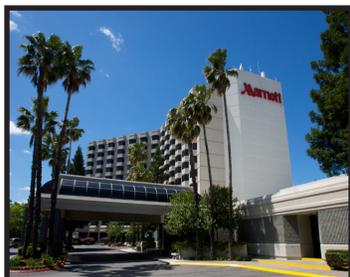


CITY OF RANCHO CORDOVA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2011

**CITY OF RANCHO CORDOVA
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011**

**Prepared by
FINANCE DEPARTMENT**

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For the Year Ended June 30, 2011

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December 14, 2011

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, 2011. We are pleased to report that financial results for the year compare favorably with budget estimates in most areas of the City's operations. The net results of operations in the General Fund, which is the primary operating fund of the City, exceeded our original budget, producing a larger surplus than originally budgeted. Lower than anticipated expenses offset with higher than anticipated revenues, produced a general fund surplus of \$628,768 for the year, compared to a budgeted surplus of \$20,000.

This results in an ending General Fund balance of \$25,775,079 which is lower than the prior year due to an adjustment to the beginning balance as described in Note 9E to the financial statements. 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 \$212,300. Our final results comply with the city's policy of constraining current year expenses to current year revenues.

REPORT PURPOSE AND ORGANIZATION

The purpose of this letter is to introduce the basic financial statements and provide an analytical overview of the City's financial activities. This letter of transmittal is designed to complement the

Management's Discussion and Analysis (MD&A) which can be found immediately following the report of the independent auditors.

This report is published in accordance with State law that requires financial statements be presented in conformity with accounting principles generally accepted in the United States of America, and audited in accordance with auditing standards generally accepted in the United States of American by a firm of licensed certified public accountants. It is also prepared to meet reporting standards set forth by the Governmental Finance Officers Association. This report consists of management's representations concerning the finances of the City of Rancho Cordova. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect the governments' assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of this report in conformity with U.S. generally accepted accounting principles (GAAP).

The independent audit of the financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and



compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. This separately prepared report is available from the Department of Finance upon request.

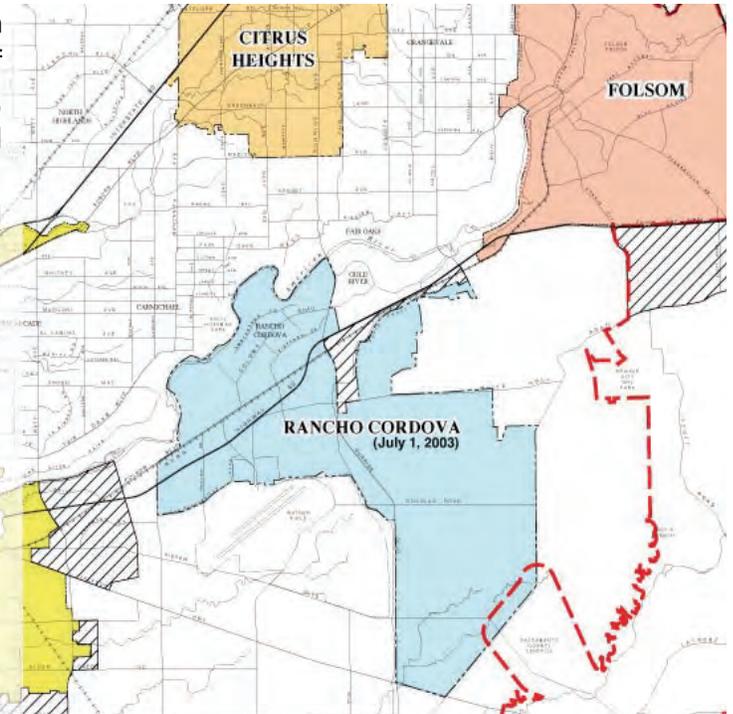
Responsibility for both the accuracy of the data and the completeness and fairness of the presentation rests with City management. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to 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.

This report is presented in three sections; Introduction, Financial - including Combining Fund Financial Statements and Schedules, 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. 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 4th youngest city, having incorporated on July 1, 2003 following an electoral vote in November of 2002.

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

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



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 units, the Community Redevelopment Agency of the City of Rancho Cordova and the Rancho Cordova Financing

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 65,502, according to estimates of the State of California Department of Finance. The City of Rancho Cordova contracts many of its residential services to outside agencies. The largest contracts are for law enforcement services with the Sacramento County Sheriff's Department and street maintenance services with the Sacramento County Public Works Department.

Other City contract services include planning, street sweeping, refuse removal, and legal, which are all provided by private companies. City residents receive fire protection services from the Sacramento Metropolitan Fire District and parks and recreation services from the Cordova Recreation and Parks District. Services provided from in-house staff

Authority. They are blended in the report since they are governed by the City Council sitting in a separate capacity or provide services exclusively to the City.

The City operates on a fiscal year that runs from July 1 through June 30. The annual budget process is integral to the success of the organization. The process begins in February each year at our Council – Staff retreat, wherein, we determine council's priorities for the next fiscal year. Then in February, we hold our Annual Corporate Report, which just won the prestigious



Helen Putnam award from the League of California Cities, for excellence in Internal Administration. The Annual Corporate Report begins by partnering with the Chamber of Commerce to hear from renowned economists on the state of the global, national, state and regional economy. That information is used as context to present the results of operations from the previous fiscal year, the status of the current year budget-to-actual analysis, and our three-year financial forecast. All of this information, collectively, is used to begin the budget process for the next year. The budget is first presented to the council and community at a workshop in May and is formally adopted by June 30 of each year. By formally adopting the budget the council sets the maximum expenditures for each fund. The City Manager retains the ability to adjust spending within a fund during the year, but cannot spend more than council authorized without seeking council approval for a budget amendment. The City's budgetary procedures are further discussed in Note 2 to the Financial Statements.



ABOUT THE ECONOMY

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

Sacramento County has been hit particularly hard by what is being termed "The Great Recession." Unemployment rates in Sacramento County have continued to be higher than the national average at 11.8% in June 2011. This is a slight reduction from

the prior year's rate of 12.6% unemployment. The high percentage of people out of work has resulted in high home foreclosure rates, severely reducing property tax revenues, lower rates of consumer spending, resulting in lower sales tax revenues, and an almost dead stop in new development, cutting the expansion of the tax base and fees collected for services. This hits the City particularly hard because the largest component of the City's sales tax base is in the business to business category, specifically construction supplies. With the downturn in housing market our largest sales tax segment has taken a significant hit. The housing industry isn't expected to improve until the unemployment rate improves, as people need income in order to afford home purchases.

Foreclosures continue to be problematic to the economic recovery. In 2010, there were approximately 282 foreclosures in the City of Rancho Cordova. This was up from the prior year foreclosures of 235 in calendar year 2009. Foreclosure data for the 2011 calendar year indicates a slight improvement at 278 for the year. This is consistent with the slight decline we have experienced in the unemployment rate.

For the third time since the passage of Proposition 13 in 1978, the County of Sacramento's Assessor's property tax rolls declined. The 5.6% decline in Rancho Cordova's property tax revenues in fiscal year 2010/11 was in line with the prior year's decrease of 5.5%. Since our peaking in fiscal year 2007/08, property tax revenues have declined 12.7%. We anticipate property taxes to continue their decline over the next few years, albeit, at a slower rate.

Commercial real estate vacancy rates have consistently been on the rise since the beginning of calendar year 2009. At the fiscal year ended June 30,

2011, vacancy rates of office, industrial, and flex (flex can be either office, industrial, or mix of both) in the Highway 50 corridor market have continued to climb. While the office vacancy rate remained unchanged at 18.9%, the industrial rate climbed to 14.5% from 12.4%, and the flex rate climbed to 22.5% from 20.4%. Projections of vacancy rates for the coming years indicate that increasing vacancies will keep business space empty as the economy struggles to gain momentum back towards growth.

Rancho Cordova’s unemployment rate, while higher than the national average and the Sacramento Region, slightly improved from the prior year. The Economic Development Department of the City of Rancho Cordova estimates unemployment to have risen by one half of a percent from July 2010 to June 2011, bringing total unemployment to around 14.5%. One positive outlook in the unemployment statistics is shown in the number of bulk, large scale layoffs. Appearing to have slowed, the City only saw two in fiscal year 2009/10 as compared to 17 in fiscal year 2008/09 and another two in 2010/11 as compared to 2009/10. This trend seems to mirror that of the region and nation at large, which may be a sign that the economic downturn is leveling off or even beginning to slowly grow.

LOOKING AHEAD

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

- **Declining Assessed Valuation** – property tax revenues are the City’s largest source of revenues. The dramatic decline in property values seen over the past few years have led the County Tax Assessor’s office to systematically reduce the assessed valuations of properties throughout the county. This has led to a sharp decline in our property tax revenues. Until the housing market stabilizes and the County Assessor’s office ceases automatic rollbacks of assessed valuation, we will continue to experience declining property tax revenues.
- **Revenue Neutrality Payments** to the County – as part of the agreement reached with the County upon City incorporation, we are obligated to share a fixed dollar amount of our property taxes with the County each year through 2027/2028. In a period of declining property values this presents a problem as the payment is growing, but the revenues from which we make the payment are shrinking. Our payment for the next fiscal year increases by \$464,000, yet we are expecting an \$830,000 decline in Property Tax Revenue.
- **Uncertain Future of Redevelopment Agencies.** The simultaneous adoption of ABx1 26 and ABx1 27 by the State of California requires Redevelopment Agencies to either dissolve or opt into a “voluntary redevelopment program” requiring specified, substantial annual contributions to local schools and special districts. As of fiscal year 2011/12, the Redevelopment Agency’s assessed valuation has fallen below its base year, resulting in zero property tax revenues



with which to fund the contributions required under ABx1 27. On August 11, 2011, the California Supreme Court issued a partial stay of ABx1 26 and a full stay of ABx1 27. Until the court renders a decision we remain in the dark as to the future of the Agency. The Agency is involved in an eminent domain lawsuit which, given the uncertainty of future Redevelopment funding will need to be funded out of the General Fund.

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

- The voters of Rancho Cordova approved Measure E in the November 2010 election. As a result, our existing Utility Users Taxes are protected from the threat of litigation due to the technical language in the old ordinance and the new ordinance incorporates new communication technologies. This will result in additional General Fund revenues of up to \$1 million per year.
- On July 1, 2010 the city welcomed the “finger” area into the city boundaries. Comprised of the area running east of Sunrise from Folsom Blvd. south to Costco, this 1.2 square mile area currently includes 500 businesses, almost no residents and will provide logical boundaries and additional revenues of approximately \$1.7 million per year for the City.

RELEVANT FINANCIAL POLICIES

The City has adopted a comprehensive set of financial policies as guidelines for the budget process. The city’s adopted budget document contains a comprehensive listing and explanation of these policies. One of these policies is that all current operating expenditures will be paid for with current revenues. As previously mentioned our results for fiscal year ending June 30, 2011 are consistent with that policy.

The City’s reserve policy requires us to maintain an Economic Uncertainty Reserve of at least 20% of operating expenses. This reserve is currently funded at 24% of operating expenditures for fiscal year 2011/2012.

MAJOR INITIATIVES

The City has many goals and projects planned for the 2011/2012 fiscal year, all of which are described in the budget document which can be located on our website at www.cityofranhocordova.org. Some of these projects may either affect the General Fund or be large enough to warrant mention in this letter.

- Growing Strong Neighborhoods (GSN): the City has committed to focus on the GSN effort. The mission of the GSN effort is to improve the quality of life in Rancho Cordova and increase property values by encouraging residents and business owners to enhance their homes, property, streets and community.
- The City is also continuing its beautification efforts along Folsom Boulevard. Substantial work from phase II and III of the project will be completed in the upcoming fiscal year. This project will provide for improved aesthetics, safety and mobility along Folsom Boulevard between Rod Beaudry and Sunrise Boulevard. The combined total costs for phase II and III is \$21.2 million, of which \$11.9 is expected to be expended in the upcoming fiscal year. Funding for this project consists primarily of State and Federal grants, as well as Measure A revenues.
- Construction is expected to finish on an affordable rental housing development behind the former Stagger Inn site. Named Crossings @ New Rancho, the development project will be fully funded by a creative combination of Recovery Act funding and the California Low Income Housing Tax Credit program. Our goal for this project is to build the most energy efficient, “green”, and progressive affordable housing development in the region and/or state. This project will contribute towards the beautification of the Folsom Boulevard corridor.



AWARDS AND ACKNOWLEDGEMENTS

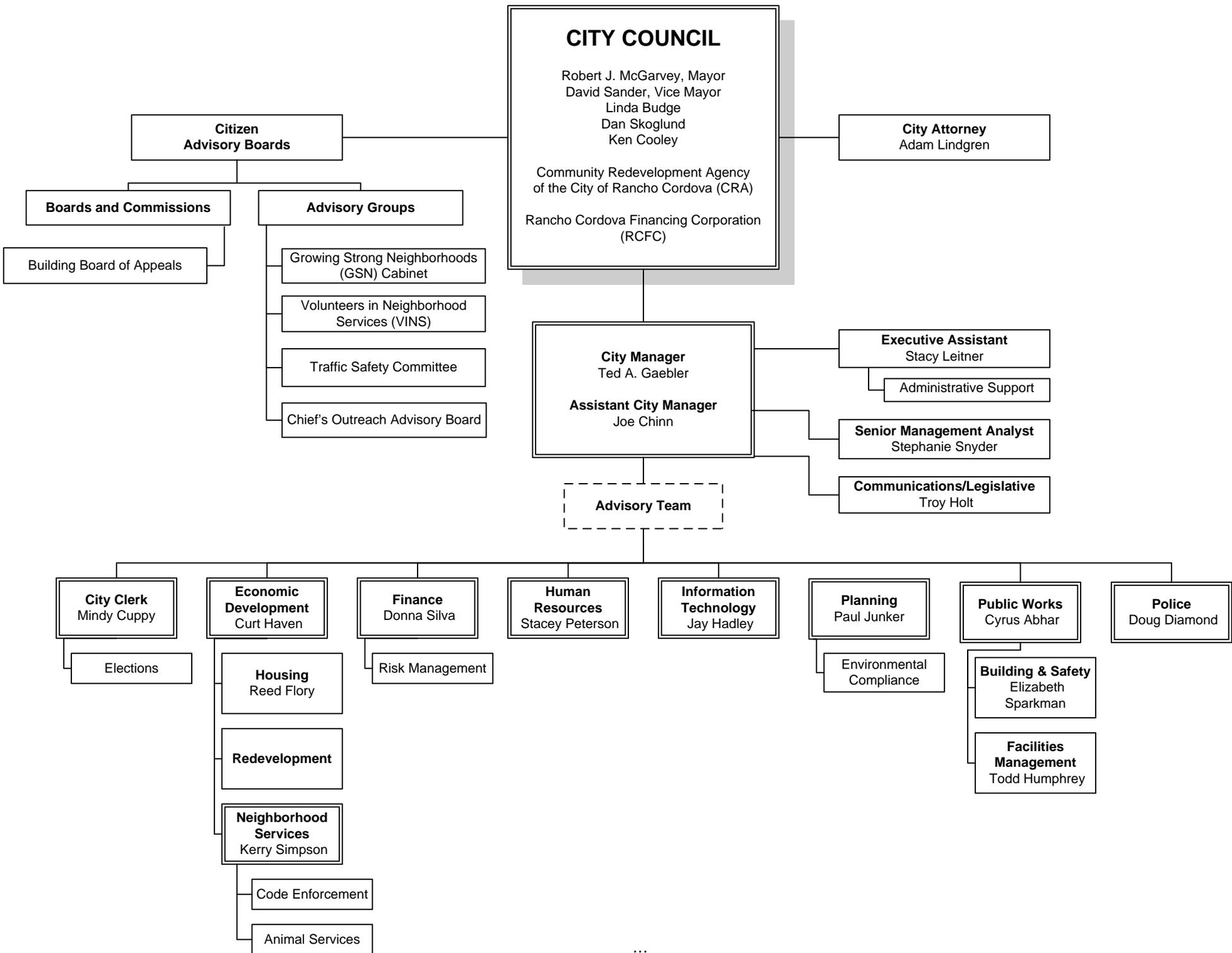
The City is a proud recipient of the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports. While the certificate is only valid for a period of one year, we believe our current CAFR continues to conform to the requirements and we will be submitting it for continued award consideration.

The preparation and development of this report, and the aforementioned award, would not be possible without the year-round efficiency of the Finance staff and their special efforts. The professionalism, commitment and effort of each member of the Finance Department have made this presentation possible. We also want to thank the other City departments who assisted and contributed to the preparation of this report. Finally, we appreciate the dedication of the Mayor, City Council and City Manager's office, who have supported our goal of excellence in all aspects of financial management, consistent with the City's mission to protect, preserve and enhance the quality of life for present and future generations.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Donna Silva".

Donna Silva, CPA
Finance Director



**CITY OF RANCHO CORDOVA
PRINCIPAL OFFICERS
JUNE 30, 2011**

ELECTED OFFICIALS

Robert J. McGarvey
Mayor

David Sander
Vice Mayor

Linda Budge
Council Member

Dan Skoglund
Council Member

Ken Cooley
Council Member

EXECUTIVE TEAM

Ted Gaebler
City Manager

Joe Chinn
Assistant City Manager

Adam Lindgren
City Attorney

Mindy Cuppy
City Clerk

Curt Haven
Economic Development Director

Donna Silva
Finance Director

Paul Junker
Planning Director

Doug Diamond
Police Chief

Cyrus Abhar
Public Works Director, Building Official



City of Rancho Cordova Citywide Goals

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

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rancho Cordova
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



Linda C. Dandson

President

Jeffrey R. Emer

Executive Director

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INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rancho Cordova as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011 and the respective changes in the financial position and cash flows, where applicable, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

As disclosed in Note 16, the State of California adopted ABx1 26 on June 28, 2011, which suspends all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allows redevelopment agencies to avoid dissolution by opting into an "alternative voluntary redevelopment program" requiring specified substantial annual contributions to local schools and special districts. These conditions raise substantial doubt about the ability of the Rancho Cordova Community Redevelopment Agency, a component unit of the City, to continue as a going concern. However, on August 11, 2011, the California Supreme Court issued a partial stay of ABx1 26 and a full stay of ABx1 27, but the partial stay did not include the section of ABx1 26 that suspends all new redevelopment activities. As a result, the accompanying financial statements have been prepared assuming that the Rancho Cordova Community Redevelopment Agency will continue as a going concern. The activities of the Rancho Cordova Community Redevelopment Agency are included in the Redevelopment Administration Special Revenue Fund, Low and Moderate Income Housing Special Revenue Fund, Redevelopment Debt Service Fund and Redevelopment Capital Projects Fund of the accompanying financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As of July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions. As discussed in Note 9 to the financial statements, the provisions of this statement affect the classification of fund balances reported in the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

A handwritten signature in cursive script that reads "Mary & Associates".

December 14, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Rancho Cordova, CA (the City), is pleased to offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City during the fiscal year ended June 30, 2011. 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.

FINANCIAL HIGHLIGHTS

- As of June 30, 2011, total assets of the City exceeded its liabilities by \$370.9 million (*net assets*). Of this amount, \$28.4 million (*unrestricted net assets*) may be used to meet ongoing obligations to citizens and creditors, but is subject to designation for specific City programs; \$56.9 million of the total amount are *restricted net assets* and must be used only for specific purposes. The remaining \$285.6 million is *invested in capital assets, net of related debt*.
- As of June 30, 2011, the City's governmental activities reported combined net assets of \$371.1 million. Of that, \$29.9 million is available to meet the City's current and future needs (*unrestricted net assets*).
- The City's reserve policy requires a minimum fund balance reserve be maintained at all times in the General Fund. The minimal, optimal level required for this reserve is 20% of the General Fund operating budget. At the end of the fiscal year, the economic uncertainty reserve balance was \$9.4 million, unchanged from last year. The General Fund budget for 2011/12 is \$39.6 million, requiring a \$7.9 million reserve at a minimum. In light of the current economic situation, management felt it prudent to maintain the existing reserve balance. Therefore, our current funded reserve is at 23% of the General Fund's operating budget for 2011/12 fiscal year.
- **The City's General Fund reported a surplus of \$629,000 for the year ending June 30, 2011, creating an ending fund balance of \$25.8 million.**

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The financial statements presented herein include all of the activities of the City of Rancho Cordova and its component units using the integrated approach as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34. The City's basic financial statements consist of three components: **1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.** This report also includes supplementary information in addition to the basic financial statements themselves.

The report includes the financial activities of the City of Rancho Cordova, the primary government, and its component units, which are the City of Rancho Cordova Community Redevelopment Agency and the City of Rancho Cordova Public Financing Corporation. Financial information for the City and these component units are accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by GASB. The City Council members, in

concurrent session, serve as the governing board of the Redevelopment Agency and the Public Financing Corporation, and, as such, these entities are presented on a blended basis.

- **The Primary Government** - The City of Rancho Cordova was incorporated in 2003 under the general laws of the State of California. The City operates under a council-manager form of government and provides the following services: Public Safety (Police), Streets, Public Improvements, Planning and Zoning, and General Administrative Services.
- **The City of Rancho Cordova Community Redevelopment Agency** (the Agency) was established December 6, 2004 pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law". The Agency was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of blighted areas within the geographic boundaries of the City. City staff provides management assistance to the Agency. The funds of the Agency have been included in the governmental activities in the financial statements.
- **The City of Rancho Cordova Public Financing Corporation** (the Corporation) is a joint powers authority organized pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the California Government Code on February 15, 2005, between the City and the Agency for the purpose of acting as a vehicle for various financing activities of the City and the Agency. The Authority's Board of Directors is the City Council. The funds of the Corporation have been included in the governmental activities in the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses

that are reported in this statement will result in cash flows in future fiscal periods, such as earned but unused vacation leave. Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to interfund activity, payables and receivables.

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

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

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

Because the focus of each governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities. By doing so, readers may better understand the long-term impact of the government’s near-

term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities and explain the differences created by the integrated approach.

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

- General Fund
- Redevelopment Administration Special Revenue Fund
- Sunrise Douglas Special Revenue Fund
- Traffic Mitigation Special Revenue Fund
- Measure A Fund
- Grants
- Capital Improvements Projects Fund

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

The City adopts an annual appropriation for all of its various funds. Budgetary comparison statements for the General Fund and major special revenue funds are included in the Basic Financial Statements.

The governmental fund financial statements can be found on pages 32 and 36 of this report.

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

The proprietary fund financial statements can be found on pages 46 and 47 of this report.

FIDUCIARY FUNDS - These funds are used to account for resources held for the benefit of parties outside of the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. While the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes, the City itself does not directly

provide those services or programs. The fiduciary fund financial statements only report a balance sheet and do not have a measurement focus.

The fiduciary fund financial statements can be found on page 50.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the financial statements, beginning with page 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.

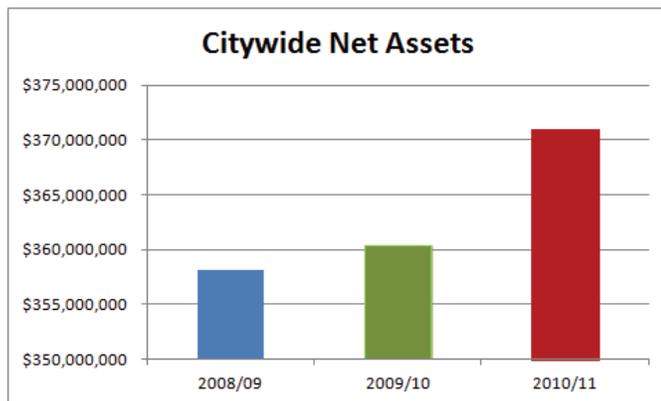
The combining statements referred to earlier in connection with non-major governmental funds are presented for all non-major Special Revenue Funds, non-major Debt Service Funds, major and non-major Capital Project Funds, Internal Service Funds and Fiduciary Funds.

This report also contains statistical information that may be useful to readers of this report. This information can be found in the last section of this report, starting at page 149.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

STATEMENT OF NET ASSETS

As noted earlier, net assets may serve over time as a useful indicator of results of the City's operations. At June 30, 2011, total net assets of the City were \$370.9 million which is an increase of \$10.7 million from 2009/10 and an increase of \$12.8 million from 2008/09. The increase in the current year is largely due to the increase in the City's infrastructure from the annexation



of land south of Highway 50 and east of Sunrise Blvd. The continued increases in net assets each year indicate the City is consistently maintaining or improving its financial position, as illustrated in the chart to the right. City policymakers, management and staff have diligently monitored City activities and adjusted to respond to economic conditions. Governmental activities assets (*exceeding liabilities*) increased by \$10.8 million over last year and by \$13.0 million over 2008/09. Business-type activities assets (*exceeding*

liabilities) decreased by \$101,000 from last year and decreased by \$171,000 as compared to the 2008/09 fiscal year.

The condensed Statement of Net Assets for the fiscal years ended June 30, 2011, 2010 and 2009, below, allows for analysis of the City's net assets as a whole.

Net Assets of Governmental and Business-type Activities

	Governmental Activities			Business-type Activities			Total		
	2010/11	2009/10	2008/09	2010/11	2009/10	2008/09	2010/11	2009/10	2008/09
Current assets	\$ 100,932,850	\$ 96,977,339	\$ 101,229,007	\$ (1,566,278)	\$ (1,465,656)	\$ (1,395,389)	\$ 99,366,572	\$ 95,511,683	\$ 99,833,618
Capital assets	309,223,863	298,357,017	289,720,257	1,502,122	1,477,013	1,489,554	310,725,985	300,034,030	291,209,811
Total Assets	410,156,713	395,334,356	390,949,264	(64,156)	11,357	94,165	410,092,557	395,545,713	391,043,429
Current liabilities	\$ 16,167,252	\$ 11,554,563	\$ 8,436,279	\$ 3,762	\$ 5,386	\$ 6,436	\$ 16,171,014	\$ 11,559,949	\$ 8,442,715
Long-term liabilities									
outstanding	22,955,998	23,699,411	24,448,164	-	-	-	22,955,998	23,699,411	24,448,164
Total Liabilities	39,123,250	35,253,974	32,884,443	3,762	5,386	6,436	39,127,012	35,259,360	32,890,879
Net Assets:									
Invested in capital,									
net of related debt	\$ 284,145,506	\$ 272,812,541	\$ 265,248,656	\$ 1,502,122	\$ 1,477,013	\$ 1,489,554	\$ 285,647,628	\$ 274,289,554	\$ 266,738,210
Restricted	56,953,066	59,207,574	67,519,112	-	-	-	56,953,066	59,207,574	67,519,112
Unrestricted	29,934,891	28,260,267	25,297,053	(1,570,040)	(1,471,042)	(1,401,825)	28,364,851	26,789,225	23,895,228
Total Net Assets	\$ 371,033,463	\$ 360,280,382	\$ 358,064,821	\$ (67,918)	\$ 5,971	\$ 87,729	\$ 370,965,545	\$ 360,286,353	\$ 358,152,550

The City's net assets as of June 30, 2011, were comprised of the following:

- Again this year, the largest portion of total assets consists of capital assets (for example, land, buildings and infrastructure), totaling \$310.7 million or 75.8% of total net assets.
- Cash and investments comprised \$78.3 million in the city treasury and \$2.8 million of restricted cash held with fiscal agents. Substantially all of these amounts were held in relatively short-term investments in governmental securities, as detailed in Note 3 of the financial statements. To meet current needs, the significant cash and investment reserves provide ongoing operating resources.
- Receivables, totaling \$11.8 million, consist of accounts receivable, notes receivable and monies due from other governments. These are detailed in Note 4 of the financial statements.
- Net assets invested in capital, net of related debt (\$285.6 million) represents the City's investment in infrastructure and other capital assets, net of the debt issued to construct or acquire those assets.
- Restricted net assets, totaling \$57.0 million, represent resources that are subject to restrictions on how they may be used, such as to construct specified capital projects, debt service or for other community projects.
- Unrestricted net assets that can be used to meet the government's ongoing obligations to citizens and creditors increased to \$28.4 million.

