	6,163,666,835	6,236,110,226	1.0%
2011/12	6,068,916,766	146,060	396,218,211	71,734,546	6,393,546,491	6,465,281,037	1.0%
2012/13	5,851,403,070	175,453	508,419,318	70,314,733	6,289,683,108	6,359,997,841	1.0%
2013/14	5,998,670,352	175,453	463,225,618	68,562,466	6,393,508,957	6,462,071,423	1.0%

* 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 .

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	Direct Rate	Overlapping Rates										Total Property Tax Rate
	Basic Prop 13 Statewide Tax Rate*	Voter Approved (or) Pre 1978 Debt Service										
		City	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 1	Folsom Cordova Imp 3	Folsom Cordova Imp 4		
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%	0.0000%	0.0370%	0.0600%	**	
2008/09	1.0000%	0.0000%	0.0000%	0.0074%	0.0000%	0.0477%	0.0000%	0.0000%	0.0505%	0.0343%	1.1399%	
2009/10	1.0000%	0.0000%	0.0000%	0.0124%	0.0000%	0.0537%	0.0000%	0.0000%	0.0985%	0.0599%	1.2245%	
2010/11	1.0000%	0.0000%	0.0000%	0.0192%	0.0000%	0.0702%	0.0000%	0.0000%	0.0916%	0.0756%	1.2566%	
2011/12	1.0000%	0.0000%	0.0000%	0.0072%	0.0000%	0.0507%	0.0000%	0.0000%	0.0000%	0.0000%	1.0579%	
2012/13	1.0000%	0.0000%	0.0000%	0.0193%	0.0000%	0.0000%	0.0000%	0.0708%	0.1155%	0.0726%	1.2782%	
2013/14	1.0000%	0.0000%	0.0000%	0.0181%	0.0000%	0.0000%	0.0000%	0.0739%	0.1125%	0.1314%	1.3359%	

* 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 of a property. 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
Current Year and Nine Years Ago
As of June 30, 2014
(Unaudited)

Taxpayer	Land Use	2013/2014 Assessed Valuation	Percentage of Total Assessed Valuation **	2004/2005 Assessed Valuation	Percentage of Total Assessed Valuation
Franklin Resources Inc	Office Building	\$ 81,071,456	1	\$ 58,769,524	4
VSP Holding Company	Office Building	81,039,446	2		
Karlin Capital Center LLC	Office Building	61,200,000	3		
D. Bruce/Darlyne Fite Family Revocable Trust	Office Building	58,184,332	4		
MSCP Capital Center Investor LLC	Office Building	57,829,887	5		
Rreef America REIT II Corporation	Office Building	49,200,000	6		
Cordova LLC	Office Building	39,333,385	7	34,066,910	10
Wasatch Pool Holdings LLC	Apartments	35,454,506	8	36,041,233	9
Westcore Delta LLC	Commercial	32,995,603	9		
FJM Sunrise Associates LLC	Industrial	30,083,436	10		
Prospect Green Partners	Office Building			73,855,934	1
GMAC Model Home Finance, Inc.	Residential Properties			65,678,489	2
Sunridge Park, LLC	Residential Land			64,000,000	3
Trizechahn TBI Sacramento I LLC	Office Building			55,413,858	5
McKesson Corporation	Office Building			45,877,531	6
Altair Holding Company	Office Building			43,037,609	7
Salvatore A. Rubino Decl. of Trust	Office Building			38,084,096	8
		<u>\$ 526,392,051</u>		<u>\$ 514,825,184</u>	

** 2013/2014 Local Secured Assessed Valuation: \$5,998,670,352

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)
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%	-
2010/11	7,657,471	7,657,471	100.00%	-
2011/12	7,662,885	7,662,885	100.00%	-
2012/13	7,515,163	7,515,163	100.00%	-
2013/14	7,669,804	7,669,804	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 a Modified Teeter Plan. Cities participating in the Plan receive three distributions equal to the actual amount of property taxes collected. Any delinquencies at June 30 are purchased by the County and remitted to the City. 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	Streetlight Retrofit Loan	Capital Lease	Notes	Certificates of Participation	Bond Discount	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2004/05	\$ -	\$ -	\$ 1,692,047	\$ 20,923,793	\$ (358,793)	\$ 22,257,047	1.28%	404
2005/06	-	-	1,269,035	26,896,706	(346,706)	27,819,035	1.54%	494
2006/07	-	-	846,023	27,199,619	(334,619)	27,711,023	1.38%	469
2007/08	-	-	423,011	26,607,532	(322,532)	26,708,011	1.14%	438
2008/09	-	-	-	25,900,445	(310,445)	25,590,000	1.07%	416
2009/10	-	-	-	25,163,358	(298,358)	24,865,000	0.98%	395
2010/11	-	55,365	-	24,001,929	(286,271)	23,771,023	0.90%	363
2011/12	-	45,340	-	23,201,089	(274,184)	22,972,245	0.86%	348
2012/13	-	34,895	-	22,455,000	(262,097)	22,227,798	0.68%	332
2013/14	428,011	23,878	-	21,570,000	(250,010)	21,771,879	0.62%	321