The following is a condensed Statement of Activities and Changes in Net Assets for the fiscal years ending June 30, 2011, 2010 and 2009:

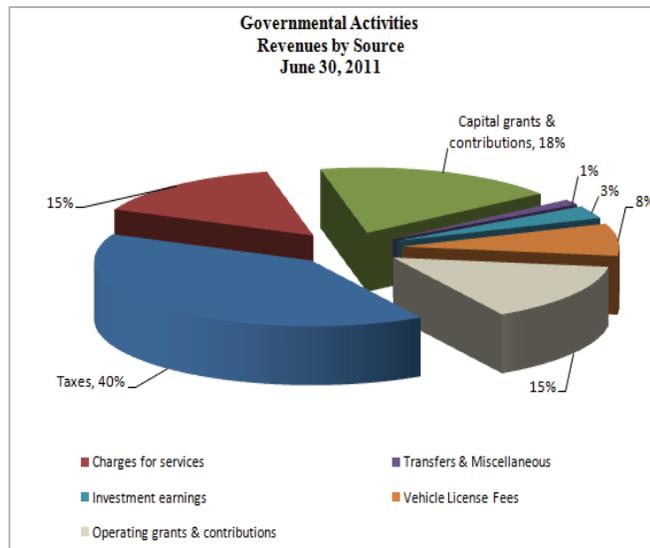
	Governmental Activities			Business-type Activities			Total		
	2010/11	2009/10	2008/09	2010/11	2009/10	2008/09	2010/11	2009/10	2008/09
Revenues:									
Program Revenues									
Charges for services	\$ 9,853,667	\$ 9,168,604	\$ 9,145,082	\$ 6,850	\$ 8,000	\$ 48,277	\$ 9,860,517	\$ 9,176,604	\$ 9,193,359
Operating grants & contributions	5,543,162	8,816,551	8,976,488	-	-	-	5,543,162	8,816,551	8,976,488
Capital grants & contributions	21,104,022	11,145,048	34,331,931	-	-	-	21,104,022	11,145,048	34,331,931
General Revenues:									
Taxes	31,399,334	29,321,329	31,019,027	-	-	-	31,399,334	29,321,329	31,019,027
Investment Earnings	1,789,392	1,958,977	2,983,325	180	147	210	1,789,572	1,959,124	2,983,535
Transfers	-	-	-	-	-	-	-	-	-
Other	254,170	828,474	1,364,550	-	-	-	254,170	828,474	1,364,550
Total Revenues	69,943,747	61,238,983	87,820,403	7,030	8,147	48,487	69,950,777	61,247,130	87,868,890
Expenses:									
General Government	31,391,098	23,975,190	23,835,036	-	-	-	31,391,098	23,975,190	23,835,036
Community Development	5,948,790	6,139,788	6,972,540	-	-	-	5,948,790	6,139,788	6,972,540
Public Safety	15,310,983	15,288,923	16,027,526	-	-	-	15,310,983	15,288,923	16,027,526
Public Works	4,955,151	5,781,813	10,049,574	-	-	-	4,955,151	5,781,813	10,049,574
Interest and fiscal charges	1,584,644	1,384,583	1,439,074	-	-	-	1,584,644	1,384,583	1,439,074
Cemetery	-	-	-	80,919	89,905	86,381	80,919	89,905	86,381
Total Expenses	59,190,666	52,570,297	58,323,750	80,919	89,905	86,381	59,271,585	52,660,202	58,410,131
Change in Net Assets	10,753,081	8,668,686	29,496,653	(73,889)	(81,758)	(37,894)	10,679,192	8,586,928	29,458,759
Net Assets -- Beginning of Year	360,280,382	351,611,696	328,568,168	5,971	87,729	125,623	360,286,353	328,693,791	306,768,946
Net Assets -- End of Year	\$ 371,033,463	\$ 360,280,382	\$ 358,064,821	\$ (67,918)	\$ 5,971	\$ 87,729	\$ 370,965,545	\$ 337,280,719	\$ 336,227,705

REVENUE HIGHLIGHTS

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

This year, the City saw an increase in total revenues as the economy slowly started to recover. The City's total revenues increased by \$8.7 million or 14.2% from the prior year's level. While some revenue categories had an increase and others had a decrease, the bulk of the increase was due to the increase in capital grants and contributions from the previous year.

Tax revenues, our largest revenue category, were up due to increased sales tax revenues. Sales tax revenues were up by \$2.3 million from last year and up by \$2.1 million from two years ago. Of the sales tax increase, \$950,000 was from the annexation area (net of the revenue sharing agreement with the County) and \$1.4 million was from the rest of the City. Property taxes continued to decrease as the County continued roll backs in the assessed



valuation of real property. Property taxes decreased by \$1.7 million as compared to last year and increased by almost \$2.0 million compared to two years ago. While the recession is officially over, it is historically common for local government tax revenues to lag behind the economic recovery. Therefore, the City expects to experience continued declines in property taxes and very slow growth in other taxes as the economy slowly recovers.

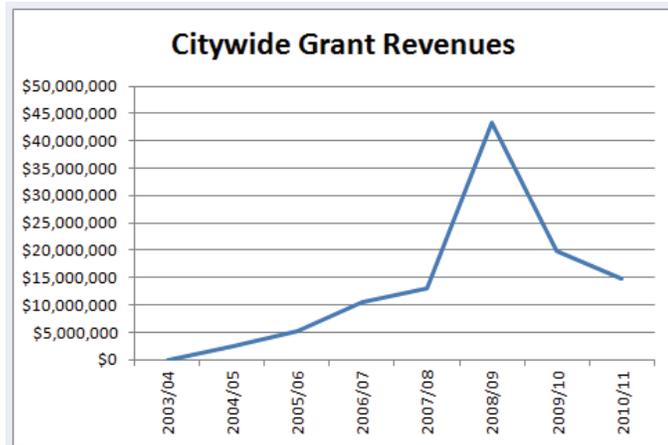
The City continues to be very aggressive in its pursuit of grant revenues. In fact, as illustrated in the Revenues by Source chart above, capital and operating grants together represent almost 33% of the City's total revenues. Capital grants provide the majority of the funding for our infrastructure projects. For example, in this year, grants continued to provide the majority of funding for the work done on the International Drive Extension project, Folsom Blvd and Mather Field Road Enhancement – Phase II, various street rehabilitation projects and the housing department's Crossings @ New Rancho construction project for affordable housing. Another grant received was from the United States Department of Energy to provide funds for energy efficiency and conservation. This grant was used to install a cool roof on the Kilgore / Police building, convert desktop computers to virtual desktops, install city hall submetering and upgrade the electrical systems at Hagen and Village Green parks.

The City received and spent various operating grants during the 2010/11 fiscal year. The Police Department continues to have multiple Office of Traffic Safety (OTS) grants for various programs, such as, the Selective Traffic Enforcement and Multilingual Child Passenger Safety Program, DUI Enforcement and Awareness Program and the Department of Alcoholic Beverage Control Minor Decoy and Shoulder Tap Program. The Police Department continued to team up with other agencies to get additional OTS grant funds for programs like the Click It or Ticket program. Another grant received, was from the United States Environmental Protection Agency to provide funds for community wide assessments of potential Brownsfield sites contaminated with petroleum and hazardous substances, public outreach and community involvement/public participation processes. Also received, was a grant from the State of California, Department of Conservation, to provide funds for beverage container recycling opportunities at multifamily complexes with the City.

Other grant funds the City continues to receive are the Community Development Block Grant (CDBG) from the U.S. Department of Housing and Urban Development, the State's Citizens Option for Public Safety Program Funds (COPS) and from the State of California, Environmental Protection Agency the Used Oil Block Grants. The CDBG program provides communities with resources for community development needs. Some of the programs under the CDBG program are a Seniors Nutrition Program, Cordova Activities for Kids, Domestic Violence Counseling, and Emergency Housing Repair Loans. The COPS grant provides start up monies for new programs relating to traffic safety and for new police equipment such as mobile cameras, tasers, breathalyzer device and crime prevention events and educational supplies. The COPS grant also provided funds for the installation of camera equipment at the new Police building. The Used Oil Block grants are to provide funds for outreach programs and the collection of used oil within the City.

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.

As illustrated in the graph to the right, the City's grant revenues have increased each year, with a high spike in the 2008/09 fiscal year. Since revenues are recorded based upon expenditures, this indicates there were a lot of projects in progress during the 2008/09 fiscal year. During the 2008/09 fiscal year, there were a total of six improvement projects in progress and four projects in progress last year. For the



2010/11 fiscal year, there continued to be a total of 4 projects. With fewer projects in process this year, this resulted in a lower amount of reimbursements. As previously mentioned, grant revenues are not indicative of the amount of grants awarded. Many of the City's grants are multi-year grants that total thousands, even millions of dollars. In fiscal year 2010/11, the City was awarded grants totaling \$18.9 million. Last year this total was \$22.3 million and in fiscal year 2008/09 it was \$10.6 million.

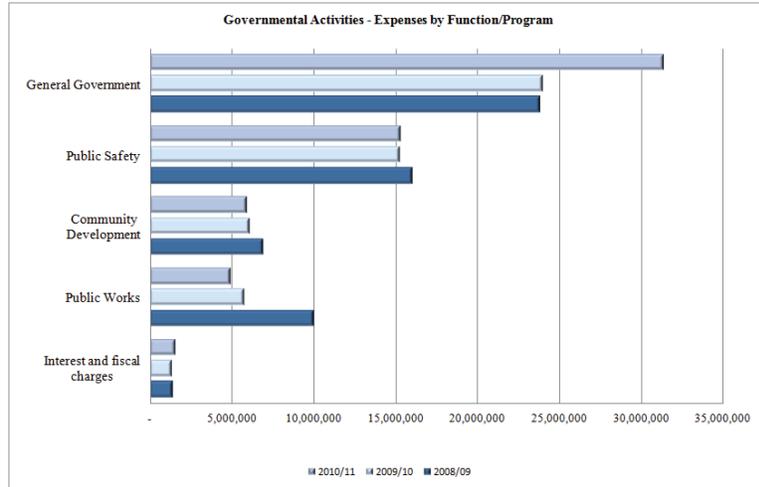
The City's investment policy places the highest priority on asset safety. This means that the majority of our cash is invested in very secure treasuries and other like instruments. These investments are experiencing record low yields. While the City's portfolio still contains some long-term investments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

The Kilgore Cemetery (the City's lone business-type activity) remains in its infancy. The City has continued its partnership with the Fair Oaks Cemetery District, established in 2007/08, for cemetery sales and recordkeeping services. In fiscal year 2010/11, the City sold burial rights totaling \$6,900. Total expenses exceeded total revenues and will continue to do so until phase 2 of the cemetery expansion is completed. Phase 2 of the expansion will create additional burial plots and associated endowment revenues, which will provide ongoing interest income necessary to provide for the maintenance of the facility. Construction of phase 2 is on hold pending available funding.

EXPENSE HIGHLIGHTS

As previously mentioned in the revenue discussion, the Kilgore Cemetery continued to have minimal activity this year. The total expenses of approximately \$81,000 were primarily on-going maintenance and utility costs.

General Government expenses (\$31 million), comprised 53% of total expenses, increased by \$7 million from the prior year. Public Works costs have decreased by \$827,000, or 16.7%. During fiscal year 2010/11, there was an increase in Measure A funds available for construction projects. As a result, expenses were up relating to these projects.



Also, expenses in the Traffic Mitigation fund also increased as projects commenced. However, these increases in construction related expenses were offset by capital asset expenses last year being reclassified this year as Public Works expenses. This reclassification led to the decrease showing in this fiscal year. Public Safety costs increased by \$22,000, or 0.001%, primarily due a lower than expected insurance premiums, augmented by some minor salary and benefit savings. Community Development expenses decreased by 3.2% from the prior year, again, in response to the recessed economy causing a slowdown in the processing of development projects.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

GOVERNMENTAL FUNDS - The focus of the City’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the City’s financing requirements. Fund accounting utilizes the modified accrual method of accounting which expenses the purchase of capital assets and current-year debt payments. Revenues earned during the year are only recognized if received within a short time frame of year end. This is the basis of accounting used for the quarterly financial reporting to the City Council.

The seven major funds that make up the City’s total Governmental Funds are the General Fund, the Redevelopment Administration Special Revenue fund, the Sunrise Douglas Special Revenue fund, the Traffic Mitigation Special Revenue fund, Measure A Special Revenue fund, Grants Special Revenue fund and the Capital Improvement Projects fund. All of these funds are included in the City’s governmental funds financial statements for fiscal year 2010/11. An analysis of the significant balances and transactions in these funds are to follow.

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

	<u>2010/11</u>	<u>2009/10</u>	<u>2008/09</u>
Revenues:			
Taxes and Assessments	\$ 31,763,342	\$ 30,133,667	\$ 31,795,690
Licenses, Permits & Fees	8,392,039	9,719,697	11,606,702
Fines and Forfeitures	1,236,844	1,135,908	777,339
Use of Money & Property	1,750,334	1,927,424	3,135,499
Intergovernmental Revenues	14,169,350	14,183,280	13,609,918
Charges for Services	3,918,943	3,078,720	4,215,834
Other Revenues	477,040	575,108	353,094
Total Revenues	<u>61,707,892</u>	<u>60,753,804</u>	<u>65,494,076</u>
Expenditures:			
General Government	14,868,621	13,780,896	15,117,347
Community Development	5,948,790	6,135,973	6,972,540
Public Safety	15,310,983	15,288,923	16,027,526
Public Works	4,938,302	3,970,479	4,689,463
Debt Service	2,320,863	2,079,950	2,532,505
Capital Outlay	20,406,701	17,962,305	16,370,213
Total Expenditures	<u>63,794,260</u>	<u>59,218,526</u>	<u>61,709,594</u>
Excess (Deficiency) of Revenues over Expenditures	(2,086,368)	1,535,278	3,784,482
Other Financing Sources (Uses):			
Issuance of capital lease	55,365	-	-
Transfers In	26,720,749	24,838,370	18,212,921
Transfers Out	(26,198,217)	(25,066,927)	(18,712,921)
Total Other Financing Sources (Uses)	<u>577,897</u>	<u>(228,557)</u>	<u>(500,000)</u>
Net Change in Fund Balances	(1,508,471)	1,306,721	3,284,482
Fund Balances, beginning of year (Note 9E)	<u>85,823,674</u>	<u>84,516,953</u>	<u>88,433,077</u>
Fund Balances, end of year	<u>\$ 84,315,203</u>	<u>\$ 85,823,674</u>	<u>\$ 91,717,559</u>

NOTE: The Governmental Funds beginning fund balance amount of \$84.5 million for fiscal year 2009/10 does not match the ending fund balance amount of \$91.7 million for fiscal year 2008/09 due to a fund balance restatement.

Governmental Accounting Standards Board (GASB) statement #54 was implemented in fiscal year 2010/11. GASB 54 requires new categories of fund balances for reporting purposes. Instead of reporting fund balance as “reserved” or “unreserved”, we now report it as either “nonspendable, restricted, committed, assigned or unassigned”. All categories except “unassigned” are deemed “non-spendable”.

The nonspendable fund balance category included amounts that will never convert to cash or will not convert soon enough to affect the current period and must be maintained intact pursuant to legal or contractual requirements.

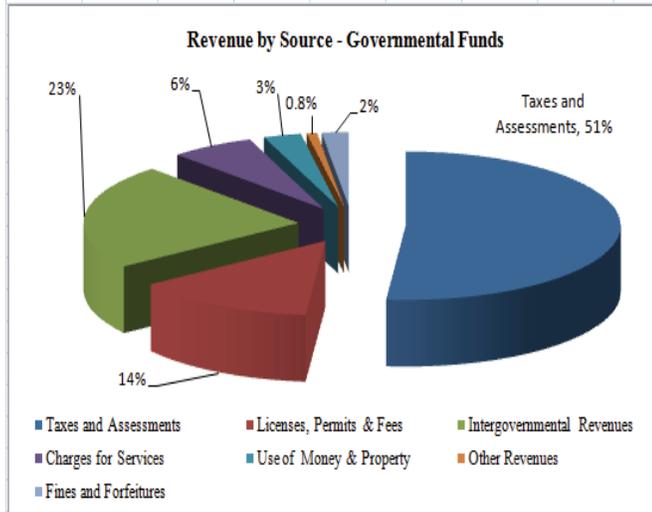
The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council.

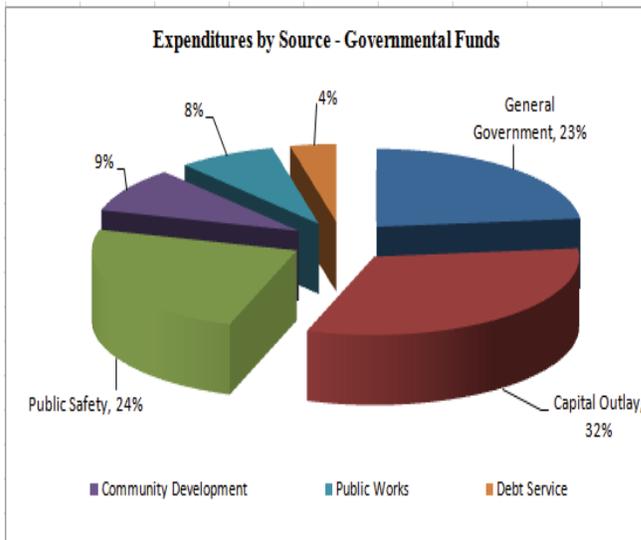
The assigned fund balance category can be used for fund balances assigned to a specific purpose, but one that does not meet the criteria to be classified as restricted or committed.

At the end of fiscal year 2010/11, the City’s governmental funds reported a total combined ending fund balance of \$84.3 million, a net decrease of \$1.5 million from the prior year. Of the \$69.9 million unspendable fund balance, \$9.2 million was nonspendable, \$56.9 million was restricted and \$3.2 million was committed.

Overall, as shown in the table on page 12, Governmental Revenues are up almost 1.6% from the prior year. Taxes and assessments remain the largest revenue source at 51% of total revenue. The overall increase in tax revenue of \$1.6 million was comprised of an increase in sales taxes of \$2.3 million and a decrease in property taxes of \$2 million. Licenses, permits and fee revenues declined \$1.3 million from fiscal year 2009/10. As in past years, this is due to the ongoing slowdown of construction and the resulting decrease in special revenue impact fees.



Intergovernmental revenues remained relatively constant, with a slight decrease of \$14,000. These revenues come from reimbursements on capital improvement projects such as the International Drive Extension project, Folsom Blvd and Mather Field Road Enhancement – Phase II project, the Street Rehabilitation projects, and the Crossings @ New Rancho project.



The City continues to manage its operating expenditures to ensure they do not exceed annual operating revenues. The total cost of all programs and services was \$63.8 million which is an increase of \$4.6 million over the prior year. The General Government expenditures of \$14.8 million include the fiscal year 2010/11 annual property tax obligation due to the County under the Revenue Neutrality Agreement (\$6.7 million this year). Public Safety costs, were \$15.3 million or 24% of total expenditures, which remained relatively constant with last year.

GENERAL FUND FINANCIAL INFORMATION

GENERAL FUND BALANCE SHEET

	Balance Sheet General Fund		
	<u>2010/11</u>	<u>2009/10</u>	<u>2008/09</u>
Assets			
Cash and Investments	13,537,459	18,190,763	20,295,748
Receivables	5,127,625	2,981,956	3,002,874
Due from Other Funds	5,779,282	5,923,971	2,898,208
Advances to Other Funds	7,011,136	4,170,924	4,932,620
Prepays	<u>29,769</u>	<u>50,226</u>	<u>60,291</u>
Total Assets	<u><u>31,485,271</u></u>	<u><u>31,317,840</u></u>	<u><u>31,189,741</u></u>
Liabilities			
Accounts Payable	4,962,231	3,466,680	2,779,256
Accrued Liabilities	65,068	217,678	223,464
Refundable Deposits	656,652	971,357	787,598
Deferred Revenue	<u>26,241</u>	<u>24,530</u>	<u>260,590</u>
Total Liabilities	<u><u>5,710,192</u></u>	<u><u>4,680,245</u></u>	<u><u>4,050,908</u></u>
Fund Balances			
Nonspendable	8,811,161	4,480,074	5,221,880
Unassigned	<u>16,963,918</u>	<u>22,157,521</u>	<u>21,916,953</u>
Total Fund Balances	<u><u>25,775,079</u></u>	<u><u>26,637,595</u></u>	<u><u>27,138,833</u></u>
Total Liabilities and Fund Balances	<u><u>31,485,271</u></u>	<u><u>31,317,840</u></u>	<u><u>31,189,741</u></u>

The General Fund is the chief operating fund of the City. As stated above, Governmental Accounting Standards Board (GASB) Statement #54 was implemented in fiscal year 2010/11 and therefore, fund balances for this fiscal year are being reported under this new format. For comparison reasons, the prior two years in the chart above, have been converted into this new format. The total fund balance had decreased to \$25.8 million, due to a prior period adjustment explained in Note 9E to the Financial Statements, \$8.8 million is nonspendable and \$17.0 million is unassigned. While the reserve policy only requires a reservation of 20% of the next year's expenditures, and those expenditures have declined, management has declined to reduce the reservation in order to provide an additional cushion through these trying economic times. The current \$9.4 million that is designated for economic uncertainty is 23% of the General Fund operating budget for fiscal year 2011/12.

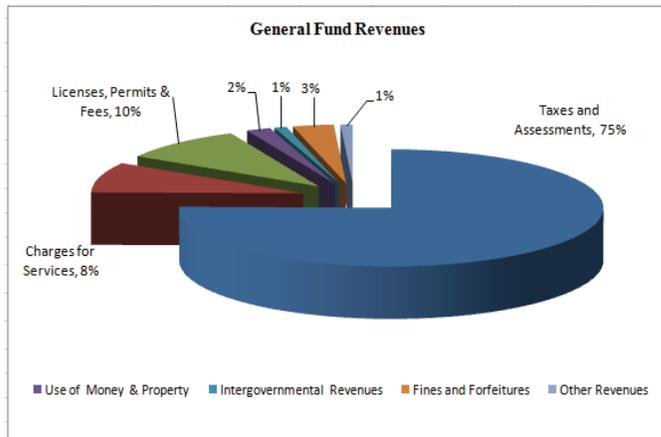
For the fiscal year ended June 30, 2011, cash and investments were \$13.5 million; other assets were \$17.9 million while overall assets were \$31.5 million. Liabilities included accounts payable of \$5.0 million due mainly to contract service companies. Other liabilities include refundable deposits of \$657,000 which consists of deposits by developers to cover the cost of processing their development plans.

GENERAL FUND REVENUE AND EXPENDITURES

Revenues, Expenditures and Changes in Fund Balances General Fund

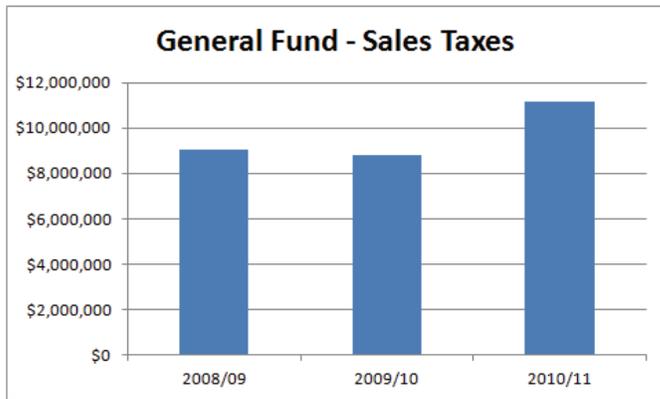
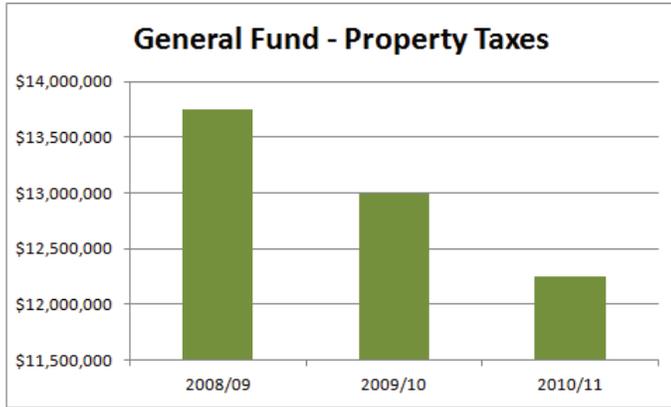
	<u>2010/11</u>	<u>2009/10</u>	<u>2008/09</u>
Revenues:			
Taxes and Assessments	\$ 29,919,564	\$ 26,982,131	\$ 28,059,322
Licenses, Permits & Fees	3,791,921	3,519,432	3,393,123
Fines and Forfeitures	1,235,160	1,063,016	668,109
Use of Money & Property	734,300	1,068,991	1,641,311
Intergovernmental Revenues	374,365	911,307	1,237,574
Charges for Services	3,331,235	2,908,646	4,204,001
Other Revenues	<u>365,174</u>	<u>291,588</u>	<u>338,707</u>
Total Revenues	<u>39,751,719</u>	<u>36,745,111</u>	<u>39,542,147</u>
Expenditures:			
General Government	13,355,802	12,851,281	12,896,113
Community Development	5,160,504	4,916,712	5,628,342
Public Safety	15,184,268	15,108,811	15,868,172
Public Works	2,237,833	2,347,855	2,346,801
Debt Service	-	-	430,972
Capital Outlay	<u>378,897</u>	<u>529,681</u>	<u>763,375</u>
Total Expenditures	<u>36,317,304</u>	<u>35,754,340</u>	<u>37,933,775</u>
Excess (Deficiency) of Revenues over Expenditures	3,434,415	990,771	1,608,372
Other Financing Sources (Uses):			
Issuance of capital lease	55,365	-	-
Transfers In	173,987	746,412	662,853
Transfers Out	<u>(3,034,999)</u>	<u>(1,500,701)</u>	<u>(1,954,230)</u>
Total Other Financing Sources (Uses)	<u>(2,805,647)</u>	<u>(754,289)</u>	<u>(1,291,377)</u>
Net Change in Fund Balances	628,768	236,482	316,995
Fund Balances, beginning of year (Note 9E)	<u>25,146,311</u>	<u>26,401,113</u>	<u>26,821,838</u>
Fund Balances, end of year	<u>\$ 25,775,079</u>	<u>\$ 26,637,595</u>	<u>\$ 27,138,833</u>

Total General Fund revenues increased over the prior year by \$3 million. As mentioned previously, revenues increased due to the annexation of the area south of Highway 50 and east of Sunrise Boulevard, as well as the passage of Measure E which expanded the applicability of the UUT.



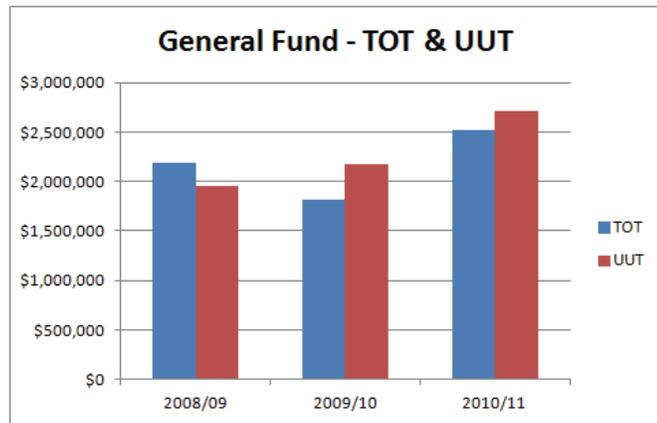
The majority of General Fund Revenues comes from Taxes (75.3%) and increases in this category account for \$2.9 million of the \$3 million total increase in General Fund revenues. These taxes consist of Property Tax, Sales Tax, Transient Occupancy Tax (TOT), Utility Users Tax (UUT), Property Transfer Tax and Police Tax.

While the tax revenue category increased over the prior year. Property tax revenues, the largest revenue source for the General Fund, experienced a decline from the prior year, due to continued declines in assessed values. The City expects property tax revenue to continue declining, albeit at a slower rate, for the next several years. Increases to property tax revenue are not expected to occur until the backlog of foreclosures work their way through the market and the unemployment rate improves.



Sales tax revenues are up this year by \$2.3 million as compared to the 2009/10 fiscal year and are up by \$2.1 million as compared to 2008/09 fiscal year. Of this increase, less than half, \$950,000 is from the annexation area, indicating some economic improvement.