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)

2013-14 Assessed Valuation: \$ 6,462,071,423

	Total Debt	%	City's share of
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>6/30/14</u>	<u>Applicable (1)</u>	<u>Debt 6/30/14</u>
Los Rios Community College District	\$ 370,270,000	4.384%	\$ 16,232,637
Folsom-Cordova Unified School District Facilities Improvement District No. 1	33,226,487	83.530%	27,754,085
Folsom-Cordova Unified School District Facilities Improvement District No. 3	40,508,856	61.004%	24,712,023
Folsom-Cordova Unified School District Facilities Improvement District No. 4	82,698,831	89.130%	73,709,468
Sacramento Unified School District	372,362,966	2.700%	10,053,800
San Juan Unified School District	335,630,397	0.080%	268,504
Elk Grove Unified School District Facilities Improvement District No. 1	182,043,915	3.359%	6,114,855
City of Rancho Cordova Community Facilities District No. 2003-1	57,875,000	100.00%	57,875,000
City of Rancho Cordova Community Facilities District No. 2004-1	13,185,000	100.00%	13,185,000
Sac Area Flood Control District Consolidated Capital Assessment District	192,610,000	3.084%	5,940,092
Sac Area Flood Control District Operation & Maintenance Assessment District	3,320,000	6.587%	218,688
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 236,064,152
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Sacramento County General Fund Obligations	\$ 297,541,055	5.338%	\$ 15,882,742
Sacramento County Pension Obligations	990,307,535	5.338%	52,862,616
Sacramento County Office of Education Certificates of Participation	8,010,000	5.338%	427,574
Los Rios Community College District Certificates of Participation	5,670,000	4.384%	248,573
Folsom-Cordova Unified School District Certificates of Participation	21,575,000	30.258%	6,528,164
Sacramento Unified School District Certificates of Participation	74,285,000	2.700%	2,005,695
Sacramento Unified School District Pension Obligations	1,740,000	2.700%	46,980
San Juan Unified School District General Fund Obligations	999,191	0.080%	799
City of Rancho Cordova Certificates of Participation	21,570,000	100.00%	21,570,000
Sacramento Metropolitan Fire District Pension Obligations	59,473,975	12.578%	7,480,637
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 107,053,780
Less: Sacramento County self-supported obligations			344,568
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 106,709,212
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>			
	73,500,000	9.735%	\$ 7,155,225
TOTAL DIRECT DEBT			\$ 21,570,000
TOTAL GROSS OVERLAPPING DEBT			\$ 328,703,157
TOTAL NET OVERLAPPING DEBT			\$ 328,353,589
GROSS COMBINED TOTAL DEBT			\$ 350,273,157 (2)
NET COMBINED TOTAL DEBT			\$ 349,928,589

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	3.65%
Total Direct Debt (\$21,570,000)	0.33%
Gross Combined Total Debt	5.42%
Net Combined Total Debt	5.42%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$113,318,258):

Total Overlapping Tax Increment Debt	6.31%
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Source: California Municipal Statistics, Inc.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 661,897,885	\$ 705,000,000	\$ 888,967,197	\$ 1,015,741,979	\$ 1,011,284,606	\$ 967,592,911	\$ 924,550,025	\$ 959,031,974	\$ 943,452,466	\$ 959,026,344
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	661,897,885	705,000,000	888,967,197	1,015,741,979	1,011,284,606	967,592,911	924,550,025	959,031,974	943,452,466	\$ 959,026,344
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.	n.a.	n.a.	n.a.

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	6,462,071,423
Less: Exemptions	<u>(68,562,466)</u>
<i>Net assessed value</i>	6,393,508,957
Debt limit (15% of total assessed value)	959,026,344
Debt applicable to limit	
General Obligation Bonds outstanding	-
Less: Amounts available for repayment	-
Total debt applicable to limitation	<u>-</u>
Authorized legal debt margin	<u>\$ 959,026,344</u>

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

Fiscal Year	Population		Personal Income (2)	Per Capita Personal Income	Median Age (4)	Unemployment Rate County (5)
	City (1)	County (1)		Sacramento Metro Area (3)		
2004/05	\$ 55,145	\$ 1,370,000	\$ 1,732,931,625	\$ 31,425	35.0	4.6%
2005/06	56,355	1,385,607	1,769,997,840	31,408	33.7	4.8%
2006/07	59,056	1,406,804	1,876,268,176	31,771	34.1	5.3%
2007/08	60,975	1,424,415	1,859,859,450	30,502	34.1	8.1%
2008/09	61,500	1,472,084	1,817,755,500	29,557	34.1	12.2%
2009/10	62,899	1,453,495	1,787,904,075	28,425	33.7	12.5%
2010/11	65,502	1,418,788	1,861,894,350	27,654	34.4	11.8%
2011/12	66,093	1,436,105	1,827,735,822	27,706	34.8	10.2%
2012/13	66,927	1,450,151	1,854,279,462	27,706	33.1	8.6%
2013/14	67,839	1,454,406	1,918,215,564	28,276	33.8	6.8%