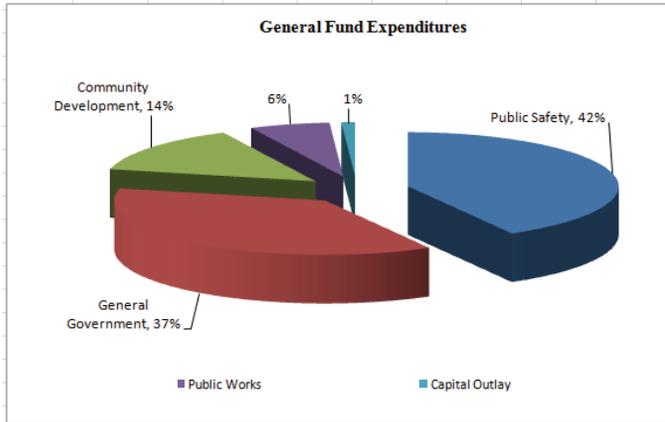
TOT increased by \$693,000 and UUT increased by \$535,000, for a combined increase of almost \$1.2 million from the prior year. The increase in TOT is attributable to the annexation and the increase in UUT, while partly from the annexation, is largely due to the passage of Measure E in the November 2010 election. Both of these are ongoing additional revenue sources.



Charges for Services consist primarily of cost recovery revenue for City provided services and increased by 14% from the prior year, due to an increase in development activity. Licenses, Permits and Fees increased by 8% compared to last year, with the largest share coming from Business, Rental Housing and Tobacco Licenses and Commercial Waste Franchise fees for fiscal year 2010/11.

General Fund expenditures increased from the prior year by \$563,000. However the increase was planned and was less than the increase in revenues, producing our eighth consecutive surplus in the General Fund, a high priority for the council and the community.

As indicated in the chart to the right, the largest expenditure in the General Fund is Public Safety at \$15.2 million or 42% of the total. The City contracts with the Sacramento County Sheriff's Department for law enforcement. Public Safety expenditures this year increased slightly from last year by \$75,500. General Government expenditures, the second largest expenditure, was \$13.4 million (37%), 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. Community Development, consisting of Economic Development, Facilities Management, Planning, Building & Safety and Neighborhood Services expended \$5.2 million. Public Works General Fund expenditures were \$2.2 million, with the major expenditures being accounting for in Special Revenue funds. Capital Outlay expenditures were \$379,000. Management continues to proactively manage our activities and our expenses to match our available revenues.



GENERAL FUND BUDGETARY HIGHLIGHTS

The City had one amendment to its budget during the year to adjust for unanticipated expenditures in the Special Revenue, Enterprise, Internal Service, Redevelopment and Agency funds. In the Special Revenue funds, there were multiple payments for park activity that were not anticipated in the original budget and the Impact Fee funds had several credit reimbursements that were not anticipated in the budget as the timing of when the credits will be used is uncertain. The Enterprise fund, which consists of the Kilgore Cemetery, needed a minor adjustment to fund the work being done on the renovation design to allow for casket burials and services to begin. The Internal Service funds contributed funds to the construction of the new Police Building and the installation of a cell tower at the Kilgore property. The Redevelopment Agency needed an adjustment in order to provide the funds for the acquisition of two parcels on Folsom Boulevard. And in the Agency funds, the City Landscape and Road Maintenance fund needed a minimal adjustment due to the increased maintenance costs and the CFD-2003-1 Sunridge Anatolia fund had a developer payout in excess of property tax assessments that was not included in the original budget.

General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual	Variance	Percent Variance with Final Budget
Revenues:					
Taxes and Assessments	\$ 28,032,000	\$ 28,032,000	\$ 29,919,564	\$ 1,887,564	6.7%
Licenses, Permits & Fees	3,218,800	3,218,800	3,791,921	\$ 573,121	17.8%
Fines and Forfeitures	1,157,000	1,157,000	1,235,160	\$ 78,160	6.8%
Use of Money & Property	789,000	789,000	734,300	\$ (54,700)	-6.9%
Intergovernmental Revenues	340,200	340,200	374,365	\$ 34,165	10.0%
Charges for Services	4,634,300	4,634,300	3,331,235	\$ (1,303,065)	-28.1%
Other Revenues and Transfers	1,108,000	1,132,800	594,526	\$ (538,274)	-47.5%
Total Revenues	<u>39,279,300</u>	<u>39,304,100</u>	<u>39,981,071</u>	<u>676,971</u>	1.7%
Expenditures					
General Government	13,431,700	13,431,700	13,355,802	(75,898)	-0.6%
Community Development	5,305,850	5,305,850	5,160,504	(145,346)	-2.7%
Public Safety	15,491,400	15,491,400	15,184,268	(307,132)	-2.0%
Public Works	3,889,950	3,889,950	2,237,833	(1,652,117)	-42.5%
Capital Outlay	244,400	244,400	378,897	134,497	55.0%
Transfers Out	896,000	2,782,200	3,034,999	252,799	9.1%
Total Expenditures	<u>39,259,300</u>	<u>41,145,500</u>	<u>39,352,303</u>	<u>(1,793,197)</u>	-4.4%
Excess/(Deficiency) of					
Revenues over Expenditures	<u>\$ 20,000</u>	<u>\$ (1,841,400)</u>	<u>\$ 628,768</u>		

The annexation and passage of Measure E made this a relatively difficult year for which to prepare a budget. The financial data available for budgetary purposes was from the 2007/08 fiscal year, the peak of the economic cycle. In spite of this challenge, the revenue budget came close to the mark with a variance of only 5.2% from actual. Higher than anticipated Licenses, Permits and Fees as well as Fines and Forfeitures and Intergovernmental revenues offset lower than expected Taxes and Assessments, Charges for Services and other revenues. The final result is that revenues outperformed the budget by \$628,768.

Tax revenues significantly outperformed the budget, due in large part to the annexation. However, the budget was prepared and enacted prior to the November 2010 election. For the sake of conservatism, the additional UUT revenues that would be generated if Measure E passed, was not included in the budget. This also accounts for the positive variance from budget.

Licenses, Permits and Fees were higher than expected for two reasons. First, the new rates for the Business License and Rental Housing License fees went into effect this year, resulting in an increase in revenues. The Tobacco License went into effect this year also, which contributed to the overall increase. There was an increase collected from the Commercial Waste Franchise fee; however, this increase was counteracted by another decrease in the Building Permits.

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

Charges for Services were less than budgeted, as is normally the case. The City utilizes on-call contracts for much of the development-related activities. We budget for a certain level of this type of activity and, if the level is lower than budgeted, we realize cost savings. This happens routinely so as to avoid many budget amendments during the year. The contracts are budgeted as an expense and the related Public Works cost recovery is recorded as revenue. The budgeted expense for consultants was \$5.4 million with actual expenses of \$4.6 million. The Public Works staff cost recovery (\$216,000) is also less than budgeted (\$880,000). These numbers are budgeted assuming full staffing and certain levels of cost recovery work available. This mix of on-call consultants and in-house staffing allows the City the flexibility it needs in order to ensure expenses track revenues. The absence of General Fund deficits attests to the success of this model.

The City was able to manage its General Fund expenditure activity to produce actual expenditures that were 4.4% less than the budget. While the budget had anticipated a surplus of \$20,000, due to continued monitoring of the revenues and making as needed adjustments to the expenses, the City experienced an actual increase in net assets of \$629,000.

FINANCIAL ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

Six major funds, in addition to the General Fund, were included in the City's governmental fund statements for fiscal year 2010/11. An analysis of significant balances and transactions are as follows:

Redevelopment Administration Special Revenue Fund – This fund is used to account for the Redevelopment Agency's property tax increment revenues, net of the 20% setaside for low and moderate income housing, and general and administrative activities of the Agency. During the fiscal year, the fund received an additional advance from the General Fund to fund the purchase of land held for resale. As of June 30, 2011, the fund had land held for resale and future redevelopment projects of \$4.3 million and owed the General Fund \$3.9 million.

Sunrise Douglas Special Revenue Fund – These specific plan development impact fees are imposed on development in the Sunridge Specific Plan, which is part of the Sunrise Douglas Community Plan development area. It includes additional fees for roadway improvements, transit shuttles, supplemental offsite water facilities, interim sewer facilities, park development improvements, library facilities and fee program updates. The revenues consist of impact fees of \$2.4 million and interest earnings of \$239,000. Expenditures this year included developer fee credits of \$1.0 million. The City's capital

improvement projects, recorded in the Capital Improvements Project Fund, were funded by transfers out of \$2.6 million.

Traffic Mitigation Special Revenue Fund – This development impact fee is a Citywide fee imposed on new development in the City to cover the fair share cost of traffic impacts resulting from new development. The funds collected are used for the construction of transportation improvements listed in the Transportation CIP Development Impact Fee Program. The revenues consist of impact fees totaling \$724,000, charges for services of \$520,000 and interest earnings of \$351,000. Expenditures this year included a \$1.4 million transfer to the Capital Improvements Project Fund for the International Drive Extension project.

Measure A Special Revenue Fund – Measure A is a voter approved, one-half percent sales tax in Sacramento County to be levied over a 20-year period (1989-2009). The proceeds of the tax are used to fund a comprehensive program of roadway and transit improvements. In 2004, voters approved a 30-year extension of this program that went into effect in April 2009. Once approved, bonds were sold to provide funding for capital projects in addition to the monies available from the first measure for maintenance and capital projects. This year the City received \$3.4 million in Measure A revenues, of which \$3.0 million was from the New Measure A funds. The City expended \$1.1 million on maintenance and \$2.8 million in capital improvement projects such as the International Drive Extension project.

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

Capital Improvements Projects Fund – This fund is used to account for expenditures relating to capital improvements projects. Funding for these projects are transferred into this fund via a transfer in from other City funds. In fiscal year 2010/11, most of the projects tracked in this fund are Public Works infrastructure projects, with the exception of one project for Housing.

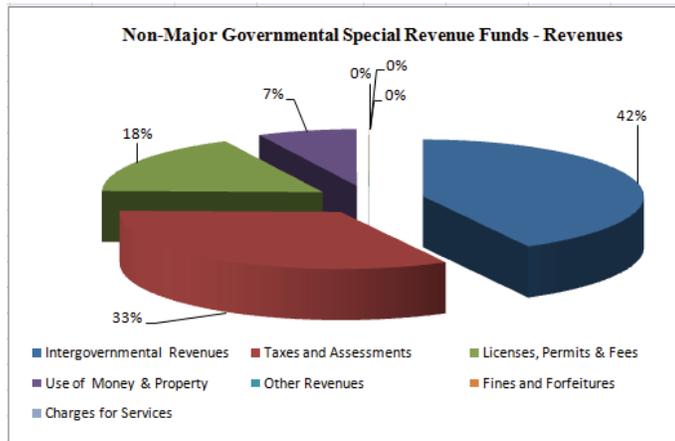
FINANCIAL ANALYSIS OF NON-MAJOR GOVERNMENTAL FUNDS

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

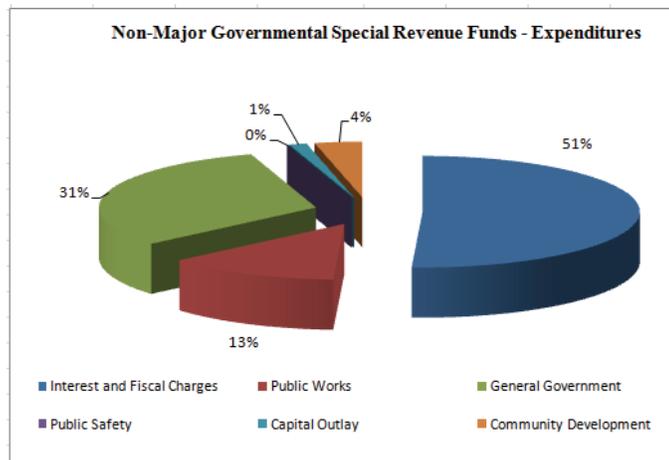
Gas Tax Fund – The Gas Tax revenue is generated from the per gallon state tax on fuel used in a motor vehicle or aircraft. These funds can be used for construction, improvements, studies and/or maintenance of public streets. The funds received in fiscal year 2010/11 were \$1.7 million. Public Works capital improvement projects funded by the Gas Tax Fund expended \$1.1 million of the total Gas Tax monies available, resulting in a remaining fund balance of \$4.3 million.

Community Facilities Fees Fund – There are several development impact fees that are collected by the City to cover the costs of municipal facilities required to serve an increased population as a result of new development. These facilities include city hall, police station, community center, corporation yard, library, city museum, parking structure, animal services equipment, telecommunication and computer systems and a records management system. During fiscal year 2010/11, \$554,000 was collected in impact fees. Transfers out of \$4.3 million were made to support debt service payments on City Hall and the Kilgore Police Station.

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



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



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

	Governmental Activities			Business Activities			Total		
	2010/11	2009/10	2008/09	2010/11	2009/10	2008/09	2010/11	2009/10	2008/09
Land	\$ 6,925,393	\$ 8,536,325	\$ 8,113,183	\$ 225,000	\$ 225,000	\$ 225,000	\$ 7,150,393	\$ 8,761,325	\$ 8,338,183
Construction in progress	49,141,258	44,810,296	37,302,683	199,650	142,600	123,200	49,340,908	44,952,896	37,425,883
Infrastructure	306,767,263	290,018,956	280,342,009	-	-	-	306,767,263	290,018,956	280,342,009
Building & Improvements	26,862,493	21,933,057	21,141,187	1,197,003	1,197,003	1,197,003	28,059,496	23,130,060	22,338,190
Equipment	3,894,292	3,314,107	3,074,050	6,049	6,049	6,049	3,900,341	3,320,156	3,080,099
Accumulated Depreciation	(84,366,836)	(70,055,724)	(60,252,855)	(125,580)	(93,639)	(61,698)	(84,492,416)	(70,149,363)	(60,314,553)
Total	\$ 309,223,863	\$ 298,557,017	\$ 289,720,257	\$ 1,502,122	\$ 1,477,013	\$ 1,489,554	\$ 310,725,985	\$ 300,034,030	\$ 291,209,811

The City's investment in capital assets includes land, infrastructure, building and improvements, equipment and construction in progress. The City completed 9 capital improvement projects this year, contributing to the increase in depreciable assets of \$14.9 million, and removing \$7.3 million from construction in progress. Activities from new and ongoing projects resulted in the addition of \$12.5 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.

	Governmental Activities			Business Activities			Total		
	2010/11	2009/10	2008/09	2010/11	2009/10	2008/09	2010/11	2009/10	2008/09
Compensated Absences	\$ 675,874	\$ 626,745	\$ 529,254	\$ -	\$ -	\$ -	\$ 675,874	\$ 626,745	\$ 529,254
County Debt	-	-	-	-	-	-	-	-	-
Certificates of Participation	24,100,000	24,865,000	25,590,000	-	-	-	24,100,000	24,865,000	25,590,000
Less deferred amount on refunding	(98,069)	(102,228)	(106,387)	-	-	-	(98,069)	(102,228)	(106,387)
Issuance discounts	(286,273)	(298,361)	(310,449)	-	-	-	(286,273)	(298,361)	(310,449)
Capital Lease Obligations	55,365	-	-	-	-	-	55,365	-	-
Total	\$ 24,446,897	\$ 25,091,156	\$ 25,702,418	\$ -	\$ -	\$ -	\$ 24,446,897	\$ 25,091,156	\$ 25,702,418

The City entered into a capital lease to finance the acquisition of a records management system.

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

At year end, there were four outstanding Mello Roos debt instruments. The City does not have liability for the payment of these bonds. The bonds are secured by the properties

within the districts and the debt is paid from the payments received from the special assessments.

Further information concerning long-term debt is contained in the Notes 7 & 8 of the financial statements. The compensated absences description can be found in Note 1F of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

Although the recession is technically over, significant improvements in the economy are not expected to be seen for several years. The California economy is expected to recover slower than the rest of the nation, while the national unemployment rate was 9.2% in June 2011, California's was 11.8%. California's unemployment rate fell to 11.7% by October 2011. We are hopeful the rate will continue its slow decline as the recovery of the housing markets are dependent upon the availability of jobs. The local area sales tax revenue is believed to have hit its bottom and expected to improve slightly, but at a very slow pace.

Property tax revenues are expected to continue to decline in fiscal year 2011/12. With the continued decline in property values and the increasing foreclosure rates, the County of Sacramento will be continuing the roll backs in assessed property values. It is expected the City will see a decline of about 3% from the previous year.

The voters of Rancho Cordova approved Measure E in the November 2010 elections. As a result, the current Utility User Tax (UUT) has been expanded to include new and various other forms of communications, including cell phones. This change generated approximately \$224,000 in the last three months of the fiscal year 2010/11 and could generate up to \$1 million annually in subsequent years.

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

In spite of Proposition 22, in an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, which suspends new redevelopment activities and dissolves redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allows redevelopment agencies to avoid dissolution by the City opting into an "alternative voluntary redevelopment program" requiring specified substantial annual contributions to local schools and special districts. The City's initial contribution would be \$1,096,539. If the City fails to make the voluntary program payment, the Agency would become subject to the dissolution provisions of ABx1 26.

On July 18, 2011, the California Redevelopment Association, the League of California Cities and others challenged the validity and constitutionality of ABx1 26 and 27 to the California Supreme Court on numerous grounds, including that the acts violate certain provisions of the California Constitution. On August 11, 2011, as modified on August 17, 2011, the California Supreme Court agreed to hear the case and issued a partial stay of ABx1 26 and a full stay of ABx1 27, but the stay did not include the section of ABx1 26 that suspends all new redevelopment activities. It is anticipated that the Court will render its decision before January 15, 2012, the date the first voluntary program payment is due.

The crash in the housing market has severely impacted the revenues generated by the Redevelopment Agency. In fact, the 2011/12 assessed valuation in the Redevelopment Agency has fallen below its base year assessed valuation. This means that there will be no property tax increment revenue received by our Redevelopment Agency in fiscal year 2011/12 or any subsequent year, until the assessed valuation recovers to a level in excess of the base year value. While already hampered by depressed assessed valuation, If the Court upholds ABx1 26, the City will lose this economic development tool. A major ongoing focus for the City may be finding new ways to foster Economic Development.

In spite of the recession and slow recovery, the City of Rancho Cordova remains fiscally strong. We have a fully funded economic uncertainty reserve, in excess of the minimum level set by our City Council. We do not anticipate dipping into that reserve fund. Instead, we are proactively managing our activities and our expenses to match our available revenues. In the upcoming year, we anticipate continued declines in property tax revenues, slight increases to sales tax, transient occupancy tax and significant increases from our utility users tax. 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 a general overview of the City's finances. This report will also be provided on the City's website at: www.cityofranhocordova.org. Questions concerning any of the information contained in the CAFR should be addressed to the City of Rancho Cordova, Finance Department, 2729 Prospect Park Drive, Rancho Cordova, CA 95670 or send us a message online. Log onto our website and click on *My City Hall Online* to submit your question/request. We can also be found on Facebook.

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CITY OF RANCHO CORDOVA

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

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

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

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

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

CITY OF RANCHO CORDOVA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	\$78,290,627	\$10,587	\$78,301,214
Restricted cash and investments with fiscal agent (Note 3)	2,798,429		2,798,429
Receivables:			
Accounts, net (Note 4)	900,410		900,410
Interest	40,555	3	40,558
Due from other governments (Note 4)	8,226,995		8,226,995
Loans (Note 4)	2,020,371		2,020,371
Other (Note 4)	573,672		573,672
Internal balances (Note 5)	1,576,868	(1,576,868)	
Prepays	435,732		435,732
Bond issuance costs, net of amortization	647,025		647,025
Land held for resale (Note 1I)	5,422,166		5,422,166
Capital assets (Note 6):			
Nondepreciable	56,066,651	424,650	56,491,301
Depreciable, net	253,157,212	1,077,472	254,234,684
Total Assets	<u>410,156,713</u>	<u>(64,156)</u>	<u>410,092,557</u>
LIABILITIES			
Accounts payable and accrued liabilities	12,944,207	3,762	12,947,969
Interest payable	459,995		459,995
Refundable deposits	656,652		656,652
Unearned revenue	615,499		615,499
Compensated absences (Note 1F):			
Due within one year	537,767		537,767
Due in more than one year	138,107		138,107
Long-term debt (Note 7):			
Due within one year	815,025		815,025
Due in more than one year	22,955,998		22,955,998
Total Liabilities	<u>39,123,250</u>	<u>3,762</u>	<u>39,127,012</u>
NET ASSETS (Note 9)			
Invested in capital assets, net of related debt	284,145,506	1,502,122	285,647,628
Restricted for:			
Debt service	1,915,211		1,915,211
Redevelopment Agency programs	850,742		850,742
Low and moderate income housing	1,287,145		1,287,145
Sunrise Douglas development	13,165,924		13,165,924
Traffic Mitigation	19,281,002		19,281,002
Community facilities	2,791,012		2,791,012
Park development	1,398,436		1,398,436
Villages of Zinfandel development	468,118		468,118
Mather Field traffic	47,196		47,196
Transit related services	320,480		320,480
Grant-funded projects	73,756		73,756
Asset forfeiture	31,275		31,275
Community development	101,862		101,862
Road improvements	11,436,573		11,436,573
Landscape and lighting	2,607,862		2,607,862
Measure A funds	1,150,081		1,150,081
Prop 42 funds	26,391		26,391
Total Restricted Net Assets	<u>56,953,066</u>		<u>56,953,066</u>
Unrestricted (Deficit)	<u>29,934,891</u>	<u>(1,570,040)</u>	<u>28,364,851</u>
Total Net Assets (Deficit)	<u>\$371,033,463</u>	<u>(\$67,918)</u>	<u>\$370,965,545</u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

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	\$31,391,098	\$981,611		\$715,745	(\$29,693,742)		(\$29,693,742)
Community Development	5,948,790	3,137,047	\$142	1,981,750	(829,851)		(829,851)
Public Safety	15,310,983	2,166,447	536,980		(12,607,556)		(12,607,556)
Public Works	4,955,151	3,568,562	5,006,040	18,406,527	22,025,978		22,025,978
Interest on long-term debt	1,584,644				(1,584,644)		(1,584,644)
Total Governmental Activities	59,190,666	9,853,667	5,543,162	21,104,022	(22,689,815)		(22,689,815)
Business-type Activities:							
Cemetery	80,919	6,850				(\$74,069)	(74,069)
Total Business-type Activities	80,919	6,850				(74,069)	(74,069)
Total Primary Government	\$59,271,585	\$9,860,517	\$5,543,162	\$21,104,022	(22,689,815)	(74,069)	(22,763,884)
General revenues:							
Taxes:							
Property taxes					8,271,587		8,271,587
Property taxes in lieu of vehicle license fees					4,823,953		4,823,953
Sales taxes					11,167,725		11,167,725
Transient occupancy					2,514,865		2,514,865
Utility user taxes					2,712,564		2,712,564
Other taxes					1,908,640		1,908,640
Use of money and property					1,789,392	180	1,789,572
Other					254,170		254,170
Total general revenues					33,442,896	180	33,443,076
Change in Net Assets					10,753,081	(73,889)	10,679,192
Net Assets-Beginning					360,280,382	5,971	360,286,353
Net Assets (Deficit) - Ending					\$371,033,463	(\$67,918)	\$370,965,545

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 2011. 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.

REDEVELOPMENT ADMINISTRATION SPECIAL REVENUE FUND

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

SUNRISE DOUGLAS SPECIAL REVENUE FUND

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

TRAFFIC MITIGATION SPECIAL REVENUE FUND

Established to account for the roadway fee imposed on the development of real property.

MEASURE A SPECIAL REVENUE FUND

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

GRANTS SPECIAL REVENUE FUND

Accounts for grant monies awarded to the City.

CAPITAL IMPROVEMENT PROJECTS CAPITAL PROJECTS FUND

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

CITY OF RANCHO CORDOVA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011

	General Fund	Redevelopment Administration	Sunrise Douglas	Traffic Mitigation	Measure A
ASSETS					
Cash and investments	\$13,537,459	\$259,186	\$13,173,686	\$19,289,599	\$1,239,483
Restricted cash and investments with fiscal agent					
Receivables:					
Accounts, net	729,421			117,046	
Interest	25,171		3,366	4,716	316
Other	573,672				
Due from other governmental agencies	2,029,105				555,708
Loans	1,770,256				
Due from other funds	5,779,282				
Advances to other funds	7,011,136				
Prepays	29,769				
Land held for resale		4,264,770			
Total Assets	<u>\$31,485,271</u>	<u>\$4,523,956</u>	<u>\$13,177,052</u>	<u>\$19,411,361</u>	<u>\$1,795,507</u>
LIABILITIES					
Accounts payable	\$4,962,231	\$192,972	\$11,128	\$13,313	\$232,374
Accrued liabilities	65,068	2,309			
Refundable deposits	656,652				
Due to other funds		58,400			413,052
Advances from other funds		3,889,847			
Deferred revenue	26,241			117,046	
Total Liabilities	<u>5,710,192</u>	<u>4,143,528</u>	<u>11,128</u>	<u>130,359</u>	<u>645,426</u>
FUND BALANCES					
Nonspendable	8,811,161				
Restricted		380,428	13,165,924	19,281,002	1,150,081
Assigned					
Unassigned	16,963,918				
Total Fund Balances (Deficits)	<u>25,775,079</u>	<u>380,428</u>	<u>13,165,924</u>	<u>19,281,002</u>	<u>1,150,081</u>
Total Liabilities and Fund Balances	<u>\$31,485,271</u>	<u>\$4,523,956</u>	<u>\$13,177,052</u>	<u>\$19,411,361</u>	<u>\$1,795,507</u>

See accompanying notes to financial statements

<u>Grants</u>	<u>Capital Improvement Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$290,471	\$7,289,590 92,967	\$19,625,351 2,705,462	\$74,704,825 2,798,429
		53,943	900,410
		6,369	39,938
			573,672
4,860,107		782,075	8,226,995
		250,115	2,020,371
		73,000	5,852,282
			7,011,136
	405,963		435,732
		1,157,396	5,422,166
<u>\$5,150,578</u>	<u>\$7,788,520</u>	<u>\$24,653,711</u>	<u>\$107,985,956</u>
\$1,233,368	\$4,080,488	\$196,597	\$10,922,471 67,377
			656,652
4,074,123		1,306,707	5,852,282
		1,544,421	5,434,268
		594,416	737,703
<u>5,307,491</u>	<u>4,080,488</u>	<u>3,642,141</u>	<u>23,670,753</u>
	405,963		9,217,124
	92,967	22,901,875	56,972,277
	3,209,102		3,209,102
<u>(156,913)</u>		<u>(1,890,305)</u>	<u>14,916,700</u>
<u>(156,913)</u>	<u>3,708,032</u>	<u>21,011,570</u>	<u>84,315,203</u>
<u>\$5,150,578</u>	<u>\$7,788,520</u>	<u>\$24,653,711</u>	<u>\$107,985,956</u>

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CITY OF RANCHO CORDOVA
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET ASSETS
JUNE 30, 2011

Total fund balances reported on the governmental funds balance sheet	\$84,315,203
<p>Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:</p>	
<p>CAPITAL ASSETS</p>	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	309,223,863
<p>ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS</p>	
<p>Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance, vehicle and equipment replacement, and technology enhancement and replacement to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Assets.</p>	
Cash and investments	3,585,802
Interest receivable	617
<p>ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES</p>	
Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	122,204
<p>LONG TERM ASSETS AND LIABILITIES</p>	
<p>The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:</p>	
Bond issuance costs	647,025
Accounts payable and accrued liabilities	(1,954,359)
Interest payable	(459,995)
Long-term debt	(23,771,023)
Governmental activities portion of compensated absences	(675,874)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$371,033,463</u></u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Redevelopment Administration</u>	<u>Sunrise Douglas</u>	<u>Traffic Mitigation</u>	<u>Measure A</u>	<u>Grants</u>
REVENUES						
Property taxes	\$12,255,995					
Sales taxes	11,167,725					
Utility user taxes	2,712,564					
Other taxes	3,783,280					
Charges for services	3,331,235			\$520,000	\$2,232	
Licenses, permits and fees	3,791,921		\$2,439,352	724,474	472,917	
Fines, forfeitures and penalties	1,235,160					
Intergovernmental	374,365				3,404,120	\$8,073,200
Use of money and property	734,300	\$2,363	238,624	350,975	17,295	332
Other	365,174					
Total Revenues	39,751,719	2,363	2,677,976	1,595,449	3,896,564	8,073,532
EXPENDITURES						
Current:						
General Government	13,355,802					76,745
Community Development	5,160,504	488,512				138,268
Public Safety	15,184,268					126,715
Public Works	2,237,833		182,888	550,549	1,130,557	247,941
Capital outlay	378,897		281,965			2,131,612
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	36,317,304	488,512	464,853	550,549	1,130,557	2,721,281
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,434,415	(486,149)	2,213,123	1,044,900	2,766,007	5,352,251
OTHER FINANCING SOURCES (USES)						
Issuance of capital lease	55,365					
Transfers in	173,987	2,402,118				
Transfers (out)	(3,034,999)	(473,361)	(2,557,704)	(1,312,972)	(2,784,748)	(5,603,370)
Total Other Financing Sources (Uses)	(2,805,647)	1,928,757	(2,557,704)	(1,312,972)	(2,784,748)	(5,603,370)
NET CHANGE IN FUND BALANCES	628,768	1,442,608	(344,581)	(268,072)	(18,741)	(251,119)
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED (Note 9E)	25,146,311	(1,062,180)	13,510,505	19,549,074	1,168,822	94,206
ENDING FUND BALANCES (DEFICITS)	\$25,775,079	\$380,428	\$13,165,924	\$19,281,002	\$1,150,081	(\$156,913)

See accompanying notes to financial statements

<u>Capital Improvement Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	\$1,828,712	\$14,084,707
		11,167,725
		2,712,564
	15,066	3,798,346
\$65,476		3,918,943
	963,375	8,392,039
	1,684	1,236,844
	2,317,665	14,169,350
2,945	403,500	1,750,334
111,866		477,040
<u>180,287</u>	<u>5,530,002</u>	<u>61,707,892</u>
	1,436,074	14,868,621
	161,506	5,948,790
		15,310,983
	588,534	4,938,302
17,554,099	60,128	20,406,701
	765,000	765,000
	<u>1,555,863</u>	<u>1,555,863</u>
<u>17,554,099</u>	<u>4,567,105</u>	<u>63,794,260</u>
<u>(17,373,812)</u>	<u>962,897</u>	<u>(2,086,368)</u>
		55,365
20,292,935	3,851,709	26,720,749
<u>(1,370,441)</u>	<u>(9,060,622)</u>	<u>(26,198,217)</u>
<u>18,922,494</u>	<u>(5,208,913)</u>	<u>577,897</u>
1,548,682	(4,246,016)	(1,508,471)
<u>2,159,350</u>	<u>25,257,586</u>	<u>85,823,674</u>
<u>\$3,708,032</u>	<u>\$21,011,570</u>	<u>\$84,315,203</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, 2011

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$1,508,471)

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

CAPITAL ASSETS TRANSACTIONS

Governmental Funds include capital outlays in departmental expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance 18,245,171

Retirements are deducted from the fund balance. (2,446,874)

Depreciation expense is deducted from the fund balance (14,311,112)

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

8,249,220

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Issuance of debt is deducted from fund balance (55,365)

Repayment of debt principal is added back to fund balance 765,000

Amortization of deferred amount on refunding and issuance discounts is deducted from fund balance (16,247)

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Bond issuance costs (27,269)

Interest payable 14,735

Deferred revenue 46,607

Compensated absences (49,129)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds.