(1) Source: www.dof.ca.gov/research/demographic/reports/estimates/e-5/2011-20/view.php

(2) Source: Information not available. Amounts reports are the product of the
City Population and Per Capita Personal Income data

(3) Source: Sacramento California Household Income/Department of Numbers

(4) Source: United States Census Bureau

(5) Source: www.labormarketinfo.edd.ca.gov (Oct 2014)

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

<u>Employer</u>	2014		2004*	
	Number of Employees (1)	Percentage of Total City Employment	Number of Employees (2)	Percentage of Total City Employment
Aerojet Rocketdyne Inc.	4400	8.00%	1387	n.a.
Delta Dental	1600	2.91%	1500	n.a.
Ampac Fine Chemicals LLC	1600	2.91%		
Health Net	1500	2.73%		
Sacramento County Office of Education	1300	2.36%		
VSP Global	1000	1.82%		
Eds	800	1.45%	675	n.a.
Catholic Health Care West	600	1.09%		
Federal Aviation Administration	500	0.91%		
Department of Technology Services	399	0.73%		
Volcano Therapeutics			309	n.a.
Cedar Valley Concrete			926	n.a.
Pacific Building Products			534	n.a.
Motion Control Engineering			360	n.a.
Wal-Mart			329	n.a.
Sunworld Landscape			300	n.a.
Automotive Importing			191	n.a.

* The City of Rancho Cordova incorporated on July 1, 2003 and began preparing a Comprehensive Annual Financial Report in fiscal year 2008. Therefore, employer information received by the County upon incorporation will be used through fiscal year 2018, at which time the City will start using actual data.

(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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City Council	5	5	5	5	5	5	5	5	5	5
City Manager	3	3	4	4	4	3	3	3	3	3
City Clerk	3.5	4	3	4	4	3	3	2	2	2
Administrative Services	-	4	3	5	5	4	4	4	4	4
Human Resources	1	1	2	3	3	3	3	3	3	3
Finance	5.5	5	7	8	9	8	9	9	9	9
Information Technology	-	1	1	2	2	2	2	3	3	3
Building & Inspection	1	6	11	10	9	6	6	5	5	5
Animal Services	-	2	2	2	2	2	1	1	2	1
Economic Development	1	2	2	3	4	4	4	3	2.5	2.5
Facilities Management	-	1	2	2	2	3	4	4	4	4
Code Enforcement	-	-	4	9	8	6	6	10	9	10
Housing	-	-	1	2	2	3	2	2	3	3
Planning	-	-	-	-	-	-	-	-	1	1
Public Information Officer	-	-	-	-	1	1	2	2	1.5	1.5
Public Works	6	10	15	17	17	18	15	14	16.6	16.6
Total employees	26	44	62	76	77	71	69	70	73.6	73.6

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Date of Incorporation	July 1, 2003						
Form of Government	General Law						
Number of Employees							
Full-time	76	77	71	69	70	74	74
Part-time	0	0	0	0	-	-	-
Number of contract employees (excludes public safety - shown on next page)	17	17	14	19	20	22	22
Area in square miles	33	33	33	35	35	35	35
Facilities and services not included in the reporting entity							
Culture and Recreation:							
Parks	31	31	31	31	31	32	33
Park acreage	304	304	304	304	304	309	316
Swimming pools	2	2	2	2	2	2	2
Tennis courts	27	27	27	27	27	27	27
Community centers	3	3	3	3	3	3	3
Senior centers	1	1	1	1	1	1	1
Ball and soccer fields	20	20	20	21	21	21	21
Fire Protection:							
Number of stations	5	5	5	5	5	5	5
Education:							
Number of districts	4	4	4	4	4	4	4
Number of elementary schools	13	13	13	13	13	13	13
Number of secondary schools	4	4	4	4	4	4	4
Number of community colleges	2	2	2	2	2	2	2
County Library:							
City branches	1	1	1	1	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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sworn personnel	67	67	69	68	64	58	58	58	58	57
Non sworn personnel	13	13	13	13	16	14	14	14	14	11
Highways and Streets										
Streets (miles)	220	220	220	295	235	235	235	235	235	235
Streetlights	3,000	3,000	3,000	4,435	4,435	4,435	4,435	4,435	4,435	4,859
Traffic Signals	70	70	70	76	76	76	76	76	76	87

Source: Departments within the City of Rancho Cordova