The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Assets - All Internal Service Funds 1,846,815

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$10,753,081

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$12,956,100	\$12,956,100	\$12,255,995	(\$700,105)
Sales taxes	9,748,000	9,748,000	11,167,725	1,419,725
Transient occupancy taxes	2,074,500	2,074,500	2,514,865	440,365
Utility user taxes	1,961,400	1,961,400	2,712,564	751,164
Other taxes	1,292,000	1,292,000	1,268,415	(23,585)
Charges for services	4,634,300	4,634,300	3,331,235	(1,303,065)
Licenses, permits and fees	3,218,800	3,218,800	3,791,921	573,121
Fines, forfeitures and penalties	1,157,000	1,157,000	1,235,160	78,160
Intergovernmental	340,200	340,200	374,365	34,165
Use of money and property	789,000	789,000	734,300	(54,700)
Other	216,000	216,000	365,174	149,174
Total Revenues	38,387,300	38,387,300	39,751,719	1,364,419
EXPENDITURES:				
Current				
General Government	13,431,700	13,431,700	13,355,802	75,898
Community Development	5,305,850	5,305,850	5,160,504	145,346
Public Safety	15,491,400	15,491,400	15,184,268	307,132
Public Works	3,889,950	3,889,950	2,237,833	1,652,117
Capital outlay	244,400	244,400	378,897	(134,497)
Total Expenditures	38,363,300	38,363,300	36,317,304	2,045,996
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	24,000	24,000	3,434,415	3,410,415
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease			55,365	55,365
Transfers in	892,000	916,800	173,987	(742,813)
Transfers (out)	(896,000)	(2,782,200)	(3,034,999)	(252,799)
Total other financing sources (uses)	(4,000)	(1,865,400)	(2,805,647)	(940,247)
NET CHANGE IN FUND BALANCE	20,000	(1,841,400)	628,768	2,470,168
Fund balance, July 1, as restated	26,637,595	26,637,595	25,146,311	(1,491,284)
Fund balance, June 30	<u>\$26,657,595</u>	<u>\$24,796,195</u>	<u>\$25,775,079</u>	<u>\$978,884</u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
REDEVELOPMENT ADMINISTRATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property			\$2,363	\$2,363
Total Revenues			2,363	2,363
EXPENDITURES				
Current:				
General Government	\$225,000	\$555,000		555,000
Community Development	860,400	611,400	488,512	122,888
Capital outlay		3,215,000		3,215,000
Total Expenditures	1,085,400	4,381,400	488,512	3,892,888
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,085,400)	(4,381,400)	(486,149)	3,895,251
OTHER FINANCING SOURCES (USES)				
Transfers in	842,000	842,000	2,402,118	1,560,118
Transfers (out)	(300,000)	(300,000)	(473,361)	(173,361)
Total other financing sources (uses)	542,000	542,000	1,928,757	1,386,757
NET CHANGE IN FUND BALANCE	(543,400)	(3,839,400)	1,442,608	5,282,008
BEGINNING FUND BALANCE	(1,062,180)	(1,062,180)	(1,062,180)	
ENDING FUND BALANCE	(\$1,605,580)	(\$4,901,580)	\$380,428	\$5,282,008

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, 2011

	<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	\$1,438,100	\$1,438,100	\$2,439,352	\$1,001,252
Use of money and property			238,624	238,624
Total Revenues	<u>1,438,100</u>	<u>1,438,100</u>	<u>2,677,976</u>	<u>1,239,876</u>
EXPENDITURES:				
Current				
General Government	580,000	580,000		580,000
Public Works	143,000	143,000	182,888	(39,888)
Capital outlay	<u>475,000</u>	<u>475,000</u>	<u>281,965</u>	<u>193,035</u>
Total Expenditures	<u>1,198,000</u>	<u>1,198,000</u>	<u>464,853</u>	<u>733,147</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>240,100</u>	<u>240,100</u>	<u>2,213,123</u>	<u>1,973,023</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(7,844,600)</u>	<u>(7,844,600)</u>	<u>(2,557,704)</u>	<u>5,286,896</u>
Total other financing sources (uses)	<u>(7,844,600)</u>	<u>(7,844,600)</u>	<u>(2,557,704)</u>	<u>5,286,896</u>
NET CHANGE IN FUND BALANCE	(7,604,500)	(7,604,500)	(344,581)	7,259,919
Fund balance, July 1	<u>13,510,505</u>	<u>13,510,505</u>	<u>13,510,505</u>	
Fund balance, June 30	<u><u>\$5,906,005</u></u>	<u><u>\$5,906,005</u></u>	<u><u>\$13,165,924</u></u>	<u><u>\$7,259,919</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, 2011

	<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	\$1,147,500	\$1,147,500	\$724,474	(423,026)
Charges for services			520,000	520,000
Use of money and property			350,975	350,975
Total Revenues	<u>1,147,500</u>	<u>1,147,500</u>	<u>1,595,449</u>	<u>447,949</u>
EXPENDITURES:				
Current				
Public Works	1,448,100	1,448,100	550,549	897,551
Total Expenditures	<u>1,448,100</u>	<u>1,448,100</u>	<u>550,549</u>	<u>897,551</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(300,600)</u>	<u>(300,600)</u>	<u>1,044,900</u>	<u>1,345,500</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			109,685	109,685
Transfers (out)	(5,970,300)	(5,970,300)	(1,422,657)	4,547,643
Total other financing sources (uses)	<u>(5,970,300)</u>	<u>(5,970,300)</u>	<u>(1,312,972)</u>	<u>4,657,328</u>
NET CHANGE IN FUND BALANCE	(6,270,900)	(6,270,900)	(268,072)	6,002,828
Fund balance, July 1	<u>19,549,074</u>	<u>19,549,074</u>	<u>19,549,074</u>	
Fund balance, June 30	<u><u>\$13,278,174</u></u>	<u><u>\$13,278,174</u></u>	<u><u>\$19,281,002</u></u>	<u><u>\$6,002,828</u></u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
 MEASURE A SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	<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			\$472,917	\$472,917
Intergovernmental	\$8,226,600	\$8,226,600	3,404,120	(4,822,480)
Charges for services			2,232	2,232
Use of money and property			17,295	17,295
			<u>3,896,564</u>	<u>(4,330,036)</u>
Total Revenues	<u>8,226,600</u>	<u>8,226,600</u>	<u>3,896,564</u>	<u>(4,330,036)</u>
EXPENDITURES				
Current:				
Public Works	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,130,557</u>	<u>(130,557)</u>
Total Expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,130,557</u>	<u>(130,557)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,226,600</u>	<u>7,226,600</u>	<u>2,766,007</u>	<u>(4,460,593)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(7,193,900)</u>	<u>(7,193,900)</u>	<u>(2,784,748)</u>	<u>4,409,152</u>
Total other financing sources (uses)	<u>(7,193,900)</u>	<u>(7,193,900)</u>	<u>(2,784,748)</u>	<u>4,409,152</u>
NET CHANGE IN FUND BALANCE	32,700	32,700	(18,741)	(51,441)
Fund balance, July 1	<u>1,168,822</u>	<u>1,168,822</u>	<u>1,168,822</u>	
Fund balance, June 30	<u><u>\$1,201,522</u></u>	<u><u>\$1,201,522</u></u>	<u><u>\$1,150,081</u></u>	<u><u>(\$51,441)</u></u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$17,717,270	\$17,717,270	\$8,073,200	(\$9,644,070)
Use of money and property			332	332
Total Revenues	<u>17,717,270</u>	<u>17,717,270</u>	<u>8,073,532</u>	<u>(9,643,738)</u>
EXPENDITURES				
Current:				
General Government			76,745	(76,745)
Community Development			138,268	(138,268)
Public Safety	60,900	60,900	126,715	(65,815)
Public Works	753,470	753,470	247,941	505,529
Capital outlay	<u>102,300</u>	<u>102,300</u>	<u>2,131,612</u>	<u>(2,029,312)</u>
Total Expenditures	<u>916,670</u>	<u>916,670</u>	<u>2,721,281</u>	<u>(1,804,611)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>16,800,600</u>	<u>16,800,600</u>	<u>5,352,251</u>	<u>(11,448,349)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(16,900,600)</u>	<u>(16,900,600)</u>	<u>(5,603,370)</u>	<u>11,297,230</u>
Total other financing sources (uses)	<u>(16,900,600)</u>	<u>(16,900,600)</u>	<u>(5,603,370)</u>	<u>11,297,230</u>
NET CHANGE IN FUND BALANCE	(100,000)	(100,000)	(251,119)	(151,119)
Fund balance, July 1	<u>94,206</u>	<u>94,206</u>	<u>94,206</u>	
Fund balance (deficit), June 30	<u>(\$5,794)</u>	<u>(\$5,794)</u>	<u>(\$156,913)</u>	<u>(\$151,119)</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.

CITY OF RANCHO CORDOVA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2011

	<u>Business-type Activities- Enterprise Fund</u>	<u>Governmental Activities- Internal Service Funds</u>
	<u>Kilgore Cemetery</u>	
ASSETS		
Current assets:		
Cash and investments	\$10,587	\$3,585,802
Receivables:		
Interest	<u>3</u>	<u>617</u>
Total current assets	<u>10,590</u>	<u>3,586,419</u>
Noncurrent assets:		
Capital assets:		
Nondepreciable	424,650	
Depreciable, net	<u>1,077,472</u>	<u>930,441</u>
Total noncurrent assets	<u>1,502,122</u>	<u>930,441</u>
Total Assets	<u>1,512,712</u>	<u>4,516,860</u>
LIABILITIES		
Current liabilities:		
Accounts payable	<u>3,762</u>	
Total current liabilities	<u>3,762</u>	
Noncurrent liabilities:		
Advance from other funds	<u>1,576,868</u>	
Total noncurrent liabilities	<u>1,576,868</u>	
Total Liabilities	<u>1,580,630</u>	
NET ASSETS		
Invested in capital assets	1,502,122	930,441
Unrestricted	<u>(1,570,040)</u>	<u>3,586,419</u>
Total Net Assets (Deficit)	<u><u>(\$67,918)</u></u>	<u><u>\$4,516,860</u></u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities- Enterprise Fund	Governmental Activities -
	Kilgore Cemetery	Internal Service Funds
OPERATING REVENUES		
Service charges	\$6,850	
Total Operating Revenues	6,850	
OPERATING EXPENSES		
Administration	48,978	\$16,127
Depreciation	31,941	
Total Operating Expenses	80,919	16,127
Operating Income (Loss)	(74,069)	(16,127)
NONOPERATING REVENUES (EXPENSES)		
Interest income	180	39,294
Total Nonoperating Revenues (Expenses)	180	39,294
Income (Loss) Before Transfers	(73,889)	23,167
TRANSFERS		
Transfers in		2,816,641
Transfers (out)		(992,993)
Net transfers		1,823,648
Change in net assets	(73,889)	1,846,815
BEGINNING NET ASSETS	5,971	2,670,045
ENDING NET ASSETS (DEFICIT)	(\$67,918)	\$4,516,860

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities- Enterprise Fund	Governmental Activities- Internal Service Funds
	Kilgore Cemetery	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$6,850	
Payments to suppliers	(50,602)	(\$16,127)
Cash Flows from (Used by) Operating Activities	(43,752)	(16,127)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund receipts	101,794	
Transfers in		2,816,641
Transfers (out)		(992,993)
Cash Flows from Noncapital Financing Activities	101,794	1,823,648
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(57,050)	(930,441)
Cash Flows from Capital and Related Financing Activities	(57,050)	(930,441)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	179	39,151
Cash Flows from Investing Activities	179	39,151
Net Cash Flows	1,171	916,231
Cash and investments at beginning of period	9,416	2,669,571
Cash and investments at end of period	\$10,587	\$3,585,802
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:		
Operating income (loss)	(\$74,069)	(\$16,127)
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	31,941	
Change in assets and liabilities:		
Accounts payable	(1,624)	
Cash Flows from (Used by) Operating Activities	(\$43,752)	(\$16,127)

See accompanying notes to financial statements

FIDUCIARY FUNDS

FIDUCIARY FUNDS

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

CITY OF RANCHO CORDOVA
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2011

	<u>Total Agency Funds</u>
ASSETS	
Cash and investments (Note 3)	\$10,326,082
Restricted cash and investments (Note 3)	14,615,422
Accounts receivable	571
Due from other governmental agencies	437,639
Interest receivable	<u>5,529</u>
Total Assets	<u><u>\$25,385,243</u></u>
 LIABILITIES	
Accounts payable	\$3,855
Refundable deposits payable	100,211
Due to assessment district bondholders	18,868,421
Due to assessment holders	<u>6,412,756</u>
Total Liabilities	<u><u>\$25,385,243</u></u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. *Reporting Entity*

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

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

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

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

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

B. Basis of Presentation

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

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

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

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

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C. Major Funds

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

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

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

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

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

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

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

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

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

The City has one enterprise fund, the **Kilgore Cemetery**, which is a major fund. The Kilgore Cemetery Fund is the City's only Enterprise Fund. It is used to account for the operations of the historic Kilgore Cemetery, rededicated and opened in fiscal year 2006-2007.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

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

Agency Funds - Agency Funds account for assets held by the City in a purely custodial capacity. Agency Funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The City's agency funds also account for assets held by the City as an agent for bonded assessment districts. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

D. *Basis of Accounting*

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

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

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

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

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

E. *Property Tax*

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

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

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

F. *Compensated Absences*

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

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The changes in compensated absences were as follows:

	Governmental Activities
Beginning Balance	\$626,745
Additions	628,035
Payments	(578,906)
Ending Balance	\$675,874
Current Portion	\$537,767

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

G. *Prepaid Costs*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements, using the consumption method. Prepaid costs in governmental funds are equally offset with nonspendable fund balance to indicate they do not constitute resources available for appropriation.

H. *Refundable Deposits Payable*

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

I. *Land Held for Resale*

The Redevelopment Agency has 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.

J. *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.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. *Budgeting Procedures*

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

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

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

B. *Excess of Expenditures over Appropriations*

During fiscal 2011, the following funds had expenditures in excess of budget, as follows:

Fund	Excess of Expenditures Over Appropriations
Measure A Special Revenue Fund	\$130,557
Grants Special Revenue Fund	1,804,611
<i>Non Major Funds:</i>	
Special Revenue Funds	
Low and Moderate Income Housing	16,913
Gas Tax	7,481
Very Low Income Housing	18,611
Community Development Block Grant	265,516
Debt Service Fund	
Redevelopment Debt Service	163,531
Financing Corporation	228

The respective funds had sufficient resources to finance these expenditures.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 3 – CASH AND INVESTMENTS

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

A. Policies

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

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

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

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

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

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

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

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

(A) 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, 2011

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	AAA or AAAm or
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, 2011 consist of the following:

City cash and investments:	
Cash and investments	\$78,301,214
Restricted cash and investments with fiscal agents	2,798,429
Total City cash and investments	81,099,643
Cash and investments in Fiduciary Funds (Separate Statement):	
Cash and investments	10,326,082
Restricted cash and investments with fiscal agents	14,615,422
Total cash and investments	\$106,041,147

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 3 - CASH AND INVESTMENTS (Continued)

As of June 30, 2011, the City's cash and investments consisted of the following:

Cash on hand	\$1,700
Deposits with financial institutions	6,192,346
Investments	99,847,101
Total cash and investments	<u><u>\$106,041,147</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	\$9,258,687	\$5,989,763	\$1,906,141	\$3,147,804	\$20,302,395
U.S. Treasury Notes	5,122,753	2,922,607		2,453,546	10,498,906
U.S. Government Supported Corporate Note (FDIC Insured)	1,041,069				1,041,069
California Local Agency Investment Fund	19,086,252				19,086,252
California Asset Management Program	24,822,854				24,822,854
Money Market Mutual Funds (U.S. Securities)	6,719,582				6,719,582
Certificate of Deposit	49,163				49,163
Financing Corporation Bonds				5,702	5,702
<i>Held by Fiscal Agents:</i>					
California Asset Management Program	3,868,338				3,868,338
Money Market Mutual Funds (U.S. Securities)	11,154,578				11,154,578
Guaranteed Investment Agreements				2,298,262	2,298,262
Total Investments	<u><u>\$81,123,276</u></u>	<u><u>\$8,912,370</u></u>	<u><u>\$1,906,141</u></u>	<u><u>\$7,905,314</u></u>	<u><u>\$99,847,101</u></u>

Money market funds are available for withdrawal on demand and at June 30, 2011, have an average maturity of 44 days for the First American Treasury Obligation Money Market Fund, 52 days for the First American Prime Obligation Money Market Funds, and 26 day for the Wells Fargo Advantage Treasury Plus Money Market Fund.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

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, 2011 for the investment types provided by Standard and Poor's investment rating system.

Investments	AAA	AAAm	A+	Total
U.S. Federal Agency Securities	\$20,302,395			\$20,302,395
U.S. Government Supported Corporate Note (FDIC Insured)	1,041,069			1,041,069
California Asset Management Program		\$28,691,192		28,691,192
Money Market Mutual Funds (U.S. Securities)		17,874,160		17,874,160
Financing Corporation Bonds			\$5,702	5,702
Total rated	\$21,343,464	\$46,565,352	\$5,702	67,914,518
<i>Not rated:</i>				
California Local Agency Investment Fund				19,086,252
Guaranteed Investment Agreements				2,298,262
<i>Exempt from credit rating:</i>				
U.S. Treasury Notes				10,498,906
Certificate of Deposit				49,163
Total Investments				99,847,101
Cash in Banks and Petty Cash				6,194,046
Total Cash and Investments				\$106,041,147

On August 5, 2011, Standard & Poor's Ratings Services (S&P) lowered its long-term credit rating on the United States of America from AAA to AA+. At the same time, S&P affirmed its A-1+ short-term rating on the United States of America.

On August 8, 2011, S&P lowered its issuer credit ratings and related issue ratings on ten of twelve Federal Home Loan Banks (FHLBs) and the senior debt issued by the FHLB System from AAA to AA+. S&P also lowered the ratings on the senior debt issued by the Federal Farm Credit Banks (FFCB) from AAA to AA+, and lowered the senior issue ratings on Fannie Mae (FNMA) and Freddie Mac (FHLMC) from AAA to AA+. The A subordinated debt rating and the C rating on the preferred stock of these entities remained unchanged. Finally, S&P affirmed the short-term issue ratings for these entities at A-1+. As of June 30, 2011, the City's investments in these agencies that were subject to the downgrade were as follows: FHLB \$5,265,249, FFCB \$3,328,728, FNMA \$5,566,123 and FHLMC \$6,142,295.

On August 8, 2011, S&P also lowered the ratings on 126 Federal Deposit Insurance Corporation-guaranteed debt issues from thirty financial institutions that are under the Temporary Liquidity Guarantee Program (TLGP), and four National Credit Union Association-guaranteed debt issues from two corporate credit unions under the Temporary Corporate Credit Union Guarantee Program (TCCUGP) from AAA to AA+. As of June 30, 2011, the City's investments in these institutions that were subject to the downgrade were as follows: Bank of America Corp \$1,041,069.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 3 - CASH AND INVESTMENTS (Continued)

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, 2011:

Issuer	Investment Type	Amount
Federal National Mortgage Association	Federal Agency Securities	\$5,566,123
Federal Home Loan Mortgage Corporation	Federal Agency Securities	6,142,295
Federal Home Loan Bank	Federal Agency Securities	5,265,249

Investments in the securities of any individual issuers, other than U.S. Treasury securities, mutual funds, the California Local Agency Investment Fund and the California Asset Management Program, that represent 5% or more of total Non-Major Funds at June 30, 2011 include a Guaranteed Investment Agreement with Ixis Funding Corporation in the amount of \$2,298,262.

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, 2011 these investments matured in an average of 237 days.

I. Investments in CAMP

The City is a participant in the California Asset Management Program (CAMP). Oversight of CAMP is provided by a Board of Trustees, which consists of seven trustees. The trustees are appointed to the Board of Trustees from members of the governing body, officers, or full-time employees of a public agency that is a participant in the trust and approved annually by the participants. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis. There are no CAMP funds invested in derivatives as of June 30, 2011.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 3 - CASH AND INVESTMENTS (Continued)

J. Change in Investment Market Values

Unrealized gains or losses in investments result from changes in fair market values recognized for financial statement purposes, but are not realized since these investments have not been sold. At June 30, 2011, the City's investments include an unrealized loss in the amount of \$236,086.

NOTE 4 – RECEIVABLES

A. Accounts Receivable and Due from other Governments

Accounts receivable and other receivables consisted of the following at June 30, 2011:

Developer deposits	\$137,577
Transient occupancy taxes	352,702
Utility taxes	312,275
Vendor	62,374
Franchise fees	109,459
Fines	10,329
Other	573,672
Less: allowance for doubtful accounts	<u>(84,306)</u>
	<u><u>\$1,474,082</u></u>

Due from other governments consisted of the following at June 30, 2011:

Measure A funds	\$555,708
Grants	5,102,022
Property and related tax	190,260
Sales tax	1,758,800
Gas tax	196,194
Transportation Development Act funds	307,371
Fines	92,063
Other	<u>24,577</u>
	<u><u>\$8,226,995</u></u>

B. Loans Receivable

Loans receivable consisted of the following at June 30, 2011:

General Fund:	
Chamber of Commerce	\$258,924
Crossings @ New Rancho	1,511,332
Community Development Block Grant Fund:	
Emergency Repair Loan Program	149,390
Rehabilitation Loan Program	<u>100,725</u>
	<u><u>\$2,020,371</u></u>

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 4 – RECEIVABLES (Continued)

Chamber of Commerce Loan

Under an agreement dated March 5, 2008, as amended on December 12, 2008, the City loaned \$201,882 to the Rancho Cordova Chamber of Commerce to repay outstanding debt 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 interest on behalf of the Chamber for its bank loan. The City's loan to the Chamber is due on or before March 5, 2018 and bears simple interest at the rate equal to the Local Agency Investment Fund rate for the previous calendar year plus 1%. Loan repayments consist of interest-only in years 2 through 4 and principal and interest in years 5 through 10. The Chamber is required to establish an escrow account, with the City as an additional beneficiary, into which 20% of all positive cash flow from events held by the Chamber, excluding regular monthly member programs, to be used for the repayment of the loan. The balance of the Chamber's escrow account was \$49,163 at June 30, 2011. Unpaid principal and accrued interest on the loan totaled \$258,924 at June 30, 2011.

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 has 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.

Unpaid principal and accrued interest on the loans totaled \$1,511,332 at June 30, 2011.

Emergency Repair Loan Program

The City operates an Emergency Repair Loan Program under its Community Development Block Grant Program which provides five-year forgivable loans of up to \$7,500 (\$5,000 for mobile homes) to repair a limited number of serious health and safety hazards in owner-occupied housing. The loans are available to households earning no more than 50 percent of the area median income. The loans do not bear interest and are forgivable 20% each year that the owner continues to occupy the home. The balance of the loan is due if the home is sold or no longer occupied by the owner. During the year ended June 30, 2011, the City issued 6 loans totaling \$33,645, loan balances forgiven totaled \$44,190, and as of June 30, 2011 there were 50 loans outstanding totaling \$149,390.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 4 – RECEIVABLES (Continued)

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, 2011, there were 2 loans outstanding with principal and accrued interest totaling \$100,725.

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, 2011 were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
General Fund	Grants Fund	\$95,762 (A)
	Non-Major Governmental Funds	78,225 (A)
Redevelopment Administration	Non-Major Governmental Funds	55,938 (B)
Capital Improvement Projects Fund	General Fund	88,082 (C)
	Redevelopment Administration	85,823 (C)
	Sunrise Douglas Fund	2,557,704 (C)
	Traffic Mitigation Fund	1,312,972 (C)
	Measure A Fund	2,784,748 (C)
	Grants Fund	5,503,023 (C)
	Non-Major Governmental Funds	6,967,590 (C)
	Internal Service Funds	992,993 (C)
Non-Major Governmental Funds	General Fund	1,060,717 (D)
	Redevelopment Administration	387,538 (E)
	Grants Fund	4,585 (C)
	Capital Improvement Projects Fund	440,000 (C)
	Non-Major Governmental Funds	1,958,869 (B) (F)
Internal Service Funds	General Fund	1,886,200 (A)
	Capital Improvement Projects Fund	930,441 (C)
	<u>Total Interfund Transfers</u>	<u>\$27,191,210</u>

The reasons for these transfers are set forth below:

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

In addition to the transfers above, the City transferred capital assets previously reported in the Governmental Activities in the amounts of \$1,848,370 and \$937,810 to the Redevelopment Administration and Non-Major Governmental Funds, respectively.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

B. Long-Term Advances

At June 30, 2011, 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, 2011:

Advances from General Fund to:	
Redevelopment Administration Special Revenue Fund	\$3,889,847
Non Major Governmental Funds	1,544,421
Kilgore Cemetery Enterprise Fund	<u>1,576,868</u>
Total	<u>\$7,011,136</u>

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

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

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

C. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2011, the Measure A Special Revenue Fund, the Grants Special Revenue Fund and Non-Major Governmental Funds owed the General Fund \$413,052, \$4,074,123 and \$1,306,707, respectively. In addition, the Redevelopment Administration Fund and Non-Major Governmental Funds owed other Non-Major Governmental Funds \$58,400 and \$14,600, respectively at June 30, 2011.

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.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 6 – CAPITAL ASSETS

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

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

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, 2011

NOTE 6 – CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	Balance at June 30, 2010	Additions	Retirements	Transfers	Balance at June 30, 2011
Governmental activities					
Capital assets not being depreciated:					
Land	\$7,997,428		(\$1,610,932)		\$6,386,496
Easements	538,897				538,897
Construction in progress	44,810,296	\$12,492,496	(835,942)	(\$7,325,592)	49,141,258
Total capital assets not being depreciated	53,346,621	12,492,496	(2,446,874)	(7,325,592)	56,066,651
Capital assets being depreciated:					
Infrastructure	290,018,956	9,504,096		7,244,211	306,767,263
Buildings and improvements	21,933,057	4,848,055		81,381	26,862,493
Office equipment and furniture	931,721	552,025			1,483,746
Software	2,009,567	28,160			2,037,727
Vehicles	372,819				372,819
Total capital assets being depreciated	315,266,120	14,932,336		7,325,592	337,524,048
Less accumulated depreciation for:					
Infrastructure	(64,386,368)	(13,071,558)			(77,457,926)
Buildings and improvements	(3,298,795)	(765,053)			(4,063,848)
Office equipment and furniture	(444,989)	(176,950)			(621,939)
Software	(1,657,952)	(240,962)			(1,898,914)
Vehicles	(267,620)	(56,589)			(324,209)
Total accumulated depreciation	(70,055,724)	(14,311,112)			(84,366,836)
Net capital assets being depreciated	245,210,396	621,224		7,325,592	253,157,212
Governmental activity capital assets, net	\$298,557,017	\$13,113,720	(\$2,446,874)		\$309,223,863
Business-type Activities					
Capital assets not being depreciated:					
Land	\$225,000				\$225,000
Construction in progress	142,600	\$57,050			199,650
Total capital assets not being depreciated	367,600	57,050			424,650
Capital assets being depreciated:					
Buildings	1,197,003				1,197,003
Software	6,049				6,049
Total capital assets being depreciated	1,203,052				1,203,052
Less accumulated depreciation for:					
Buildings	(89,775)	(29,925)			(119,700)
Software	(3,864)	(2,016)			(5,880)
Total accumulated depreciation	(93,639)	(31,941)			(125,580)
Net capital assets being depreciated	1,109,413	(31,941)			1,077,472
Business-type activity capital assets, net	\$1,477,013	\$25,109			\$1,502,122

During the year ended June 30, 2011, depreciation of \$14,311,112 was charged to the general government function, and \$31,941 was charged to the Kilgore Cemetery Enterprise Fund.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 6 – CAPITAL ASSETS (Continued)

B. Capital Asset Contributions

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

NOTE 7 – LONG-TERM DEBT

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

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

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

A. Current Year Transactions and Balances

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

	Original Issue Amount	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011	Due within one year
Governmental Activity Debt						
Certificates of Participation:						
2005 Series A						
3.00-5.00%, due 9/1/2035	\$3,695,000	\$3,545,000		\$80,000	\$3,465,000	\$85,000
2005 Series B						
3.00-5.00%, due 9/1/2015	3,010,000	1,975,000		290,000	1,685,000	305,000
2007 Series A						
4.43% to 5.65%, due on 8/1/2035	12,100,000	12,100,000			12,100,000	
2007 Series B						
4.43% to 5.65%, due on 8/1/2024	8,300,000	7,245,000		395,000	6,850,000	415,000
Less: Deferred amount on refunding		(102,228)		(4,159)	(98,069)	
Issuance discounts		(298,361)		(12,088)	(286,273)	
Total Certificates of Participation		24,464,411		748,753	23,715,658	805,000
Capital Lease Obligations	55,365		\$55,365		55,365	10,025
Total Governmental Activity Debt		\$24,464,411	\$55,365	\$748,753	\$23,771,023	\$815,025

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 7 – LONG-TERM DEBT (Continued)

B. 2005 Series A & B Certificates of Participation

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

C. 2007 Series A & B Refunding Certificates of Participation

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

D. Prior Year Defeasance

The 2007 Certificates of Participation advance refunded the 2005 Certificates of Participation totaling \$19,465,000. Proceeds from the 2007 Certificates were used to purchase U.S. Treasury securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 Certificates. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. As of June 30, 2011, \$17,835,000 of the 2005 Certificates of Participation were outstanding.

E. 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 beginning August 15, 2011 through May 15, 2016.

F. 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, 2011, the City does not expect to incur a liability.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 7 – LONG-TERM DEBT (Continued)

G. Debt Service Requirements

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

For the Year Ending June 30	Principal	Interest
2012	\$815,025	\$1,144,288
2013	850,445	1,102,703
2014	896,017	1,058,940
2015	941,621	1,012,731
2016	992,257	964,044
2017 - 2021	3,545,000	4,248,573
2022 - 2026	4,600,000	3,200,720
2027 - 2031	5,730,000	2,066,754
2032 - 2036	5,785,000	666,564
Total payments due	24,155,365	\$15,465,317

Reconciliation of Long Term Debt:

Deferred amount on refunding	(98,069)
Issuance discounts	(286,273)
	\$23,771,023

NOTE 8 – ASSESSMENT DEBT WITHOUT CITY COMMITMENT

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

As of June 30, 2011, Special Tax Bonds outstanding were as follows:

Sunridge Anatolia CFD 2003 - 1 - Series 2003	\$23,320,000
Sunridge Anatolia CFD 2003 - 1 - Series 2005	14,595,000
Sunridge Anatolia CFD 2003 - 1 - Series 2007	20,470,000
Sunridge Park CFD 2004 - 1 - Series 2007	13,400,000
	\$71,785,000

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 9 – NET ASSETS AND FUND BALANCE

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

A. Net Assets

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

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

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

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

B. Fund Balances

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 in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances 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 redevelopment 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.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 9 – NET ASSETS AND FUND BALANCES (Continued)

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 and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; Nonspendables, when it is the City’s intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

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.

Detailed classifications of the City’s Fund Balances, as of June 30, 2011, are below:

Fund Balance Classifications	Special Revenue						Capital Projects	Other Governmental Funds	Total
	General Fund	Redevelopment Administration	Sunrise Douglas	Traffic Mitigation	Measure A	Grants	Capital Improvement Projects		
Nonspendables:									
Items not in spendable form:									
Prepaid Expenses	\$29,769						\$405,963		\$435,732
Notes Receivable	1,770,256								1,770,256
Advances to Other Funds	7,011,136								7,011,136
Total Nonspendable Fund	8,811,161						405,963		9,217,124
Restricted for:									
Redevelopment Projects and Programs		\$380,428						\$470,314	850,742
Development Improvements			\$13,165,924					4,870,255	18,036,179
Traffic Mitigation				\$19,281,002					19,281,002
Debt Service								1,915,211	1,915,211
Transportation					\$1,150,081			9,899,035	11,049,116
Capital Projects							92,967		92,967
Redevelopment Low Income Housing								1,388,964	1,388,964
Public Safety								31,275	31,275
Parks and Recreation								1,398,436	1,398,436
Transit Services								320,480	320,480
Environmental Mitigation								43	43
Landscaping and Lighting								2,607,862	2,607,862
Total Restricted Fund Balances		380,428	13,165,924	19,281,002	1,150,081		92,967	22,901,875	56,972,277
Assigned to:									
Capital Projects							3,209,102		3,209,102
Total Committed Fund Balances							3,209,102		3,209,102
Unassigned:									
General Fund	16,963,918								16,963,918
Other Governmental Fund									
Deficit Residuals						(\$156,913)		(1,890,305)	(2,047,218)
Total Unassigned Fund Balances	16,963,918					(156,913)		(1,890,305)	14,916,700
Total Fund Balances (Deficits)	\$25,775,079	\$380,428	\$13,165,924	\$19,281,002	\$1,150,081	(\$156,913)	\$3,708,032	\$21,011,570	\$84,315,203

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 9 – NET ASSETS AND FUND BALANCES (Continued)

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, 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, 2011, the minimum fund balance reserve, which is reported within the unassigned fund balance of the General Fund, had a balance of \$9,419,717.

D. *Fund Equity Deficits*

The following funds have a fund deficit at June 30, 2011:

Fund	Amount
Grants Fund	\$156,913
Community Development Block Grant Fund	26,969
Storm Water Utility Tax	301,283
General Plan Fund	1,562,053
Kilgore Cemetery Enterprise Fund	67,918

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

E. *Fund Balance Restatement*

During fiscal year 2011, the City determined that debt service costs that had been charged to the Community Facility Fees Special Revenue Fund were no longer associated with Community Facility Fee projects and should have been paid by the General Fund. Therefore, fund balance has been restated in these two funds in the amount of \$1,491,284.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 10 – DEFINED BENEFIT PENSION PLANS

A. CalPERS Miscellaneous Employees Plan

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

Participants are required to contribute 8% of their annual covered salary, however, the City makes 5.5% of the 8% participant contribution required by CalPERS, and the City made the contributions required of the City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

The Plan's provisions and benefits in effect at June 30, 2011 are summarized as follows:

	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefit factors, as a % of annual salary	2.0% - 2.7%
Required employee contribution rates	8%
Required employer contribution rates	11.742%

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, 2009	\$668,930	100%	\$0
June 30, 2010	630,994	100%	0
June 30, 2011	460,003	100%	0

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

CalPERS uses the market related value method of valuing the Plan’s assets. For the most recent actuarial report, as of June 30, 2010, an investment rate of return of 7.75% is assumed, including inflation at 3.00%. Annual salary increases are assumed to vary by duration of service. Changes in the liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over nineteen years for the Miscellaneous Plan. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

As required by State law, effective July 1, 2005, the City’s Miscellaneous Plan was terminated, and the employees in the plan were required by CalPERS to join a State-wide pool. One of the conditions of entry to the pool was that the City true-up any unfunded liabilities in the former Plan, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CalPERS. The City satisfied its Miscellaneous Plan’s unfunded liability at July 1, 2005 by agreeing to contribute to the Side Fund through an addition to its normal contribution rates. The balance of the Side Fund was \$337,029 at June 30, 2011. 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.

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

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2008	\$1,823,366,479	\$1,529,548,799	\$293,817,680	83.9%	\$414,589,514	70.9%
2009	2,140,438,884	1,674,260,302	466,178,582	78.2%	440,071,499	105.9%
2010	2,297,871,345	1,815,671,616	482,199,729	79.0%	434,023,381	111.1%

The City’s Miscellaneous Plan represents approximately 0.012%, 0.012% and 0.011%, of the State-wide pool for the years ended June 30, 2010, 2009 and 2008, respectively, based on covered payroll of \$5,379,277, \$5,478,543, and \$4,797,262, for those years.

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

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS

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

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

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

The City's contribution for active employees and Council members is the minimum required amount (e.g., \$108 for 2011). Therefore, the City's 2010 contribution toward health plan benefits for retired employees is 5% times 7 (years in CalPERS medical) times \$105 or \$37.80. This amount will increase for 15 more years when it is expected to equal the amount contributed to CalPERS for active employees. Retirees may cover their spouse and other eligible dependents at their expense. If a covered spouse survives the retiree, the City will continue its contribution toward the spouse's coverage until his or her death.

As of June 30, 2011, 5 participants were eligible to receive retirement health care benefits.

The City Council passed a resolution to participate 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, 2009 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.75% discount rate; (b) 3.25% projected annual salary increase, and (c) 4.5% to 8.5% health care cost trend rate increases.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Funding Progress and Funded Status

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2011, the City contributed \$34,649 to the Plan to prefund benefits. As a result, the City has no recorded Net OPEB Asset or Net OPEB Obligation. The calculation of the Annual OPEB cost and actual contributions are presented below:

Annual required contribution (ARC)	\$32,928
Interest on Net OPEB Obligation	2,552
Adjustment to annual required contribution	0
Annual OPEB cost	35,480
Contributions made	(34,649)
Payments made to retiree	(831)
(Decrease) increase in net OPEB obligation	0
Net OPEB Asset at June 30, 2010	0
Net OPEB Obligation (Asset) at June 30, 2011	\$0

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the roll-forward of the actuarial study dated July 1, 2009 to July 1, 2010, amounted to \$265,980. The AAL is partially funded since assets have been transferred into CERBT. The City's prior year contributions, the current year annual required contribution, along with investment income net of current year premiums resulted in assets with CERBT of \$350,649.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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, 2010	\$266,493	(\$266,493)	100%	\$0
June 30, 2011	35,480	(35,480)	100%	0

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (A - B)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(A - B)/C]
7/1/2009	\$0	\$215,433	\$215,433	0.00%	\$2,926,152	7.36%
7/1/2010	265,980	265,980	0	0.00%	3,021,252	0.00%

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 \$305,790 for the year ended June 30, 2011. 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	610,000,000	5,000
Property - all flood	602,500,000	5,000

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 12 - RISK MANAGEMENT (Continued)

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

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

NOTE 13 – COMMITMENTS AND CONTINGENCIES

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

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

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, 2011, property taxes retained by the County in accordance with the revenue neutrality agreement totaled \$6,714,615.

The City has an agreement with the County to provide law enforcement services to the City commencing July 1, 2007 and continuing until June 30, 2010. The cost of providing this service will be outlined in a service plan, which will be provided to the City annually. The service plan for fiscal year 2010/2011 projected total costs of \$15,200,000.

The City has an agreement with the County to provide maintenance services beginning July 1, 2004 and continuing through June 30, 2007. The agreement is renewable annually through June 30, 2014. Under the agreement, the City is required to budget \$1,000,000 annually for these services and is required to expend a minimum of \$750,000 each year of the contract. For the fiscal year ended June 30, 2011, actual costs totaled \$848,948 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, 2011

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 \$22,404,324 and outstanding contracts for construction in the amount of \$15,410,802 at June 30, 2011.

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, 2011, are as follows:

Year ending June 30,	Lease Payments
2012	\$91,483
2013	87,718
2014	54,783
2015	32,350
Total	<u>\$266,334</u>

Total Costs of such leases were \$146,992 for the fiscal year ended June 30, 2011.

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

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

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

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

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

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

NOTE 16 – PROPOSED DISSOLUTION OF REDEVELOPMENT

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, which suspends all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allows redevelopment agencies to avoid dissolution by the City opting into an “alternative voluntary redevelopment program” requiring specified substantial annual contributions to local schools and special districts. Concurrently with these two measures, the State passed various budget and trailer bills that are related and collectively constitute the Redevelopment Restructuring Acts. If all sponsoring communities were to opt-in to the voluntary program, these contributions amount to an estimated \$1.7 billion for fiscal year 2012 and an estimated \$400 million in each succeeding year. If the City fails to make the voluntary program payment, the Agency would become subject to the dissolution provisions of ABx1 26.

On July 18, 2011, the California Redevelopment Association, the League of California Cities and others challenged the validity and constitutionality of ABx1 26 and 27 to the California Supreme Court on numerous grounds, including that the acts violate certain provisions of the California Constitution. On August 11, 2011, as modified on August 17, 2011, the California Supreme Court agreed to hear the case and issued a partial stay of ABx1 26 and a full stay of ABx1 27, but the stay did not include the section of ABx1 26 that suspends all new redevelopment activities. It is anticipated that the Court will render its decision before January 15, 2012, the date the first voluntary program payment is due.

The suspension provisions of ABx1 26 prohibit 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. During the suspension period, an agency is required to prepare an Enforceable Obligation Payment Schedule no later than August 29, 2011, that allows it to continue to pay certain obligations. The Agency adopted its Enforceable Obligation Payment Schedule on August 23, 2011.

In addition, the suspension provisions require the State Controller to review the activities of all redevelopment 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 State Controller is required to order the asset returned to the redevelopment agency. The State Controller’s Office has not yet provided any information about the timing or the process for this statewide asset transfer review.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2011

NOTE 16 – PROPOSED DISSOLUTION OF REDEVELOPMENT (Continued)

The Agency is currently subject to the suspension provisions as described above. These facts indicate that there is more than a remote possibility the Agency may not continue as a going concern beyond October 1, 2011. The continuation of the Agency beyond October 1, 2011 will initially depend upon whether the Supreme Court rules in favor of the petitioners. There are three possible consequences to the Agency from a decision of the Supreme Court, when it is rendered:

1. If the Supreme Court determines that both ABx1 26 and ABx1 27 are valid, then the City will consider whether it will enact an ordinance to opt-in to the alternative voluntary redevelopment program. If enacted, the City would be required to make annual payments to the County Auditor-Controller and the Agency would no longer be subject to the suspension provisions. The State Department of Finance calculated the City's Voluntary Program payment for fiscal year 2012 to be \$1,096,539.
2. If the Supreme Court determines that both ABx1 26 and ABx1 27 are valid and the City decides not to participate in the alternative voluntary redevelopment program, or if the Supreme Court determines that ABx1 26 is valid, but ABx1 27 is not valid, the Agency will continue to be subject to the suspension provisions and would be dissolved in accordance with certain provisions of ABx1 26. Prior to dissolution, any transfers of Agency assets subsequent to January 1, 2011 to the City, including those discussed in Note 5, that were not obligated to third parties or encumbered may be subject to the State Controller's review discussed above and required to be returned to the Agency. Upon dissolution, all assets and obligations of the Agency would be transferred to a successor agency.
3. If the Supreme Court determines that both ABx1 26 and ABx1 27 are invalid, the Agency would no longer be subject to the suspension provisions and would continue in existence under California Redevelopment Law as it existed prior to the enactment of ABx1 26 and ABx1 27.

As of December 14, 2011, the Supreme Court has not ruled on the case and the Agency is subject to the suspension provisions as discussed above.

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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.

VERY LOW INCOME HOUSING FUND

Established to account for tax increment revenues and the associated expenditures specifically set aside for affordable housing as mandated by law.

TRANSIT-RELATED SERVICES TAX FUND

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

ROAD MAINTENANCE FUND

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

NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
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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.

PROP 42 FUND

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

ENVIRONMENTAL MITIGATION FUND

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

LANDSCAPING AND LIGHTING FUND

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

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 DEBT SERVICE FUNDS

REDEVELOPMENT DEBT SERVICE FUND

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

FINANCING CORPORATION DEBT SERVICE FUND

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

NON-MAJOR CAPITAL PROJECTS FUNDS

LOW/MODERATE INCOME HOUSING FUND

Accounts for 20% of property tax increment revenues set aside for low-and-moderate-income housing.
Accounts for expenditures for the furtherance of project area goals.

REDEVELOPMENT CAPITAL PROJECTS FUND

This fund accounts for expenditures relating to capital improvements.

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

SPECIAL REVENUE FUNDS

	Asset Forfeiture	Villages of Zinfandel	Community Facilities Fees	Park Development	Gas Tax
ASSETS					
Cash and investments	\$31,268	\$468,009	\$2,789,958	\$1,354,337	\$4,084,174
Restricted cash and investments					
Receivables:					
Accounts			21,631		
Interest	7	109	1,054	311	1,183
Due from other governmental agencies					196,194
Loans					
Due from other funds					
Land held for redevelopment					
Total Assets	<u>\$31,275</u>	<u>\$468,118</u>	<u>\$2,812,643</u>	<u>\$1,354,648</u>	<u>\$4,281,551</u>
LIABILITIES					
Accounts payable					
Due to other funds					
Advances from other funds					
Deferred revenue			\$21,631		
Total Liabilities			<u>21,631</u>		
FUND EQUITY					
Fund balances (deficits)					
Restricted	\$31,275	\$468,118	2,791,012	\$1,354,648	\$4,281,551
Unassigned					
Total Fund Balances (Deficits)	<u>31,275</u>	<u>468,118</u>	<u>2,791,012</u>	<u>1,354,648</u>	<u>4,281,551</u>
Total Liabilities and Fund Balances	<u>\$31,275</u>	<u>\$468,118</u>	<u>\$2,812,643</u>	<u>\$1,354,648</u>	<u>\$4,281,551</u>

SPECIAL REVENUE FUNDS

Street Cut Fees	Mather Field Traffic Impact Fees	Cap Vill Park Development Fees	Transportation Development Act	Very Low Income Housing	Transit- Related Services Tax	Road Maintenance	Community Development Block Grant
\$242,498	\$46,963	\$43,778		\$106,856	\$320,212	\$1,570,464	
55	233	10		16	143	599	
			\$307,371		125	842	\$241,921 250,115
<u>\$242,553</u>	<u>\$47,196</u>	<u>\$43,788</u>	<u>\$307,371</u>	<u>\$106,872</u>	<u>\$320,480</u>	<u>\$1,571,905</u>	<u>\$492,036</u>
				\$5,053		\$7,976	\$67,057 201,833
			\$307,371				250,115
			307,371	5,053		7,976	519,005
\$242,553	\$47,196	\$43,788		101,819	\$320,480	1,563,929	(26,969)
<u>242,553</u>	<u>47,196</u>	<u>43,788</u>		<u>101,819</u>	<u>320,480</u>	<u>1,563,929</u>	<u>(26,969)</u>
<u>\$242,553</u>	<u>\$47,196</u>	<u>\$43,788</u>	<u>\$307,371</u>	<u>\$106,872</u>	<u>\$320,480</u>	<u>\$1,571,905</u>	<u>\$492,036</u>

(Continued)

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

SPECIAL REVENUE FUNDS

	<u>Rental Code Compliance Program</u>	<u>Roadway Improvement</u>	<u>Storm Water Utility Tax</u>	<u>Prop 42</u>	<u>Environmental Mitigation</u>
ASSETS					
Cash and investments		\$5,347,317		\$26,253	\$43
Restricted cash and investments					
Receivables:					
Accounts					
Interest	\$15	1,223		138	
Due from other governmental agencies					
Loans					
Due from other funds					
Land held for redevelopment					
	<u>\$15</u>	<u>\$5,348,540</u>		<u>\$26,391</u>	<u>\$43</u>
LIABILITIES					
Accounts payable			\$1,365		
Due to other funds	\$15		299,918		
Advances from other funds					
Deferred revenue					
	<u>15</u>		<u>301,283</u>		
FUND EQUITY					
Fund balances (deficits)					
Restricted		\$5,348,540		\$26,391	\$43
Unassigned			(301,283)		
		<u>5,348,540</u>	<u>(301,283)</u>	<u>26,391</u>	<u>43</u>
Total Fund Balances (Deficits)		<u>5,348,540</u>	<u>(301,283)</u>	<u>26,391</u>	<u>43</u>
Total Liabilities and Fund Balances	<u>\$15</u>	<u>\$5,348,540</u>		<u>\$26,391</u>	<u>\$43</u>

<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>		<u>CAPITAL PROJECTS FUNDS</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Landscaping and Lighting</u>	<u>General Plan</u>	<u>Redevelopment Debt Service</u>	<u>Financing Corporation Debt Service</u>	<u>Low/Moderate Income Housing</u>	<u>Redevelopment Capital Projects</u>	
\$2,609,894				\$113,116	\$470,211	\$19,625,351
			\$2,705,462			2,705,462
964			90	32,312		53,943
20,323		\$15,299		116	103	6,369
		73,000				782,075
						250,115
						73,000
				1,157,396		1,157,396
<u>\$2,631,181</u>		<u>\$88,299</u>	<u>\$2,705,552</u>	<u>\$1,302,940</u>	<u>\$470,314</u>	<u>\$24,653,711</u>
\$23,319	\$17,632	\$73,000		\$1,195		\$196,597
	1,544,421		\$790,341	14,600		1,306,707
		15,299				1,544,421
						594,416
<u>23,319</u>	<u>1,562,053</u>	<u>88,299</u>	<u>790,341</u>	<u>15,795</u>		<u>3,642,141</u>
2,607,862	(1,562,053)		1,915,211	1,287,145	\$470,314	22,901,875
						(1,890,305)
<u>2,607,862</u>	<u>(1,562,053)</u>		<u>1,915,211</u>	<u>1,287,145</u>	<u>470,314</u>	<u>21,011,570</u>
<u>\$2,631,181</u>		<u>\$88,299</u>	<u>\$2,705,552</u>	<u>\$1,302,940</u>	<u>\$470,314</u>	<u>\$24,653,711</u>

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	Asset Forfeiture	Villages of Zinfandel	Community Facilities Fees	Park Development	Gas Tax
REVENUES					
Property taxes and assessments					
Other taxes					
Licenses, permits and fees		\$11,231	\$553,908	\$135,043	
Fines, forfeitures and penalties	\$1,684				
Intergovernmental					\$1,601,920
Use of money and property	498	8,203	86,209	32,407	67,999
Total Revenues	2,182	19,434	640,117	167,450	1,669,919
EXPENDITURES					
Current:					
General Government		38	6,341	790,038	
Community Development					
Public Works					7,481
Capital outlay					
Debt Service:					
Principal					
Interest and fiscal charges					
Total Expenditures		38	6,341	790,038	7,481
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,182	19,396	633,776	(622,588)	1,662,438
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers (out)		(10,036)	(4,250,593)	(2,800)	(1,132,271)
Total Other Financing Sources (Uses)		(10,036)	(4,250,593)	(2,800)	(1,132,271)
NET CHANGE IN FUND BALANCE	2,182	9,360	(3,616,817)	(625,388)	530,167
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED					
	29,093	458,758	6,407,829	1,980,036	3,751,384
ENDING FUND BALANCES (DEFICITS)	\$31,275	\$468,118	\$2,791,012	\$1,354,648	\$4,281,551

SPECIAL REVENUE FUNDS

Street Cut Fees	Mather Field Traffic Impact Fees	Cap Vill Park Development Fees	Transportation Development Act	Very Low Income Housing	Transit- Related Services Tax	Road Maintenance	Community Development Block Grant
					\$119,609	\$410,625	
\$51,423				\$16,240			\$715,745
1,684	\$12,788	\$6,458		5,959	2,583	17,574	
53,107	12,788	6,458		22,199	122,192	428,199	715,745
				46,111			593,546
				10,000	4,485	74,692	10,000
				56,111	4,485	74,692	603,546
53,107	12,788	6,458		(33,912)	117,707	353,507	112,199
	(969,475)			77,453			(115,069)
	(969,475)			77,453			(115,069)
53,107	(956,687)	6,458		43,541	117,707	353,507	(2,870)
189,446	1,003,883	37,330		58,278	202,773	1,210,422	(24,099)
\$242,553	\$47,196	\$43,788		\$101,819	\$320,480	\$1,563,929	(\$26,969)

(Continued)

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	Rental Code Compliance Program	Roadway Improvement	Storm Water Utility Tax	Prop 42	Environmental Mitigation
REVENUES					
Property taxes and assessments					
Other taxes					
Licenses, permits and fees	\$62,950	\$83,567			
Fines, forfeitures and penalties					
Intergovernmental					
Use of money and property	482	96,797	\$2,493	\$9,746	\$43
Total Revenues	<u>63,432</u>	<u>180,364</u>	<u>2,493</u>	<u>9,746</u>	<u>43</u>
EXPENDITURES					
Current:					
General Government					
Community Development					
Public Works			248,866		
Capital outlay			40,128		
Debt Service:					
Principal					
Interest and fiscal charges					
Total Expenditures			<u>288,994</u>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>63,432</u>	<u>180,364</u>	<u>(286,501)</u>	<u>9,746</u>	<u>43</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		100,001			
Transfers (out)	(63,432)	(96,978)		(577,858)	
Total Other Financing Sources (Uses)	<u>(63,432)</u>	<u>3,023</u>		<u>(577,858)</u>	
NET CHANGE IN FUND BALANCE		183,387	(286,501)	(568,112)	43
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED		<u>5,165,153</u>	<u>(14,782)</u>	<u>594,503</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$5,348,540</u>	<u>(\$301,283)</u>	<u>\$26,391</u>	<u>\$43</u>

<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>		<u>CAPITAL PROJECTS FUNDS</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Landscaping and Lighting</u>	<u>General Plan</u>	<u>Redevelopment Debt Service</u>	<u>Financing Corporation Debt Service</u>	<u>Low/Moderate Income Housing</u>	<u>Redevelopment Capital Projects</u>	
\$600,142		\$698,336 15,066				\$1,828,712 15,066
	\$49,013					963,375 1,684
34,977		(1,222)	\$3,187	\$8,510	\$6,125	2,317,665 403,500
<u>635,119</u>	<u>49,013</u>	<u>712,180</u>	<u>3,187</u>	<u>8,510</u>	<u>6,125</u>	<u>5,530,002</u>
						1,436,074 161,506
253,010	85,097	15,996		60,413		588,534 60,128
			765,000			765,000
		369,535	1,186,328			1,555,863
<u>253,010</u>	<u>85,097</u>	<u>385,531</u>	<u>1,951,328</u>	<u>60,413</u>		<u>4,567,105</u>
382,109	(36,084)	326,649	(1,948,141)	(51,903)	6,125	962,897
		369,535	1,949,987	1,336,729	18,004	3,851,709
(5,545)		(696,184)	(790,341)	(350,040)		(9,060,622)
(5,545)		(326,649)	1,159,646	986,689	18,004	(5,208,913)
376,564	(36,084)		(788,495)	934,786	24,129	(4,246,016)
<u>2,231,298</u>	<u>(1,525,969)</u>		<u>2,703,706</u>	<u>352,359</u>	<u>446,185</u>	<u>25,257,586</u>
<u>\$2,607,862</u>	<u>(\$1,562,053)</u>		<u>\$1,915,211</u>	<u>\$1,287,145</u>	<u>\$470,314</u>	<u>\$21,011,570</u>

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	ASSET FORFEITURE			VILLAGES OF ZINFANDEL		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Licenses, permits and fees				\$10,200	\$11,231	\$1,031
Fines, forfeitures and penalties		\$1,684	\$1,684			
Intergovernmental						
Use of money and property		498	498		8,203	8,203
Total Revenues		2,182	2,182	10,200	19,434	9,234
EXPENDITURES						
Current:						
General Government				3,000	38	2,962
Community Development						
Public Works						
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures				3,000	38	2,962
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		2,182	2,182	7,200	19,396	12,196
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(183,100)	(10,036)	173,064
Total Other Financing Sources (Uses)				(183,100)	(10,036)	173,064
NET CHANGE IN FUND BALANCES		2,182	\$2,182	(\$175,900)	9,360	\$185,260
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED		29,093			458,758	
ENDING FUND BALANCES (DEFICITS)		\$31,275			\$468,118	

COMMUNITY FACILITIES FEES			PARK DEVELOPMENT			GAS TAX		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$587,500	\$553,908	(\$33,592)	\$105,000	\$135,043	\$30,043			
	86,209	86,209		32,407	32,407	\$987,300	\$1,601,920	\$614,620
<u>587,500</u>	<u>640,117</u>	<u>52,617</u>	<u>105,000</u>	<u>167,450</u>	<u>62,450</u>	<u>987,300</u>	<u>1,669,919</u>	<u>682,619</u>
20,000	6,341	13,659	800,200	790,038	10,162		7,481	(7,481)
<u>20,000</u>	<u>6,341</u>	<u>13,659</u>	<u>800,200</u>	<u>790,038</u>	<u>10,162</u>		<u>7,481</u>	<u>(7,481)</u>
<u>567,500</u>	<u>633,776</u>	<u>66,276</u>	<u>(695,200)</u>	<u>(622,588)</u>	<u>72,612</u>	<u>987,300</u>	<u>1,662,438</u>	<u>675,138</u>
<u>(4,039,100)</u>	<u>(4,250,593)</u>	<u>(211,493)</u>	<u>(2,800)</u>	<u>(2,800)</u>		<u>(3,011,600)</u>	<u>(1,132,271)</u>	<u>1,879,329</u>
<u>(4,039,100)</u>	<u>(4,250,593)</u>	<u>(211,493)</u>	<u>(2,800)</u>	<u>(2,800)</u>		<u>(3,011,600)</u>	<u>(1,132,271)</u>	<u>1,879,329</u>
<u>(\$3,471,600)</u>	<u>(3,616,817)</u>	<u>(\$145,217)</u>	<u>(\$698,000)</u>	<u>(625,388)</u>	<u>\$72,612</u>	<u>(\$2,024,300)</u>	<u>530,167</u>	<u>\$2,554,467</u>
	<u>6,407,829</u>			<u>1,980,036</u>			<u>3,751,384</u>	
	<u>\$2,791,012</u>			<u>\$1,354,648</u>			<u>\$4,281,551</u>	

(Continued)

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	STREET CUT FEES			MATHER FIELD IMPACT FEES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Licenses, permits and fees	\$35,000	\$51,423	\$16,423			
Fines, forfeitures and penalties						
Intergovernmental						
Use of money and property		1,684	1,684		\$12,788	\$12,788
Total Revenues	<u>35,000</u>	<u>53,107</u>	<u>18,107</u>		<u>12,788</u>	<u>12,788</u>
EXPENDITURES						
Current:						
General Government						
Community Development						
Public Works						
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>35,000</u>	<u>53,107</u>	<u>18,107</u>		<u>12,788</u>	<u>12,788</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(\$1,281,200)	(969,475)	311,725
Total Other Financing Sources (Uses)				<u>(1,281,200)</u>	<u>(969,475)</u>	<u>311,725</u>
NET CHANGE IN FUND BALANCES	<u>\$35,000</u>	53,107	<u>\$18,107</u>	<u>(\$1,281,200)</u>	(956,687)	<u>\$324,513</u>
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED		<u>189,446</u>			<u>1,003,883</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$242,553</u>			<u>\$47,196</u>	

TRANSPORTATION DEVELOPMENT ACT			VERY LOW INCOME HOUSING			TRANSIT-RELATED SERVICES TAX		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$110,900	\$119,609	\$8,709
			\$15,000	\$16,240	\$1,240			
\$26,300		(26,300)		5,959	5,959		2,583	2,583
<u>26,300</u>		<u>(26,300)</u>	<u>15,000</u>	<u>22,199</u>	<u>7,199</u>	<u>110,900</u>	<u>122,192</u>	<u>11,292</u>
			22,500	46,111	(23,611)			
			15,000	10,000	5,000	116,800	4,485	112,315
			<u>37,500</u>	<u>56,111</u>	<u>(18,611)</u>	<u>116,800</u>	<u>4,485</u>	<u>112,315</u>
26,300		(26,300)	(22,500)	(33,912)	(11,412)	(5,900)	117,707	123,607
(178,000)		178,000	90,000 (28,000)	77,453	(12,547) 28,000	(2,000)		2,000
(178,000)		178,000	62,000	77,453	15,453	(2,000)		2,000
<u>(\$151,700)</u>		<u>\$151,700</u>	<u>\$39,500</u>	43,541	<u>\$4,041</u>	<u>(\$7,900)</u>	117,707	<u>\$125,607</u>
				58,278			202,773	
				<u>\$101,819</u>			<u>\$320,480</u>	

(Continued)

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	ROAD MAINTENANCE			COMMUNITY DEVELOPMENT BLOCK GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$383,900	\$410,625	\$26,725			
Other taxes						
Licenses, permits and fees						
Fines, forfeitures and penalties				\$121,730		(\$121,730)
Intergovernmental				982,000	\$715,745	(266,255)
Use of money and property		17,574	17,574			
Total Revenues	383,900	428,199	44,299	1,103,730	715,745	(387,985)
EXPENDITURES						
Current:						
General government				154,830	593,546	(438,716)
Community development						
Public works	150,200	74,692	75,508			
Capital outlay				183,200	10,000	173,200
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	150,200	74,692	75,508	338,030	603,546	(265,516)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	233,700	353,507	119,807	765,700	112,199	(653,501)
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(5,000)		5,000	(765,700)	(115,069)	650,631
Total Other Financing Sources (Uses)	(5,000)		5,000	(765,700)	(115,069)	650,631
NET CHANGE IN FUND BALANCES	\$228,700	353,507	\$124,807		(2,870)	(\$2,870)
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED		1,210,422			(24,099)	
ENDING FUND BALANCES (DEFICITS)		\$1,563,929			(\$26,969)	

RENTAL CODE COMPLIANCE PROGRAM			ROADWAY IMPROVEMENT			STORM WATER UTILITY TAX		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$75,000	\$62,950	(\$12,050)	\$82,390	\$83,567	\$1,177			
	482	482		96,797	96,797	\$1,079,000		(\$1,079,000)
<u>75,000</u>	<u>63,432</u>	<u>(11,568)</u>	<u>82,390</u>	<u>180,364</u>	<u>97,974</u>	<u>1,079,000</u>	<u>2,493</u>	<u>(1,076,507)</u>
						800,000	248,866 40,128	551,134 (40,128)
						<u>800,000</u>	<u>288,994</u>	<u>511,006</u>
<u>75,000</u>	<u>63,432</u>	<u>(11,568)</u>	<u>82,390</u>	<u>180,364</u>	<u>97,974</u>	<u>279,000</u>	<u>(286,501)</u>	<u>(565,501)</u>
<u>(75,000)</u>	<u>(63,432)</u>	<u>11,568</u>	<u>100,000</u> <u>(130,000)</u>	<u>100,001</u> <u>(96,978)</u>	<u>1</u> <u>33,022</u>	<u>(944,100)</u>		<u>944,100</u>
<u>(75,000)</u>	<u>(63,432)</u>	<u>11,568</u>	<u>(30,000)</u>	<u>3,023</u>	<u>33,023</u>	<u>(944,100)</u>		<u>944,100</u>
			<u>\$52,390</u>	<u>183,387</u>	<u>\$130,997</u>	<u>(\$665,100)</u>	<u>(286,501)</u>	<u>\$378,599</u>
				<u>5,165,153</u>			<u>(14,782)</u>	
				<u>\$5,348,540</u>			<u>(\$301,283)</u>	

(Continued)

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	PROP 42			ENVIRONMENTAL MITIGATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Licenses, permits and fees						
Fines, forfeitures and penalties						
Intergovernmental	\$632,000		(\$632,000)			
Use of money and property		\$9,746	9,746		\$43	\$43
Total Revenues	<u>632,000</u>	<u>9,746</u>	<u>(622,254)</u>		<u>43</u>	<u>43</u>
EXPENDITURES						
Current:						
General government						
Community development						
Public works						
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>632,000</u>	<u>9,746</u>	<u>(622,254)</u>		<u>43</u>	<u>43</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(634,000)	(577,858)	56,142			
Total Other Financing Sources (Uses)	<u>(634,000)</u>	<u>(577,858)</u>	<u>56,142</u>			
NET CHANGE IN FUND BALANCES	<u><u>(\$2,000)</u></u>	<u><u>(568,112)</u></u>	<u><u>(\$566,112)</u></u>		<u><u>43</u></u>	<u><u>\$43</u></u>
BEGINNING FUND BALANCES (DEFICITS) AS RESTATED						
		<u>594,503</u>				
ENDING FUND BALANCES (DEFICITS)		<u><u>\$26,391</u></u>			<u><u>\$43</u></u>	

LANDSCAPING AND LIGHTING			GENERAL PLAN			REDEVELOPMENT DEBT SERVICE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$562,200	\$600,142	\$37,942				\$1,330,000	\$698,336	(\$631,664)
			\$30,260	\$49,013	\$18,753		15,066	15,066
	34,977	34,977					(1,222)	(1,222)
<u>562,200</u>	<u>635,119</u>	<u>72,919</u>	<u>30,260</u>	<u>49,013</u>	<u>18,753</u>	<u>1,330,000</u>	<u>712,180</u>	<u>(617,820)</u>
534,600	253,010	281,590	184,300	85,097	99,203	30,000	15,996	14,004
						192,000	369,535	(177,535)
<u>534,600</u>	<u>253,010</u>	<u>281,590</u>	<u>184,300</u>	<u>85,097</u>	<u>99,203</u>	<u>222,000</u>	<u>385,531</u>	<u>(163,531)</u>
27,600	382,109	354,509	(154,040)	(36,084)	117,956	1,108,000	326,649	(781,351)
(6,000)	(5,545)	455				(1,108,000)	369,535	369,535
(6,000)	(5,545)	455				(1,108,000)	(696,184)	411,816
<u>\$21,600</u>	<u>376,564</u>	<u>\$354,964</u>	<u>(\$154,040)</u>	<u>(36,084)</u>	<u>\$117,956</u>			
	2,231,298			(1,525,969)				
	<u>\$2,607,862</u>			<u>(\$1,562,053)</u>				

(Continued)

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	FINANCING CORPORATION DEBT SERVICE			LOW/MODERATE INCOME HOUSING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Licenses, permits and fees						
Fines, forfeitures and penalties						
Intergovernmental						
Use of money and property		\$3,187	\$3,187		\$8,510	\$8,510
Total Revenues		<u>3,187</u>	<u>3,187</u>		<u>8,510</u>	<u>8,510</u>
EXPENDITURES						
Current:						
General government						
Community development				\$43,500	60,413	(16,913)
Public works						
Capital outlay						
Debt Service:						
Principal	\$765,000	765,000				
Interest and fiscal charges	1,186,100	1,186,328	(228)			
Total Expenditures	<u>1,951,100</u>	<u>1,951,328</u>	<u>(228)</u>	<u>43,500</u>	<u>60,413</u>	<u>(16,913)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,951,100)</u>	<u>(1,948,141)</u>	<u>2,959</u>	<u>(43,500)</u>	<u>(51,903)</u>	<u>(8,403)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,951,100	1,949,987	(1,113)	150,000	1,336,729	1,186,729
Transfers (out)	(837,000)	(790,341)	46,659	(230,800)	(350,040)	(119,240)
Total Other Financing Sources (Uses)	<u>1,114,100</u>	<u>1,159,646</u>	<u>45,546</u>	<u>(80,800)</u>	<u>986,689</u>	<u>1,067,489</u>
NET CHANGE IN FUND BALANCES	<u><u>(\$837,000)</u></u>	<u><u>(788,495)</u></u>	<u><u>\$48,505</u></u>	<u><u>(\$124,300)</u></u>	<u><u>934,786</u></u>	<u><u>\$1,059,086</u></u>
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED		<u>2,703,706</u>			<u>352,359</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>\$1,915,211</u></u>			<u><u>\$1,287,145</u></u>	

SUBCOMBINING FUND SCHEDULES

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Sunrise Douglas Program Updates Fund	Sunrise Douglas Interim Sewer Fund	Sunrise Douglas Library Fund	Sunrise Douglas Offsite Water Fund	Sunrise Douglas Traffic Impact Fund
ASSETS					
Cash and investments	\$89,702	\$118,652	\$1,702,850	\$49,154	\$10,003,496
Receivables:					
Interest	<u>21</u>	<u>27</u>	<u>390</u>	<u>11</u>	<u>2,639</u>
Total Assets	<u>\$89,723</u>	<u>\$118,679</u>	<u>\$1,703,240</u>	<u>\$49,165</u>	<u>\$10,006,135</u>
LIABILITIES					
Accounts payable					\$10,000
Total Liabilities					<u>10,000</u>
FUND BALANCES					
Restricted	<u>\$89,723</u>	<u>\$118,679</u>	<u>\$1,703,240</u>	<u>\$49,165</u>	<u>9,996,135</u>
Total Fund Balances	<u>89,723</u>	<u>118,679</u>	<u>1,703,240</u>	<u>49,165</u>	<u>9,996,135</u>
Total Liabilities and Fund Balances	<u>\$89,723</u>	<u>\$118,679</u>	<u>\$1,703,240</u>	<u>\$49,165</u>	<u>\$10,006,135</u>

Sunrise Douglas Transit Shuttle Fund	Sunrise Douglas Admin Fund	Total Sunrise Douglas Special Revenue Fund
\$405,116	\$804,716	\$13,173,686
<u>93</u>	<u>185</u>	<u>3,366</u>
<u>\$405,209</u>	<u>\$804,901</u>	<u>\$13,177,052</u>
	<u>\$1,128</u>	<u>\$11,128</u>
	<u>1,128</u>	<u>11,128</u>
<u>\$405,209</u>	<u>803,773</u>	<u>13,165,924</u>
<u>405,209</u>	<u>803,773</u>	<u>13,165,924</u>
<u>\$405,209</u>	<u>\$804,901</u>	<u>\$13,177,052</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, 2011

	Sunrise Douglas Program Updates Fund	Sunrise Douglas Interim Sewer Fund	Sunrise Douglas Library Fund	Sunrise Douglas Offsite Water Fund	Sunrise Douglas Traffic Impact Fund
REVENUES					
Licenses, permits and fees	\$10,617	\$122,863	\$83,100	\$186,963	\$1,944,354
Use of money and property	1,298	4,136	26,906	4,216	180,014
Total Revenues	11,915	126,999	110,006	191,179	2,124,368
EXPENDITURES					
Current:					
Public Works					10,467
Capital outlay		61,468		220,497	
Total Expenditures		61,468		220,497	10,467
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	11,915	65,531	110,006	(29,318)	2,113,901
OTHER FINANCING SOURCES (USES)					
Transfers (out)					(2,557,704)
Total Other Financing Sources (Uses)					(2,557,704)
NET CHANGE IN FUND BALANCES	11,915	65,531	110,006	(29,318)	(443,803)
BEGINNING FUND BALANCES	77,808	53,148	1,593,234	78,483	10,439,938
ENDING FUND BALANCES	\$89,723	\$118,679	\$1,703,240	\$49,165	\$9,996,135

Sunrise Douglas Transit Shuttle Fund	Sunrise Douglas Admin Fund	Total Sunrise Douglas Special Revenue Fund
\$10,127	\$81,328	\$2,439,352
<u>6,559</u>	<u>15,495</u>	<u>238,624</u>
<u>16,686</u>	<u>96,823</u>	<u>2,677,976</u>
	172,421	182,888
		<u>281,965</u>
	<u>172,421</u>	<u>464,853</u>
<u>16,686</u>	<u>(75,598)</u>	<u>2,213,123</u>
		<u>(2,557,704)</u>
		<u>(2,557,704)</u>
16,686	(75,598)	(344,581)
<u>388,523</u>	<u>879,371</u>	<u>13,510,505</u>
<u>\$405,209</u>	<u>\$803,773</u>	<u>\$13,165,924</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, 2011

	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	\$9,600	\$10,617	\$1,017	\$56,200	\$122,863	\$66,663
Use of money and property		1,298	1,298		4,136	4,136
Total Revenues	<u>9,600</u>	<u>11,915</u>	<u>2,315</u>	<u>56,200</u>	<u>126,999</u>	<u>70,799</u>
EXPENDITURES						
Current:						
General Government						
Public Works						
Capital outlay				150,000	61,468	88,532
Total Expenditures				<u>150,000</u>	<u>61,468</u>	<u>88,532</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,600</u>	<u>11,915</u>	<u>2,315</u>	<u>(93,800)</u>	<u>65,531</u>	<u>159,331</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	9,600	11,915	2,315	(93,800)	65,531	159,331
BEGINNING FUND BALANCES	<u>77,808</u>	<u>77,808</u>		<u>53,148</u>	<u>53,148</u>	
ENDING FUND BALANCES	<u><u>\$87,408</u></u>	<u><u>\$89,723</u></u>	<u><u>\$2,315</u></u>	<u><u>(\$40,652)</u></u>	<u><u>\$118,679</u></u>	<u><u>\$159,331</u></u>

Sunrise Douglas Library Fund			Sunrise Douglas Offsite Water Fund			Sunrise Douglas Traffic Impact Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$75,000	\$83,100 26,906	\$8,100 26,906	\$81,500	\$186,963 4,216	\$105,463 4,216	\$1,132,700	\$1,944,354 180,014	\$811,654 180,014
75,000	110,006	35,006	81,500	191,179	109,679	1,132,700	2,124,368	991,668
						\$143,000	10,467	132,533
			325,000	220,497	104,503			
			325,000	220,497	104,503	143,000	10,467	132,533
75,000	110,006	35,006	(243,500)	(29,318)	214,182	989,700	2,113,901	1,124,201
						(7,844,600)	(2,557,704)	5,286,896
						(7,844,600)	(2,557,704)	5,286,896
75,000	110,006	35,006	(243,500)	(29,318)	214,182	(6,854,900)	(443,803)	6,411,097
1,593,234	1,593,234		78,483	78,483		10,439,938	10,439,938	
\$1,668,234	\$1,703,240	\$35,006	(\$165,017)	\$49,165	\$214,182	\$3,585,038	\$9,996,135	\$6,411,097

(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, 2011

	Sunrise Douglas Transit Shuttle fund			Sunrise Douglas Admin Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$9,200	\$10,127	\$927	\$73,900	\$81,328	\$7,428
Use of money and property		6,559	6,559		15,495	15,495
Total Revenues	<u>9,200</u>	<u>16,686</u>	<u>7,486</u>	<u>73,900</u>	<u>96,823</u>	<u>22,923</u>
EXPENDITURES						
Current:						
General Government				580,000		580,000
Public Works					172,421	(172,421)
Capital outlay						
Total Expenditures				<u>580,000</u>	<u>172,421</u>	<u>407,579</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,200</u>	<u>16,686</u>	<u>7,486</u>	<u>(506,100)</u>	<u>(75,598)</u>	<u>430,502</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	9,200	16,686	7,486	(506,100)	(75,598)	430,502
BEGINNING FUND BALANCES	<u>388,523</u>	<u>388,523</u>		<u>879,371</u>	<u>879,371</u>	
ENDING FUND BALANCES	<u><u>\$397,723</u></u>	<u><u>\$405,209</u></u>	<u><u>\$7,486</u></u>	<u><u>\$373,271</u></u>	<u><u>\$803,773</u></u>	<u><u>\$430,502</u></u>

Total Sunrise Douglas
Special Revenue Fund

Budget	Actual	Variance Positive (Negative)
\$1,438,100	\$2,439,352	\$1,001,252
	238,624	238,624
<u>1,438,100</u>	<u>2,677,976</u>	<u>1,239,876</u>
580,000		580,000
143,000	182,888	(39,888)
<u>475,000</u>	<u>281,965</u>	<u>193,035</u>
<u>1,198,000</u>	<u>464,853</u>	<u>733,147</u>
<u>240,100</u>	<u>2,213,123</u>	<u>1,973,023</u>
(7,844,600)	(2,557,704)	5,286,896
<u>(7,844,600)</u>	<u>(2,557,704)</u>	<u>5,286,896</u>
(7,604,500)	(344,581)	7,259,919
<u>13,510,505</u>	<u>13,510,505</u>	
<u>\$5,906,005</u>	<u>\$13,165,924</u>	<u>\$7,259,919</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
TRAFFIC MITIGATION SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Traffic Mitigation Fund	Traffic Mitigation Admin Fund	Total Traffic Mitigation Special Revenue Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$19,047,661	\$241,938	\$19,289,599
Receivables:			
Accounts, net	117,046		117,046
Interest	4,686	30	4,716
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$19,169,393</u>	<u>\$241,968</u>	<u>\$19,411,361</u>
LIABILITIES			
Accounts payable	\$13,313		\$13,313
Deferred revenue	117,046		117,046
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>130,359</u>	<u> </u>	<u>130,359</u>
FUND BALANCES			
Restricted	19,039,034	\$241,968	19,281,002
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>19,039,034</u>	<u>241,968</u>	<u>19,281,002</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$19,169,393</u>	<u>\$241,968</u>	<u>\$19,411,361</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, 2011

	Traffic Mitigation Fund	Traffic Mitigation Admin Fund	Intra-fund Elimination	Total Traffic Mitigation Special Revenue Fund
REVENUES				
Charges for services	\$520,000			\$520,000
Licenses, permits and fees	702,084	\$22,390		724,474
Use of money and property	347,024	3,951		350,975
Total Revenues	1,569,108	26,341		1,595,449
EXPENDITURES				
Current:				
Public Works	440,826	109,723		550,549
Total Expenditures	440,826	109,723		550,549
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,128,282	(83,382)		1,044,900
OTHER FINANCING SOURCES (USES)				
Transfers in		109,685	(\$109,685)	
Transfers (out)	(1,422,657)		109,685	(1,312,972)
Total Other Financing Sources (Uses)	(1,422,657)	109,685		(1,312,972)
NET CHANGE IN FUND BALANCES	(294,375)	26,303		(268,072)
BEGINNING FUND BALANCES	19,333,409	215,665		19,549,074
ENDING FUND BALANCES	\$19,039,034	\$241,968		\$19,281,002

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, 2011

	Traffic Mitigation Fund			Traffic Mitigation Admin Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Charges for services		\$520,000	\$520,000			
Licenses, permits and fees	\$1,125,000	702,084	(422,916)	\$22,500	\$22,390	(\$110)
Use of money and property		347,024	347,024		3,951	3,951
Total Revenues	<u>1,125,000</u>	<u>1,569,108</u>	<u>444,108</u>	<u>22,500</u>	<u>26,341</u>	<u>3,841</u>
EXPENDITURES						
Current:						
Public Works	1,224,400	440,826	783,574	223,700	109,723	113,977
Total Expenditures	<u>1,224,400</u>	<u>440,826</u>	<u>783,574</u>	<u>223,700</u>	<u>109,723</u>	<u>113,977</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(99,400)</u>	<u>1,128,282</u>	<u>1,227,682</u>	<u>(201,200)</u>	<u>(83,382)</u>	<u>117,818</u>
OTHER FINANCING SOURCES (USES)						
Transfers in					109,685	109,685
Transfers (out)	(5,949,600)	(1,422,657)	4,526,943	(20,700)		20,700
Total Other Financing Sources (Uses)	<u>(5,949,600)</u>	<u>(1,422,657)</u>	<u>4,526,943</u>	<u>(20,700)</u>	<u>109,685</u>	<u>130,385</u>
NET CHANGE IN FUND BALANCES	<u>(6,049,000)</u>	<u>(294,375)</u>	<u>5,754,625</u>	<u>(221,900)</u>	<u>26,303</u>	<u>248,203</u>
BEGINNING FUND BALANCES	<u>19,333,409</u>	<u>19,333,409</u>		<u>215,665</u>	<u>215,665</u>	
ENDING FUND BALANCES	<u>\$13,284,409</u>	<u>\$19,039,034</u>	<u>\$5,754,625</u>	<u>(\$6,235)</u>	<u>\$241,968</u>	<u>\$248,203</u>

<u>Total Traffic Mitigation Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
	\$520,000	\$520,000
\$1,147,500	724,474	(423,026)
	350,975	350,975
<u>1,147,500</u>	<u>1,595,449</u>	<u>447,949</u>
<u>1,448,100</u>	<u>550,549</u>	<u>897,551</u>
<u>1,448,100</u>	<u>550,549</u>	<u>897,551</u>
<u>(300,600)</u>	<u>1,044,900</u>	<u>1,345,500</u>
	109,685	109,685
<u>(5,970,300)</u>	<u>(1,422,657)</u>	<u>4,547,643</u>
<u>(5,970,300)</u>	<u>(1,312,972)</u>	<u>4,657,328</u>
<u>(6,270,900)</u>	<u>(268,072)</u>	<u>6,002,828</u>
<u>19,549,074</u>	<u>19,549,074</u>	
<u>\$13,278,174</u>	<u>\$19,281,002</u>	<u>\$6,002,828</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
GRANT REVENUE SPECIAL REVENUE FUNDS
JUNE 30, 2011

	<u>State Grant Fund</u>	<u>Federal Grant Fund</u>	<u>Intra-fund Elimination</u>	<u>Total Grant Special Revenue Fund</u>
ASSETS				
Cash and investments	\$290,471			\$290,471
Receivables:				
Due from other governmental agencies	<u>325,380</u>	<u>\$4,534,727</u>		<u>4,860,107</u>
Total Assets	<u>\$615,851</u>	<u>\$4,534,727</u>		<u>\$5,150,578</u>
LIABILITIES				
Accounts payable	\$62,161	\$1,171,207		\$1,233,368
Due to other funds		<u>4,074,123</u>		<u>4,074,123</u>
Total Liabilities	<u>62,161</u>	<u>5,245,330</u>		<u>5,307,491</u>
FUND BALANCES				
Restricted	553,690		(\$553,690)	
Unassigned		<u>(710,603)</u>	<u>553,690</u>	<u>(156,913)</u>
Total Fund Balances	<u>553,690</u>	<u>(710,603)</u>		<u>(156,913)</u>
Total Liabilities and Fund Balances	<u>\$615,851</u>	<u>\$4,534,727</u>		<u>\$5,150,578</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, 2011

	State Grant Fund	Federal Grant Fund	Intra-fund Elimination	Total Grant Special Revenue Fund
REVENUES				
Intergovernmental	\$394,351	\$7,678,849		\$8,073,200
Use of money and property	332			332
Total Revenues	394,683	7,678,849		8,073,532
EXPENDITURES				
Current:				
General Government		76,745		76,745
Community Development		138,268		138,268
Public Safety	25,203	101,512		126,715
Public Works	207,002	40,939		247,941
Capital outlay		2,131,612		2,131,612
Total Expenditures	232,205	2,489,076		2,721,281
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	162,478	5,189,773		5,352,251
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)	(32,646)	(5,570,724)		(5,603,370)
Total Other Financing Sources (Uses)	(32,646)	(5,570,724)		(5,603,370)
NET CHANGE IN FUND BALANCES	129,832	(380,951)		(251,119)
BEGINNING FUND BALANCES (DEFICITS)	423,858	(329,652)		94,206
ENDING FUND BALANCES (DEFICITS)	\$553,690	(\$710,603)		(\$156,913)

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, 2011

	State Grant Fund			Federal Grant Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Intergovernmental	\$1,027,320	\$394,351	(\$632,969)	\$16,689,950	\$7,678,849	(\$9,011,101)
Use of money and property		332	332			
Total Revenues	1,027,320	394,683	(632,637)	16,689,950	7,678,849	(9,011,101)
EXPENDITURES						
Current:						
General Government					76,745	(76,745)
Community Development					138,268	(138,268)
Public Safety	50,000	25,203	24,797	10,900	101,512	(90,612)
Public Works	294,520	207,002	87,518	458,950	40,939	418,011
Capital outlay	50,000		50,000	52,300	2,131,612	(2,079,312)
Total Expenditures	394,520	232,205	162,315	522,150	2,489,076	(1,966,926)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	632,800	162,478	(470,322)	16,167,800	5,189,773	(10,978,027)
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(732,800)	(32,646)	700,154	(16,167,800)	(5,570,724)	10,597,076
Total Other Financing Sources (Uses)	(732,800)	(32,646)	700,154	(16,167,800)	(5,570,724)	10,597,076
NET CHANGE IN FUND BALANCES	(100,000)	129,832	229,832		(380,951)	(380,951)
BEGINNING FUND BALANCES (DEFICITS)	423,858	423,858		(329,652)	(329,652)	
ENDING FUND BALANCES (DEFICITS)	\$323,858	\$553,690	\$229,832	(\$329,652)	(\$710,603)	(\$380,951)

Totals		
Budget	Actual	Variance Positive (Negative)
\$17,717,270	\$8,073,200	(\$9,644,070)
	332	332
<u>17,717,270</u>	<u>8,073,532</u>	<u>(9,643,738)</u>
	76,745	(76,745)
	138,268	(138,268)
60,900	126,715	(65,815)
753,470	247,941	505,529
<u>102,300</u>	<u>2,131,612</u>	<u>(2,029,312)</u>
<u>916,670</u>	<u>2,721,281</u>	<u>(1,804,611)</u>
<u>16,800,600</u>	<u>5,352,251</u>	<u>(11,448,349)</u>
<u>(16,900,600)</u>	<u>(5,603,370)</u>	<u>11,297,230</u>
<u>(16,900,600)</u>	<u>(5,603,370)</u>	<u>11,297,230</u>
(100,000)	(251,119)	(151,119)
<u>94,206</u>	<u>94,206</u>	<u></u>
<u>(\$5,794)</u>	<u>(\$156,913)</u>	<u>(\$151,119)</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Villages of Zinfandel Roadway Fund	Villages of Zinfandel Admin Fund	Villages of Zinfandel Library Fund	Total Villages of Zinfandel Special Revenue Fund
ASSETS				
Cash and investments	\$271,223	\$5,665	\$191,121	\$468,009
Receivables:				
Interest	64	1	44	109
Total Assets	<u>\$271,287</u>	<u>\$5,666</u>	<u>\$191,165</u>	<u>\$468,118</u>
FUND BALANCES				
Restricted	<u>\$271,287</u>	<u>\$5,666</u>	<u>\$191,165</u>	<u>\$468,118</u>
Total Fund Balances	<u>271,287</u>	<u>5,666</u>	<u>191,165</u>	<u>468,118</u>
Total Liabilities and Fund Balances	<u>\$271,287</u>	<u>\$5,666</u>	<u>\$191,165</u>	<u>\$468,118</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, 2011

	Villages of Zinfandel Roadway Fund	Villages of Zinfandel Admin Fund	Villages of Zinfandel Library Fund	Total Villages of Zinfandel Special Revenue Fund
REVENUES				
Licenses, permits and fees	\$4,843	\$100	\$6,288	11,231
Use of money and property	4,781	93	3,329	8,203
Total Revenues	9,624	193	9,617	19,434
EXPENDITURES				
Current:				
General Government		38		38
Total Expenditures		38		38
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,624	155	9,617	19,396
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(10,036)			(10,036)
Total Other Financing Sources (Uses)	(10,036)			(10,036)
NET CHANGE IN FUND BALANCES	(412)	155	9,617	9,360
BEGINNING FUND BALANCES	271,699	5,511	181,548	458,758
ENDING FUND BALANCES	\$271,287	\$5,666	\$191,165	\$468,118

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, 2011

	Villages of Zinfandel Roadway Fund			Villages of Zinfandel Admin Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$6,700	\$4,843	(\$1,857)	\$500	\$100	(\$400)
Use of money and property		4,781	4,781		93	93
Total Revenues	<u>6,700</u>	<u>9,624</u>	<u>2,924</u>	<u>500</u>	<u>193</u>	<u>(307)</u>
EXPENDITURES						
Current:						
General Government				3,000	38	2,962
Total Expenditures				<u>3,000</u>	<u>38</u>	<u>2,962</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,700</u>	<u>9,624</u>	<u>2,924</u>	<u>(2,500)</u>	<u>155</u>	<u>2,655</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(183,100)	(10,036)	173,064			
Total Other Financing Sources (Uses)	<u>(183,100)</u>	<u>(10,036)</u>	<u>173,064</u>			
NET CHANGE IN FUND BALANCES	(176,400)	(412)	175,988	(2,500)	155	2,655
BEGINNING FUND BALANCES	<u>271,699</u>	<u>271,699</u>		<u>5,511</u>	<u>5,511</u>	
ENDING FUND BALANCES	<u><u>\$95,299</u></u>	<u><u>\$271,287</u></u>	<u><u>\$175,988</u></u>	<u><u>\$3,011</u></u>	<u><u>\$5,666</u></u>	<u><u>\$2,655</u></u>

Villages of Zinfandel Library Fund			Totals		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$3,000	\$6,288	\$3,288	\$10,200	\$11,231	\$1,031
	3,329	3,329		8,203	8,203
3,000	9,617	6,617	10,200	19,434	9,234
			3,000	38	2,962
			3,000	38	2,962
3,000	9,617	6,617	7,200	19,396	12,196
			(183,100)	(10,036)	173,064
			(183,100)	(10,036)	173,064
3,000	9,617	6,617	(175,900)	9,360	185,260
181,548	181,548		458,758	458,758	
<u>\$184,548</u>	<u>\$191,165</u>	<u>\$6,617</u>	<u>\$282,858</u>	<u>\$468,118</u>	<u>\$185,260</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
JUNE 30, 2011

	CFF Library Impact Fund	CFF Museum Impact Fund	CFF Parking Facility Fund	CFF City Hall Fund	CFF Police Fund
ASSETS					
Cash and investments	\$588,006	\$1,064,816	\$499,776		
Receivables:					
Accounts, net	8,753	3,816	4,008		
Interest	135	244	262		\$264
Due from other funds			646,335		
Total Assets	<u>\$596,894</u>	<u>\$1,068,876</u>	<u>\$1,150,381</u>	<u></u>	<u>\$264</u>
LIABILITIES					
Due to other funds				\$101,590	\$366,571
Deferred revenue	\$8,753	\$3,816	\$4,008		
Total Liabilities	<u>8,753</u>	<u>3,816</u>	<u>4,008</u>	<u>101,590</u>	<u>366,571</u>
FUND BALANCES					
Restricted	588,141	1,065,060	1,146,373		
Unassigned				(101,590)	(366,307)
Total Fund Balances (Deficits)	<u>588,141</u>	<u>1,065,060</u>	<u>1,146,373</u>	<u>(101,590)</u>	<u>(366,307)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$596,894</u>	<u>\$1,068,876</u>	<u>\$1,150,381</u>	<u></u>	<u>\$264</u>

<u>CFF Community Center Fund</u>	<u>CFF Corporate Yard Fund</u>	<u>CFF Admin Fund</u>	<u>CFF Animal Services Fund</u>	<u>CFF Records Management Fund</u>	<u>CFF Tele- communication Impact Fund</u>	<u>Intra-fund Elimination</u>	<u>Total CFF Special Revenue Fund</u>
	\$416,468	\$96,875	\$116,803	\$7,214			\$2,789,958
	3,434		880	52	\$688		21,631
	95	25	27	2			1,054
						(\$646,335)	
	<u>\$419,997</u>	<u>\$96,900</u>	<u>\$117,710</u>	<u>\$7,268</u>	<u>\$688</u>	<u>(\$646,335)</u>	<u>\$2,812,643</u>
\$135,074					\$43,100	(\$646,335)	
	\$3,434		\$880	\$52	688		\$21,631
135,074	3,434		880	52	43,788	(646,335)	21,631
(135,074)	416,563	\$96,900	116,830	7,216	(43,100)	(646,071)	2,791,012
						646,071	
(135,074)	416,563	96,900	116,830	7,216	(43,100)		2,791,012
	<u>\$419,997</u>	<u>\$96,900</u>	<u>\$117,710</u>	<u>\$7,268</u>	<u>\$688</u>	<u>(\$646,335)</u>	<u>\$2,812,643</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	CFF Library Impact Fund	CFF Museum Impact Fund	CFF Parking Facility Fund	CFF City Hall Fund	CFF Police Fund
REVENUES					
Licenses, permits and fees	\$3,645	\$44,210	\$46,596	\$107,939	\$141,896
Use of money and property	9,352	16,817	18,118	2,649	22,502
Total Revenues	12,997	61,027	64,714	110,588	164,398
EXPENDITURES					
Current:					
General Government					
Total Expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,997	61,027	64,714	110,588	164,398
OTHER FINANCING SOURCES (USES)					
Transfers (out)				(379,577)	(3,395,089)
Total Other Financing Sources (Uses)				(379,577)	(3,395,089)
NET CHANGE IN FUND BALANCES	12,997	61,027	64,714	(268,989)	(3,230,691)
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED	575,144	1,004,033	1,081,659	167,399	2,864,384
ENDING FUND BALANCES (DEFICITS)	\$588,141	\$1,065,060	\$1,146,373	(\$101,590)	(\$366,307)

CFF Community Center Fund	CFF Corporate Yard Fund	CFF Admin Fund	CFF Animal Services Fund	CFF Records Management Fund	CFF Tele- communication Impact Fund	Total CFF Special Revenue Fund
\$130,833	\$40,002	\$20,027	\$10,173	\$569	\$8,018	\$553,908
3,138	9,058	2,700	1,723	108	44	86,209
133,971	49,060	22,727	11,896	677	8,062	640,117
		6,341				6,341
		6,341				6,341
133,971	49,060	16,386	11,896	677	8,062	633,776
(463,927)		(12,000)				(4,250,593)
(463,927)		(12,000)				(4,250,593)
(329,956)	49,060	4,386	11,896	677	8,062	(3,616,817)
194,882	367,503	92,514	104,934	6,539	(51,162)	6,407,829
(\$135,074)	\$416,563	\$96,900	\$116,830	\$7,216	(\$43,100)	\$2,791,012

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Community Facility Fees Library Impact Fund			Community Facility Fees Museum Impact Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$16,000	\$3,645	(\$12,355)	\$46,000	\$44,210	(\$1,790)
Use of money and property		9,352	9,352		16,817	16,817
Total Revenues	<u>16,000</u>	<u>12,997</u>	<u>(3,003)</u>	<u>46,000</u>	<u>61,027</u>	<u>15,027</u>
EXPENDITURES						
Current:						
General Government						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>16,000</u>	<u>12,997</u>	<u>(3,003)</u>	<u>46,000</u>	<u>61,027</u>	<u>15,027</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	16,000	12,997	(3,003)	46,000	61,027	15,027
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED	<u>575,144</u>	<u>575,144</u>		<u>1,004,033</u>	<u>1,004,033</u>	
ENDING FUND BALANCES (DEFICITS)	<u>\$591,144</u>	<u>\$588,141</u>	<u>(\$3,003)</u>	<u>\$1,050,033</u>	<u>\$1,065,060</u>	<u>\$15,027</u>

Community Facility Fees Parking Facility Fund			Community Facility Fees City Hall Fund			Community Facility Fees Police Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$47,000	\$46,596	(\$404)	\$112,000	\$107,939	(\$4,061)	\$148,000	\$141,896	(\$6,104)
	18,118	18,118		2,649	2,649		22,502	22,502
47,000	64,714	17,714	112,000	110,588	(1,412)	148,000	164,398	16,398
47,000	64,714	17,714	112,000	110,588	(1,412)	148,000	164,398	16,398
			(379,400)	(379,577)	(177)	(3,164,000)	(3,395,089)	(231,089)
			(379,400)	(379,577)	(177)	(3,164,000)	(3,395,089)	(231,089)
47,000	64,714	17,714	(267,400)	(268,989)	(1,589)	(3,016,000)	(3,230,691)	(214,691)
1,081,659	1,081,659		167,399	167,399		2,864,384	2,864,384	
\$1,128,659	\$1,146,373	\$17,714	(\$100,001)	(\$101,590)	(\$1,589)	(\$151,616)	(\$366,307)	(\$214,691)

(Continued)

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Community Facility Fees Community Center Fund			Community Facility Fees Corporate Yard Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$136,000	\$130,833	(\$5,167)	\$40,000	\$40,002	\$2
Use of money and property		3,138	3,138		9,058	9,058
Total Revenues	<u>136,000</u>	<u>133,971</u>	<u>(2,029)</u>	<u>40,000</u>	<u>49,060</u>	<u>9,060</u>
EXPENDITURES						
Current:						
General Government				20,000		(20,000)
Total Expenditures				<u>20,000</u>		<u>(20,000)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>136,000</u>	<u>133,971</u>	<u>(2,029)</u>	<u>20,000</u>	<u>49,060</u>	<u>29,060</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(463,700)	(463,927)	(227)	(20,000)		20,000
Total Other Financing Sources (Uses)	<u>(463,700)</u>	<u>(463,927)</u>	<u>(227)</u>	<u>(20,000)</u>		<u>20,000</u>
NET CHANGE IN FUND BALANCES	(327,700)	(329,956)	(2,256)		49,060	49,060
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED	<u>194,882</u>	<u>194,882</u>		<u>367,503</u>	<u>367,503</u>	
ENDING FUND BALANCES (DEFICITS)	<u>(\$132,818)</u>	<u>(\$135,074)</u>	<u>(\$2,256)</u>	<u>\$367,503</u>	<u>\$416,563</u>	<u>\$49,060</u>

Community Facility Fees Admin Fund			Community Facility Fees Animal Services Fund			Community Facility Fees Records Management Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$24,000	\$20,027	(\$3,973)	\$10,000	\$10,173	\$173	\$500	\$569	\$69
	2,700	2,700		1,723	1,723		108	108
24,000	22,727	(1,273)	10,000	11,896	1,896	500	677	177
	6,341	6,341						
	6,341	6,341						
24,000	16,386	(7,614)	10,000	11,896	1,896	500	677	177
(12,000)	(12,000)							
(12,000)	(12,000)							
12,000	4,386	(7,614)	10,000	11,896	1,896	500	677	177
92,514	92,514		104,934	104,934		6,539	6,539	
\$104,514	\$96,900	(\$7,614)	\$114,934	\$116,830	\$1,896	\$7,039	\$7,216	\$177

(Continued)

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Community Facility Fees Telecommunication Impact Fund			Totals		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$8,000	\$8,018	\$18	\$587,500	\$553,908	(\$33,592)
Use of money and property		44	44		86,209	86,209
Total Revenues	<u>8,000</u>	<u>8,062</u>	<u>62</u>	<u>587,500</u>	<u>640,117</u>	<u>52,617</u>
EXPENDITURES						
Current:						
General government				20,000	6,341	(13,659)
Total Expenditures				<u>20,000</u>	<u>6,341</u>	<u>(13,659)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,000</u>	<u>8,062</u>	<u>62</u>	<u>567,500</u>	<u>633,776</u>	<u>66,276</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)				(4,039,100)	(4,250,593)	(211,493)
Total Other Financing Sources (Uses)				<u>(4,039,100)</u>	<u>(4,250,593)</u>	<u>(211,493)</u>
NET CHANGE IN FUND BALANCES	8,000	8,062	62	(3,471,600)	(3,616,817)	(145,217)
BEGINNING FUND BALANCES (DEFICITS), as restated	<u>(51,162)</u>	<u>(51,162)</u>		<u>6,407,829</u>	<u>6,407,829</u>	
ENDING FUND BALANCES (DEFICITS)	<u><u>(\$43,162)</u></u>	<u><u>(\$43,100)</u></u>	<u><u>\$62</u></u>	<u><u>\$2,936,229</u></u>	<u><u>\$2,791,012</u></u>	<u><u>(\$145,217)</u></u>

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

CITY OF RANCHO CORDOVA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Insurance</u>	<u>Vehicle & Equipment Replacement</u>	<u>Technology Enhancement & Replacement</u>	<u>Capital Facility</u>	<u>Infrastructure</u>
ASSETS					
Current assets:					
Cash and investments	\$501,762	\$377,114	\$259,140	\$1,314,956	\$1,129,425
Receivables:					
Interest	115	86	112	174	129
Total current assets	<u>501,877</u>	<u>377,200</u>	<u>259,252</u>	<u>1,315,130</u>	<u>1,129,554</u>
Noncurrent assets:					
Capital assets:					
Depreciable, net			228,550	701,891	
Total noncurrent assets			<u>228,550</u>	<u>701,891</u>	
Total Assets	<u>501,877</u>	<u>377,200</u>	<u>487,802</u>	<u>2,017,021</u>	<u>1,129,554</u>
NET ASSETS					
Invested in capital assets			228,550	701,891	
Unrestricted	<u>501,877</u>	<u>377,200</u>	<u>259,252</u>	<u>1,315,130</u>	<u>1,129,554</u>
Total Net Assets	<u><u>\$501,877</u></u>	<u><u>\$377,200</u></u>	<u><u>\$487,802</u></u>	<u><u>\$2,017,021</u></u>	<u><u>\$1,129,554</u></u>

<u>Employee Benefits</u>	<u>Total</u>
\$3,405	\$3,585,802
<u>1</u>	<u>617</u>
<u>3,406</u>	<u>3,586,419</u>
	<u>930,441</u>
	<u>930,441</u>
<u>3,406</u>	<u>4,516,860</u>
	930,441
<u>3,406</u>	<u>3,586,419</u>
<u><u>\$3,406</u></u>	<u><u>\$4,516,860</u></u>

CITY OF RANCHO CORDOVA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Insurance</u>	<u>Vehicle & Equipment Replacement</u>	<u>Technology Enhancement & Replacement</u>	<u>Capital Facility</u>	<u>Infrastructure</u>
OPERATING EXPENSES					
Administration	\$16,127				
Total Operating Expenses	16,127				
Operating Income (Loss)	(16,127)				
NONOPERATING REVENUES					
Interest income	8,053	\$6,256	\$8,918	\$8,668	\$6,358
Total Nonoperating Revenues	8,053	6,256	8,918	8,668	6,358
Income (Loss) Before Transfers	(8,074)	6,256	8,918	8,668	6,358
Transfers in			228,551	1,959,391	628,699
Transfers (out)			(228,551)	(702,090)	(62,352)
Net Transfers				1,257,301	566,347
Change in Net Assets	(8,074)	6,256	8,918	1,265,969	572,705
BEGINNING NET ASSETS	509,951	370,944	478,884	751,052	556,849
ENDING NET ASSETS	<u>\$501,877</u>	<u>\$377,200</u>	<u>\$487,802</u>	<u>\$2,017,021</u>	<u>\$1,129,554</u>

<u>Employee Benefits</u>	<u>Total</u>
	<u>\$16,127</u>
	<u>16,127</u>
	<u>(16,127)</u>
<u>\$1,041</u>	<u>39,294</u>
<u>1,041</u>	<u>39,294</u>
<u>1,041</u>	<u>23,167</u>
	<u>2,816,641</u>
	<u>(992,993)</u>
	<u>1,823,648</u>
<u>1,041</u>	<u>1,846,815</u>
<u>2,365</u>	<u>2,670,045</u>
<u>\$3,406</u>	<u>\$4,516,860</u>

CITY OF RANCHO CORDOVA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	Insurance	Vehicle & Equipment Replacement	Technology Enhancement & Replacement	Capital Facility	Infrastructure
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers	(\$16,127)				
Cash Flows from (Used by) Operating Activities	(16,127)				
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in			\$228,551	\$1,959,391	\$628,699
Transfers (out)			(228,551)	(702,090)	(62,352)
Cash Flows from Noncapital Financing Activities				1,257,301	566,347
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets			(228,550)	(701,891)	
Cash Flows from Capital and Related Financing Activities			(228,550)	(701,891)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	8,053	\$6,253	8,941	8,561	6,302
Cash Flows from Investing Activities	8,053	6,253	8,941	8,561	6,302
Net Cash Flows	(8,074)	6,253	(219,609)	563,971	572,649
Cash and investments at beginning of period	509,836	370,861	478,749	750,985	556,776
Cash and investments at end of period	\$501,762	\$377,114	\$259,140	\$1,314,956	\$1,129,425
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	(\$16,127)				
Cash Flows from (Used by) Operating Activities	(\$16,127)				

Employee Benefits	Total
	(\$16,127)
	(16,127)
	2,816,641
	(992,993)
	1,823,648
	(930,441)
	(930,441)
\$1,041	39,151
1,041	39,151
1,041	916,231
2,364	2,669,571
\$3,405	\$3,585,802
	(\$16,127)
	(\$16,127)

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AGENCY FUNDS

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

SUNRIDGE ANATOLIA COMMUNITY FACILITIES DISTRICT 2003-1 – to account for assessment revenue and associated expenditures for billing and collections of the Sunridge Anatolia Community Facilities District No. 2003-1 Special Tax Bonds Series 2003, 2005 and 2007 debt service payments.

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

SUNRIDGE NORTH DOUGLAS COMMUNITY FACILITIES DISTRICT 2005- 1 – to account for assessment revenues and associated expenditures for billing and collections related to a future bond issuance to finance infrastructure improvements.

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

SUNRISE DOUGLAS 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.

CAPITAL VILLAGE LANDSCAPE MAINTENANCE COMMUNITY FACILITIES DISTRICT – to account for assessment revenues and associated expenditures of the Capital Village Landscape Maintenance District.

CITY OF RANCHO CORDOVA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
<u>Sunridge Anatolia CFD 2003-1</u>				
Cash and investments	\$2,534,691	\$3,806,355	\$4,111,774	\$2,229,272
Restricted cash and investments	5,390,590	2,416	30,343	5,362,663
Accounts receivable	22,181	571	22,181	571
Due from other governmental agencies	121,477	340,844	121,477	340,844
Interest receivable	5,871	2,905	5,871	2,905
Total Assets	<u>\$8,074,810</u>	<u>\$4,153,091</u>	<u>\$4,291,646</u>	<u>\$7,936,255</u>
Accounts Payable	\$2,109	\$3,855	\$2,109	\$3,855
Due to assessment district bondholders	8,072,701	4,149,236	4,289,537	7,932,400
Total Liabilities	<u>\$8,074,810</u>	<u>\$4,153,091</u>	<u>\$4,291,646</u>	<u>\$7,936,255</u>
<u>Sunridge Park CFD 2004-1</u>				
Cash and investments	\$1,872,808	\$1,239,487	\$1,526,962	\$1,585,333
Restricted cash and investments	9,470,056	814	218,111	9,252,759
Due from other governmental agencies	105,133	96,795	105,133	96,795
Interest receivable	3,844	1,134	3,844	1,134
Total Assets	<u>\$11,451,841</u>	<u>\$1,338,230</u>	<u>\$1,854,050</u>	<u>\$10,936,021</u>
Accounts payable	\$2,294		\$2,294	
Due to assessment district bondholders	11,449,547	\$1,338,230	1,851,756	\$10,936,021
Total Liabilities	<u>\$11,451,841</u>	<u>\$1,338,230</u>	<u>\$1,854,050</u>	<u>\$10,936,021</u>
<u>Sunridge North Douglas CFD 2005-1</u>				
Cash and investments	\$44,078	\$752		\$44,830
Interest receivable	10	10	\$10	10
Total Assets	<u>\$44,088</u>	<u>\$762</u>	<u>\$10</u>	<u>\$44,840</u>
Due to assessment holders	\$44,088	\$762	\$10	\$44,840
<u>Montelena CFD</u>				
Cash and investments	\$108,397	\$1,842		\$110,239
Interest receivable	24	25	\$24	25
Total Assets	<u>\$108,421</u>	<u>\$1,867</u>	<u>\$24</u>	<u>\$110,264</u>
Deposits	\$100,211			\$100,211
Due to assessment holders	8,210	\$1,867	\$24	10,053
Total Liabilities	<u>\$108,421</u>	<u>\$1,867</u>	<u>\$24</u>	<u>\$110,264</u>

(Continued)

CITY OF RANCHO CORDOVA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
<u>Sunrise Douglas Park Fund</u>				
Cash and investments	\$6,855,373	\$850,340	\$1,349,408	\$6,356,305
Interest receivable	1,543	1,455	1,543	1,455
Total Assets	<u>\$6,856,916</u>	<u>\$851,795</u>	<u>\$1,350,951</u>	<u>\$6,357,760</u>
Due to assessment holders	<u>\$6,856,916</u>	<u>\$851,795</u>	<u>\$1,350,951</u>	<u>\$6,357,760</u>
<u>Capital Village Landscape Maintenance CFD</u>				
Cash and investments		\$103		\$103
Total Assets		<u>\$103</u>		<u>\$103</u>
Due to assessment holders		<u>\$103</u>		<u>\$103</u>
<u>Total Agency Funds</u>				
Cash and investments	\$11,415,347	\$5,898,879	\$6,988,144	\$10,326,082
Restricted cash and investments	14,860,646	3,230	248,454	14,615,422
Accounts receivable	22,181	571	22,181	571
Due from other governmental agencies	226,610	437,639	226,610	437,639
Interest receivable	11,292	5,529	11,292	5,529
Total Assets	<u>\$26,536,076</u>	<u>\$6,345,848</u>	<u>\$7,496,681</u>	<u>\$25,385,243</u>
Accounts payable	\$4,403	\$3,855	\$4,403	\$3,855
Deposits	100,211			100,211
Due to assessment district bondholders	19,522,248	5,487,466	6,141,293	18,868,421
Due to assessment holders	<u>6,909,214</u>	<u>854,527</u>	<u>1,350,985</u>	<u>6,412,756</u>
Total Liabilities	<u>\$26,536,076</u>	<u>\$6,345,848</u>	<u>\$7,496,681</u>	<u>\$25,385,243</u>

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STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

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

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

Sources

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

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

	Fiscal Year *							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$ 25,944	\$ 329,107	\$ 8,357,941	\$ 228,382,846	\$ 242,668,370	\$ 265,248,656	\$ 272,812,541	\$ 284,145,506
Restricted	2,321,085	30,963,342	40,513,083	53,397,757	66,637,771	67,519,112	59,207,574	56,953,066
Unrestricted	4,804,309	861,598	6,501,698	24,791,160	19,262,027	25,297,053	28,260,267	29,934,891
Total governmental activities net assets	<u>7,151,338</u>	<u>32,154,047</u>	<u>55,372,722</u>	<u>306,571,763</u>	<u>328,568,168</u>	<u>358,064,821</u>	<u>360,280,382</u>	<u>371,033,463</u>
Business-type activities								
Invested in capital assets, net of related debt	-	-	-	1,422,003	1,470,806	1,489,554	1,477,013	1,502,122
Restricted	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	(1,224,820)	(1,345,183)	(1,401,825)	(1,471,042)	(1,570,040)
Total business-type activities net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,183</u>	<u>125,623</u>	<u>87,729</u>	<u>5,971</u>	<u>(67,918)</u>
Primary government								
Invested in capital assets, net of related debt	25,944	329,107	8,357,941	229,804,849	244,139,176	266,738,210	274,289,554	285,647,628
Restricted	2,321,085	30,963,342	40,513,083	53,397,757	66,637,771	67,519,112	59,207,574	56,953,066
Unrestricted	4,804,309	861,598	6,501,698	23,566,340	17,916,844	23,895,228	26,789,225	28,364,851
Total primary government net assets	<u>\$ 7,151,338</u>	<u>\$ 32,154,047</u>	<u>\$ 55,372,722</u>	<u>\$ 306,768,946</u>	<u>\$ 328,693,791</u>	<u>\$ 358,152,550</u>	<u>\$ 360,286,353</u>	<u>\$ 370,965,545</u>

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

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

Expenses	Fiscal Year *							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:								
General government	\$ 3,143,679	\$ 5,159,815	\$ 17,939,297	\$ 22,055,441	\$ 28,454,471	\$ 23,835,036	\$ 23,975,190	\$ 31,391,098
Public Safety	8,978,634	12,935,511	13,446,239	13,778,468	15,614,787	16,027,526	15,288,923	15,310,983
Community Development	2,285,042	4,055,329	6,812,844	6,447,185	7,353,683	6,972,540	6,139,788	5,948,790
Public Works	1,503,252	2,782,143	2,630,097	4,121,579	4,950,568	9,797,172	5,781,813	4,955,151
Interest on long term debt	-	60,676	881,467	1,359,131	1,563,374	1,439,074	1,384,583	1,584,644
Total governmental activities expenses	<u>15,910,607</u>	<u>24,993,474</u>	<u>41,709,944</u>	<u>47,761,804</u>	<u>57,936,883</u>	<u>58,071,348</u>	<u>52,570,297</u>	<u>59,190,666</u>
Business-type activities:								
Cemetery	-	-	-	9,988	71,680	86,381	89,905	80,919
Total business-type activities expenses	-	-	-	<u>9,988</u>	<u>71,680</u>	<u>86,381</u>	<u>89,905</u>	<u>80,919</u>
Total primary government expenses	<u>15,910,607</u>	<u>24,993,474</u>	<u>41,709,944</u>	<u>47,771,792</u>	<u>58,008,563</u>	<u>58,157,729</u>	<u>52,660,202</u>	<u>59,271,585</u>
Program Revenues								
Governmental activities:								
Charges for services	2,326,721	25,932,561	26,142,639	33,364,367				
General government					12,500,088	1,101,483	723,545	981,611
Public Safety					878,827	1,560,634	2,054,171	2,166,447
Community Development					3,555,238	2,997,656	2,800,846	3,137,047
Public Works					5,651,648	3,485,309	3,590,042	3,568,562
Operating grants and contributions	21,442	2,378,060	3,322,801	6,718,186	3,578,050	8,976,488	8,816,551	5,543,162
Capital grants and contributions	-	39,142	1,803,132	3,820,997	9,461,811	34,079,529	11,145,048	21,104,022
Total governmental activities program revenues	<u>2,348,163</u>	<u>28,349,763</u>	<u>31,268,572</u>	<u>43,903,550</u>	<u>35,625,662</u>	<u>52,201,099</u>	<u>29,130,203</u>	<u>36,500,851</u>
Business-type activities:								
Charges for services						48,277	8,000	6,850
Capital grants and contributions	-	-	-	225,000	-	-	-	-
Total business-type activities program revenues	-	-	-	<u>225,000</u>	-	<u>48,277</u>	<u>8,000</u>	<u>6,850</u>
Total primary government program revenues	<u>2,348,163</u>	<u>28,349,763</u>	<u>31,268,572</u>	<u>44,128,550</u>	<u>35,625,662</u>	<u>52,249,376</u>	<u>29,138,203</u>	<u>36,507,701</u>
Net (expense)/revenue								
Governmental activities	(13,562,444)	3,356,289	(10,441,372)	(3,858,254)	(22,311,221)	(5,870,249)	(23,440,094)	(22,689,815)
Business-type activities	-	-	-	215,012	(71,680)	(38,104)	(81,905)	(74,069)
Total primary government net (expense)/revenue	<u>\$(13,562,444)</u>	<u>\$ 3,356,289</u>	<u>\$(10,441,372)</u>	<u>\$ (3,643,242)</u>	<u>\$(22,382,901)</u>	<u>\$ (5,908,353)</u>	<u>\$(23,521,999)</u>	<u>\$(22,763,884)</u>

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

	Fiscal Year *							
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property	\$ 132,796	\$ 717,685	\$ 7,739,207	\$ 8,544,439	\$ 12,252,371	\$ 11,127,070	\$ 9,970,988	\$ 8,271,587
Property taxes in lieu of vehicle licence fees	3,863,040	4,606,840	4,518,669	4,482,885	5,118,290	5,097,792	4,881,275	4,823,953
Sales and use	9,427,805	9,603,899	10,418,318	10,095,717	9,304,724	9,040,890	8,824,813	11,167,725
Utility users	1,338,854	1,389,613	1,721,736	2,236,887	1,930,878	1,953,249	2,177,275	2,712,564
Gas	1,219,435	1,340,863						-
Transient occupancy	2,257,596	2,494,012	2,581,424	2,528,209	2,518,771	2,183,506	1,821,607	2,514,865
Other	1,606,250	138,817	982,636	1,028,478	1,371,957	402,924	285,702	1,908,640
Franchise fees	538,311	794,876				1,213,596	1,359,669	-
Use of money and property	16,056	187,954	1,950,149	4,402,877	5,188,665	2,983,325	1,958,977	1,789,392
Transfers and miscellaneous	313,639	245,978	3,747,908	5,250,865	6,621,970	1,364,550	828,474	254,170
Total governmental activities	<u>20,713,782</u>	<u>21,520,537</u>	<u>33,660,047</u>	<u>38,570,357</u>	<u>44,307,626</u>	<u>35,366,902</u>	<u>32,108,780</u>	<u>33,442,896</u>
Business-type activities:								
Use of money and property	-	-	-	320	120	210	147	180
Transfers and miscellaneous	-	-	-	(18,149)	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,829)</u>	<u>120</u>	<u>210</u>	<u>147</u>	<u>180</u>
Total primary government	<u>20,713,782</u>	<u>21,520,537</u>	<u>33,660,047</u>	<u>38,552,528</u>	<u>44,307,746</u>	<u>35,367,112</u>	<u>32,108,927</u>	<u>33,443,076</u>
Change in Net Assets								
Governmental activities	7,151,338	24,876,826	23,218,675	34,712,103	21,996,405	29,496,653	8,668,686	10,753,081
Business-type activities	-	-	-	197,183	(71,560)	(37,894)	(81,758)	(73,889)
Total primary government	<u>\$ 7,151,338</u>	<u>\$ 24,876,826</u>	<u>\$ 23,218,675</u>	<u>\$ 34,909,286</u>	<u>\$ 21,924,845</u>	<u>\$ 29,458,759</u>	<u>\$ 8,586,928</u>	<u>\$ 10,679,192</u>

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

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

	Fiscal Year *							2011 **
	2004	2005	2006	2007	2008	2009	2010	
General Fund								
Reserved	\$ 2,155,607	\$ 4,213,346	\$ 2,723,441	\$ 3,934,363	\$ 5,109,382	\$ 5,221,880	\$ 4,480,074	
Unreserved, designated for economic uncertainty				9,419,717	9,419,717	9,419,717	9,419,717	
Unreserved, designated for unrealized gains						629,322	629,322	
Unreserved, reported in the General Fund	4,712,242	7,730,782	12,680,244	12,467,530	12,292,739	11,884,585	12,108,482	
Nonspendable								\$ 8,811,161
Unassigned								16,963,918
Total General Fund	<u>\$ 6,867,849</u>	<u>\$ 11,944,128</u>	<u>\$ 15,403,685</u>	<u>\$ 25,821,610</u>	<u>\$ 26,821,838</u>	<u>\$ 27,155,504</u>	<u>\$ 26,637,595</u>	<u>\$ 25,775,079</u>
All Other Governmental Funds								
Reserved	\$ -	\$ -	\$ 10,072,454	\$ 2,479,587	\$ 3,161,629	\$ 3,618,585	\$ 3,721,515	
Unreserved, designated for projects							1,615,007	
Unreserved, reported in:								
Special Revenue Funds	2,225,410	21,607,914	41,121,009	54,335,848	59,277,713	59,627,221	52,130,207	
Capital Projects Funds	-	(38,922)	(9,465,478)	(1,230,432)	(828,103)	585,439	1,719,350	
Nonspendable								\$ 405,963
Restricted								56,972,277
Committed								3,209,102
Unassigned								(2,047,218)
Total All Other Governmental Funds	<u>\$ 2,225,410</u>	<u>\$ 21,568,992</u>	<u>\$ 41,727,985</u>	<u>\$ 55,585,003</u>	<u>\$ 61,611,239</u>	<u>\$ 63,831,245</u>	<u>\$ 59,186,079</u>	<u>\$ 58,540,124</u>

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

** 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)

	Fiscal Year *							
	2004	2005	2006	2007	2008	2009	2010	2011
Revenues								
Taxes and assessments	\$ 14,626,557	\$ 15,270,080	\$ 27,961,990	\$ 28,916,615	\$ 32,140,342	\$ 31,795,690	\$ 30,133,667	\$ 31,763,342
Licenses, fees and permits	1,838,107	23,045,059	35,670,026	26,554,572	16,406,734	11,606,702	9,719,697	8,392,039
Fines and forfeitures	36,041	388,859	464,745	567,078	735,999	777,339	1,135,908	1,236,844
Intergovernmental	5,108,526	8,499,891	5,011,087	10,492,415	13,000,346	13,609,918	14,183,280	14,169,350
Use of money and property	16,055	204,677	1,950,149	4,254,559	5,095,186	3,135,499	1,927,424	1,750,334
Charges for services	1,185,736	2,459,677	3,526,782	6,242,718	5,443,068	4,215,834	3,078,720	3,918,943
Miscellaneous	47,922	205,057	3,747,908	4,547,716	1,581,394	353,094	575,108	477,040
Total revenues	<u>22,858,944</u>	<u>50,073,300</u>	<u>78,332,687</u>	<u>81,575,673</u>	<u>74,403,069</u>	<u>65,494,076</u>	<u>60,753,804</u>	<u>61,707,892</u>
Expenditures								
General government	\$ 3,082,683	\$ 5,097,357	\$ 16,041,144	\$ 17,594,828	\$ 20,729,058	\$ 15,117,347	\$ 13,780,896	14,868,621
Public Safety	8,978,634	12,916,961	13,446,239	13,778,468	15,614,787	16,027,526	15,288,923	15,310,983
Community Development	2,285,042	4,051,342	6,812,844	6,447,185	7,353,683	6,972,540	6,135,973	5,948,790
Public Works	1,503,252	2,782,143	2,630,097	4,121,579	4,950,568	4,689,463	3,970,479	4,938,302
Debt service:								
Principal retirement	-	423,012	1,143,012	1,043,044	1,003,012	1,118,011	725,000	765,000
Interest and fiscal charges	-	628,765	1,157,641	1,295,270	1,528,116	1,414,494	1,354,950	1,555,863
Bond issuance costs	-	-	-	498,787	-	-	-	-
Capital outlay	31,133	13,061,880	28,223,470	11,840,393	15,697,381	16,370,213	17,962,305	20,406,701
Total expenditures	<u>15,880,744</u>	<u>38,961,460</u>	<u>69,454,447</u>	<u>56,619,554</u>	<u>66,876,605</u>	<u>61,709,594</u>	<u>59,218,526</u>	<u>63,794,260</u>
Excess of revenues over (under) expenditures	6,978,200	11,111,840	8,878,240	24,956,119	7,526,464	3,784,482	1,535,278	(2,086,368)
Other financing sources (uses)								
Issuance of capital lease								55,365
Transfers in	-	719,634	3,921,921	20,710,051	18,212,921	22,288,975	24,838,370	26,720,749
Transfers out	-	(719,634)	(3,921,921)	(21,812,102)	(18,712,921)	(23,536,456)	(25,066,927)	(26,198,217)
Proceeds from long term debt	2,115,059	21,217,448	6,705,000	-	-	-	-	-
Proceeds from issuance of refunding debt	-	-	-	20,400,000	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(19,637,790)	-	-	-	-
Discount on refunding debt	-	-	-	(341,335)	-	-	-	-
Total other financing sources (uses)	<u>2,115,059</u>	<u>21,217,448</u>	<u>6,705,000</u>	<u>(681,176)</u>	<u>(500,000)</u>	<u>(1,247,481)</u>	<u>(228,557)</u>	<u>577,897</u>
Net change in fund balances	<u>9,093,259</u>	<u>32,329,288</u>	<u>15,583,240</u>	<u>24,274,943</u>	<u>7,026,464</u>	<u>2,537,001</u>	<u>1,306,721</u>	<u>(1,508,471)</u>
Debt services as a percentage of non-capital expenditures	-	4.2%	5.9%	6.8%	5.2%	5.1%	5.1%	5.3%

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

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

Fiscal Year *	Property Tax (1)	Sales Tax	Franchise Tax	Utility Users Tax	Transient Occup. Tax	Property Transfer Tax	Other	Total
2003/04	\$ 132,796	\$ 9,427,805	\$ 538,311	\$ 1,338,854	\$ 2,257,596	\$ 278,694	\$ 855,501	\$ 14,829,557
2004/05	258,352	9,603,899	794,876	1,389,613	2,494,012	459,334	66,994	15,067,080
2005/06	12,257,876	10,418,318	981,518	1,721,736	2,581,424	776,568	206,068	28,943,508
2006/07	13,027,324	10,095,717	1,065,660	2,236,887	2,528,209	479,885	548,593	29,982,275
2007/08	17,370,661	9,304,724	1,332,257	1,930,878	2,518,771	297,122	1,074,835	33,829,248
2008/09	16,224,862	9,040,890	1,213,596	1,953,249	2,183,506	257,019	877,878	31,751,000
2009/10	14,852,263	8,824,813	1,359,669	2,177,275	1,821,607	145,555	1,024,500	30,205,682
2010/11	<u>13,095,540</u>	<u>11,167,725</u>	<u>1,605,332</u>	<u>2,712,564</u>	<u>2,514,865</u>	<u>173,973</u>	<u>1,094,442</u>	<u>32,364,441</u>
TOTAL	<u>\$ 87,219,674</u>	<u>\$ 77,883,891</u>	<u>\$ 8,891,219</u>	<u>\$ 12,748,492</u>	<u>\$ 16,385,125</u>	<u>\$ 2,694,177</u>	<u>\$ 4,654,369</u>	<u>\$ 122,651,668</u>

Includes the General Fund and Special Revenue Funds.

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

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

Source: Annual financial reports

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

Fiscal Year *	Secured Property	Public Utility	Unsecured Property	Less: Exemptions	Assessed Valuation	Full Market Value	Total Direct Tax Rate
2003/04	\$ 3,584,204,261	\$ 53,313	\$ 349,769,727	\$ 58,760,154	\$ 3,875,267,147	\$ 3,934,027,301	**
2004/05	4,138,028,203	56,612	334,784,128	60,216,379	4,412,652,564	4,472,868,943	**
2005/06	4,676,731,067	55,495	359,892,084	60,702,885	4,975,975,761	5,036,678,646	**
2006/07	5,604,585,670	52,740	385,233,405	63,423,836	5,926,447,979	5,989,871,815	1.0618%
2007/08	6,403,351,771	40,000	435,424,710	67,203,285	6,771,613,196	6,838,816,481	1.1178%
2008/09	6,349,138,912	40,000	462,249,763	69,531,303	6,741,897,372	6,811,428,675	1.1399%
2009/10	6,014,538,118	40,000	507,550,695	71,509,406	6,450,619,407	6,522,128,813	1.2245%
2010/11	5,794,843,878	40,000	441,226,348	72,443,391	6,163,666,835	6,236,110,226	1.2566%

* The City of Rancho Cordova incorporated on July 1, 2003. Due to Revenue Neutrality law, the City has entered into a contract with the County, whereby the County will keep a portion of the City's property tax revenue through 2027/28 as discussed in Note 13 .

** The Total Direct Tax Rate was not available.

Numbers above represent estimates provided by the County.

Source: Sacramento County Auditor-Controller

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

Fiscal Year *	Basic Prop 13 Statewide Tax Rate**	Voter Approved (or) Pre 1978 Debt Service									Total Direct Rate
		School Districts			Special Districts						
		City	Sacramento Unified GOB	Los Rios College GOB	Sac Regional County Sanitation	Folsom Cordova CFD #1	Folsom Cordova CFD #2	Folsom Cordova Imp 3	Folsom Cordova Imp 4		
2003/04	1.0000%	0.0000%	0.1043%	0.0015%	0.0070%	0.0589%	0.0000%	0.0000%	0.0000%	0.0000%	***
2004/05	1.0000%	0.0000%	0.0587%	0.0060%	0.0067%	0.0530%	0.0386%	0.0000%	0.0000%	0.0000%	***
2005/06	1.0000%	0.0000%	0.1131%	0.0032%	0.0055%	0.0531%	0.0000%	0.0000%	0.0000%	0.0000%	***
2006/07	1.0000%	0.0000%	0.1131%	0.0032%	0.0055%	0.0531%	0.0000%	0.0000%	0.0000%	0.0000%	***
2007/08	1.0000%	0.0000%	0.0890%	0.0066%	0.0055%	0.0512%	0.0000%	0.0370%	0.0600%	0.0600%	***
2008/09	1.0000%	0.0000%	0.0000%	0.0074%	0.0000%	0.0477%	0.0000%	0.0505%	0.0343%	0.0343%	1.1399%
2009/10	1.0000%	0.0000%	0.0000%	0.0124%	0.0000%	0.0537%	0.0000%	0.0985%	0.0599%	0.0599%	1.2245%
2010/11	1.0000%	0.0000%	0.0000%	0.0192%	0.0000%	0.0702%	0.0000%	0.0916%	0.0756%	0.0756%	1.2566%

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

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

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

Source: Sacramento County Auditor-Controller

CITY OF RANCHO CORDOVA
Principal Taxpayers
Last Ten Fiscal Years
As of June 30, 2011
(Unaudited)

Taxpayer	Land Use	2010/2011 Assessed Valuation		Percentage of Total Assessed Valuation **	2004 * Assessed Valuation		Percentage of Total Assessed Valuation
PGOCC LLC	Office Building	\$ 973,838	1	1.68%			
Rreef America Reit Corp	Office Building	76,850,962	2	1.33%			
DL Capital Center, LP	Office Building	69,000,000	3	1.19%			
Franklin Resources Inc	Office Building	62,434,041	4	1.08%	\$ 47,931,162	4	1.34%
VSP Holding Company	Office Building	44,123,474	5	0.76%			
Wasatch Pool Holdings LLC	Apartments	39,888,097	6	0.69%	34,916,838	7	0.97%
Cordova LLC	Office Building	37,523,474	7	0.65%	33,442,539	8	0.93%
Mather Development Partners LP	Office Building	35,030,543	8	0.60%			
Lexington Lion Rancho Cordova LP	Office Building	34,339,761	9	0.59%			
Altair Holding Company	Office Building	30,279,805	10	0.52%	61,929,830	2	1.73%
Prospect Green Partners	Office Building				72,278,299	1	2.02%
Trizechahn TBI Sacramento I LLC	Office Building				54,215,453	3	1.51%
Salvatore A. Rubino Decl. of Trust	Office Building				37,386,099	5	1.04%
Evergreen & Zinfandel	Office Building				36,664,670	6	1.02%
Elliott Whiterock LLC	Industrial				28,424,850	9	0.79%
JB Management LP	Commercial				25,973,468	10	0.72%
		\$ 430,443,995			\$ 433,163,208		

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

** 2010/2011 Local Secured Assessed Valuation: \$5,794,843,878

Source: California Municipal Statistics, Inc.

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

Fiscal Year*	Total Current Tax Levy	Total Current Collections	Percentage of Levy Collected	Delinquent Tax Receivables (1)
2003/04	\$ 4,690,024	\$ 4,690,024	100.00%	\$ -
2004/05	6,888,514	6,888,514	100.00%	-
2005/06	7,656,003	7,656,003	100.00%	-
2006/07	7,599,221	7,599,221	100.00%	-
2007/08	8,307,593	8,307,593	100.00%	-
2008/09	8,238,312	8,238,312	100.00%	-
2009/10	7,930,659	7,930,659	100.00%	-
2010/11	7,657,471	7,657,471	100.00%	-

* The City of Rancho Cordova incorporated on July 1, 2003. Due to Revenue Neutrality law, the City has entered into a contract with the County, whereby the County will keep a portion of the City's property tax revenue as discussed in Note 13.

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

Source: Sacramento County Auditor-Controller

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

Fiscal Year*	Capital Lease	Notes	Certificates of Participation	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2003/04		\$ 2,115,059	\$ -	\$2,115,059	0.13%	\$ 39
2004/05		1,692,047	20,565,000	22,257,047	1.28%	404
2005/06		1,269,035	26,550,000	27,819,035	1.54%	494
2006/07		846,023	26,865,000	27,711,023	1.38%	469
2007/08		423,011	26,285,000	26,708,011	1.14%	438
2008/09		-	25,590,000	25,590,000	1.07%	416
2009/10		-	24,865,000	24,865,000	0.98%	395
2010/11	\$ 55,365	-	23,715,658	23,771,023	0.90%	363

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

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

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

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

2010/2011 Assessed Valuation:	\$ 6,236,110,226
Redevelopment Incremental Valuation:	<u>269,271,134</u>
	\$ 5,966,839,092

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/11	% Applicable (1)	City's share of Debt 6/30/11
Los Rios Community College District	\$ 322,910,000	4.31%	\$ 13,917,421
Folsom-Cordova Unified School District Facilities Improvement District No. 1	41,351,054	77.93%	32,222,809
Folsom-Cordova Unified School District Facilities Improvement District No. 3	42,643,856	26.05%	11,107,872
Folsom-Cordova Unified School District Facilities Improvement District No. 4	60,478,831	95.93%	58,018,552
Sacramento Unified School District	307,632,966	3.15%	9,696,591
San Juan Unified School District	314,697,791	0.09%	270,640
Elk Grove Unified School District Facilities Improvement District No. 1	149,041,480	3.19%	4,758,894
City of Rancho Cordova Community Facilities District No. 2003-1	58,385,000	100.00%	58,385,000
City of Rancho Cordova Community Facilities District No. 2004-1	13,400,000	100.00%	13,400,000
Sac Area Flood Control District Consolidated Capital Assessment District	165,120,000	3.41%	5,623,987
Sac Area Flood Control District Operation & Maintenance Assessment District	3,855,000	6.38%	<u>245,872</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 207,647,638</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Sacramento County General Fund Obligations	\$ 355,019,478	5.16%	\$ 18,315,455
Sacramento County Pension Obligations	916,167,653	5.16%	47,265,089
Sacramento County Office of Education Certificates of Participation	9,950,000	5.16%	513,321
Los Rios Community College District Certificates of Participation	6,310,000	4.31%	271,961
Folsom-Cordova Unified School District Certificates of Participation	29,155,000	29.08%	8,477,108
Sacramento Unified School District Certificates of Participation	80,465,000	3.15%	2,536,257
Sacramento Unified School District Pension Obligations	3,200,000	3.15%	100,864
San Juan Unified School District General Fund Obligations	1,732,857	0.09%	1,490
City of Rancho Cordova	24,100,000	100.00%	24,100,001
Sacramento Metropolitan Fire District Pension Obligations	64,388,975	11.78%	<u>7,582,446</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 109,163,991</u>
Less: Sacramento County self-supporting obligations			<u>364,741</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 108,799,250</u>
TOTAL DIRECT DEBT			\$ 24,100,000
TOTAL GROSS OVERLAPPING DEBT			\$ 292,711,629
TOTAL NET OVERLAPPING DEBT			\$ 292,346,888
 GROSS COMBINED TOTAL DEBT			 \$ 316,811,629 (2)
NET COMBINED TOTAL DEBT			\$ 316,446,888

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

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$24,000,001)	0.40%
Gross Combined Total Debt	5.31%
Net Combined Total Debt	5.30%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11 \$ -

Source: California Municipal Statistics, Inc.

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

	Fiscal Year *							
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 387,526,715	\$ 661,897,885	\$ 705,000,000	\$ 888,967,197	\$ 1,015,741,979	\$ 1,011,284,606	\$ 967,592,911	\$ 924,550,025
Total net debt applicable to limit	-	-	-	-	-	-	-	-
Legal debt margin	387,526,715	661,897,885	705,000,000	888,967,197	1,015,741,979	1,011,284,606	967,592,911	924,550,025
Total net debt applicable to the limit as a percentage of debt limit	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	6,236,110,226
Less: Exemptions	<u>(72,443,391)</u>
<i>Total assessed value</i>	6,163,666,835
 Debt limit (15% of total assessed value)	 924,550,025
Debt applicable to limit	
General Obligation Bonds outstanding	-
Less: Amounts available for repayment	<u>-</u>
Total debt applicable to limitation	<u>-</u>
Authorized legal debt margin	<u>\$ 924,550,025</u>

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

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

Fiscal Year*	Population (1)	County (2)	Personal Income	Per Capita Personal Income		Median Age (4)	Unemployment Rate County (5)
				Sacramento Metro Area (3)			
2003/04	54,513	1,230,700	\$1,615,274,703	\$	29,631	35.0	5.5%
2004/05	55,145	1,370,000	1,732,931,625		31,425	35.0	4.6%
2005/06	56,355	1,385,607	1,802,627,385		31,987	33.7	4.8%
2006/07	59,056	1,406,804	2,008,730,784		34,014	34.1	5.3%
2007/08	60,975	1,424,415	2,351,805,750		38,570	34.1	8.1%
2008/09	61,500	1,472,084	2,398,623,000		39,002	34.1	12.2%
2009/10	62,899	1,453,495	2,530,804,164		40,236	33.7	12.5%
2010/11	65,502	1,418,788	2,643,398,712		40,356	34.4	11.8%

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

(1) Source: California Department of Finance, as of January 1, 2011

(2) Source: County of Sacramento

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

(4) Source: U.S. Census Bureau

(5) Source: www.labormarketinfo.edd.ca.gov (October 2011)

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

<u>Employer</u>	2011		2004*	
	Number of Employees (1)	Percentage of Total City Employment	Number of Employees (2)	Percentage of Total City Employment
Health Net Federal Services	2000	4.00%		
Vision Service Plan	1750	3.50%		
Delta Dental	1000	2.00%	1500	n.a.
Verizon	1000	2.00%		
GenCorp, Inc. (Aerojet)	1000	2.00%	1387	n.a.
Franklin Templeton Investments	900	1.80%		
Volcano Corporation	700	1.40%		
Bank of America	600	1.20%		
Catholic Healthcare West	600	1.20%		
Sutter Health/Sutter Connect	500	1.00%		
Cedar Valley Concrete			926	n.a.
EDS Corporation			675	n.a.
Pacific Building Products			534	n.a.
Motion Control Engineering			360	n.a.
Wal-Mart			329	n.a.
Volcano Therapeutics			309	n.a.
Sunworld Landscape			300	n.a.
Automotive Importing			191	n.a.

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

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

(2) Source: Sacramento County Auditor-Controller

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

Function/Program	Fiscal Year *							
	2004	2005	2006	2007	2008	2009	2010	2011
City Council	5	5	5	5	5	5	5	5
City Manager	3	3	3	4	4	4	3	3
City Clerk	2.5	3.5	4	3	4	4	3	3
Administrative Services	-	-	4	3	5	5	4	4
Human Resources	0	1	1	2	3	3	3	3
Finance	3	5.5	5	7	8	9	8	9
Information Technology	-	-	1	1	2	2	2	2
Building & Inspection	-	1	6	11	10	9	6	6
Animal Services	-	-	2	2	2	2	2	1
Economic Development	1	1	2	2	3	4	4	4
Facilities Management	-	-	1	2	2	2	3	4
Code Enforcement	-	-	-	4	9	8	6	6
Housing	-	-	-	1	2	2	3	2
Public Information Officer	-	-	-	-	-	1	1	2
Public Works	3	6	10	15	17	17	18	15
Total employees	17.5	26	44	62	76	77	71	69

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

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

Source: Human Resources department, City of Rancho Cordova

CITY OF RANCHO CORDOVA
Miscellaneous Statistics
(Unaudited)

	Fiscal Year*			
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Date of Incorporation	July 1, 2003	July 1, 2003	July 1, 2003	July 1, 2003
Form of Government	General Law	General Law	General Law	General Law
Number of Employees				
Full-time	69	71	77	76
Part-time	-	-	-	-
Number of contract employees (excludes public safety - shown on next page)	19	14	17	17
Area in square miles	35	33	33	33
Facilities and services not included in the reporting entity				
Culture and Recreation:				
Parks	31	31	31	31
Park acreage	304	304	304	304
Swimming pools	2	2	2	2
Tennis courts	27	27	27	27
Community centers	3	3	3	3
Senior centers	1	1	1	1
Ball and soccer fields	21	20	20	20
Fire Protection:				
Number of stations	5	5	5	5
Education:				
Number of districts	4	4	4	4
Number of elementary schools	13	13	13	13
Number of secondary schools	4	4	4	4
Number of community colleges	2	2	2	2
County Library:				
City branches	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	Fiscal Year *							
	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety								
Police:								
Stations	1	1	1	1	1	1	1	1
Sworn personnel	72	67	67	69	68	64	58	60
Non sworn personnel	16	13	13	13	13	16	14	14
Highways and Streets								
Streets (miles)	208	220	220	220	295	235	245	245
Streetlights	2,715	3,000	3,000	3,000	4,435	4,435	4,435	4435
Traffic Signals	46	70	70	70	76	76	76	76

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

Source: Departments within the City of Rancho Cordova