

**CITY OF RANCHO CORDOVA,
CALIFORNIA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2007

CITY OF RANCHO CORDOVA, CALIFORNIA

FOR THE YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
Organizational Chart	v
List of Principal Officials	vi
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets	19
Statement of Activities	20
Balance Sheet – Governmental Funds	21
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Statement of Net Assets – Proprietary Funds	27
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	29
Statement of Fiduciary Net Assets – Agency Funds	30
Notes to the Financial Statements	31
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	51
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Sunrise Douglas Special Revenue Fund	52
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Traffic Mitigation Special Revenue Fund	53
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Measure A Special Revenue Fund	54
Note to Required Supplementary Information	55

CITY OF RANCHO CORDOVA, CALIFORNIA

FOR THE YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS (Continued)

COMBINING FUND FINANCIAL STATEMENTS
AND SCHEDULES:

NON-MAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	63
Villages of Zinfandel Special Revenue Funds – Subcombining Balance Sheet	70
Villages of Zinfandel Special Revenue Funds – Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balance	71
Community Facilities Fees Special Revenue Funds – Subcombining Balance Sheet	72
Community Facilities Fees Special Revenue Funds – Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balance	75
Grants Special Revenue Funds – Subcombining Balance Sheet	78
Grants Special Revenue Funds – Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balance	79
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds:	
Redevelopment Administration Fund	80
Low/Moderate Income Housing Fund	81
Asset Forfeiture Fund	82
Villages of Zinfandel Fund	83
General Plan Fund	84
Community Facilities Fees Fund	85
Park Development Fund	86
Gas Tax Fund	87
Street Cut Fee Fund	88
Mather Field Traffic Impact Fees Fund	89
Cap Vill Park Development Fund	90
Grant Revenue Fund	91
Transportation Development Act Fund	92
Very Low Income Housing Fund	93
Transit-Related Services Tax Fund	94
Road Maintenance Fund	95
Community Development Block Grant Fund	96
Prop 42 Fund	97
Environmental Mitigation Fund	98
Landscaping and Lighting Fund	99
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Financing Corporation Debt Service Fund	100
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Improvements Projects Fund	101

CITY OF RANCHO CORDOVA, CALIFORNIA

FOR THE YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS (Continued)

MAJOR SUBCOMINGING SPECIAL REVENUE FUNDS

Sunrise Douglas Special Revenue Funds – Subcombining Balance Sheet	102
Sunrise Douglas Special Revenue Funds – Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balance	104
Traffic Mitigation Special Revenue Funds – Subcombining Balance Sheet	106
Traffic Mitigation Special Revenue Funds – Subcombining Statement of Revenues, Expenditures, and Changes in Fund Balance	107

INTERNAL SERVICE FUNDS

Combining Statement of Net Assets – Internal Service Funds	109
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service Funds	110
Combining Statement of Cash Flows – Internal Service Funds	111

AGENCY FUNDS

Combining Statement of Fiduciary Net Assets	113
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STATISTICAL SECTION (Unaudited)

Net Assets by Component	115
Changes in Net Assets	116
Fund Balances of Governmental Funds	118
Changes in Fund Balances of Governmental Funds	119
General Governmental Tax Revenues by Source	120
Assessed and Estimated Value of Property	121
Property Tax Rates – Direct and Overlapping Governments	122
Principal Taxpayers	123
Property Tax Levies and Collections	124
Ratios of Outstanding Debt by Type	125
Computation of Direct and Overlapping Debt	126
Legal Debt Margin Information	127
Schedule of Demographic Statistics	128
Ten Largest Area Employers	129
Miscellaneous Statistics	130

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David Sander
Mayor

Linda Budge
Vice Mayor

Ken Cooley
Council Member

Robert McGarvey
Council Member

Dan Skoglund
Council Member

January 25, 2008

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Rancho Cordova for the fiscal year ended June 30, 2007. This report is presented in conformance with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants.

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

Gilbert Associates, Inc., a firm of licensed certified public accountants, has audited the City of Rancho Cordova's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Rancho Cordova, for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Rancho Cordova's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Rancho Cordova was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Rancho Cordova's separately issued Single Audit Report.

GAAP requires management to provide financial report users a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Rancho Cordova's MD&A can be found in the financial section immediately following the report of the independent auditors.

City of Rancho Cordova Profile

The City of Rancho Cordova was incorporated on July 1, 2003 following a vote of the electorate in November 2002. The City is organized as a General Law City under the State of California. The City of Rancho Cordova encompasses 33.6 square miles in Sacramento County and has a population of 59,056. The City is adjacent to the City of Sacramento and is situated south of the American River that transverses Sacramento County.

The City operates under the Council-Manager form of government. The City Council is comprised of five members elected at large for staggered four-year terms of office. The Mayor and Vice Mayor are selected by the Council from among its members to serve one-year terms. The City serves as the legislative and policy-making body of the City, enacting all laws and directing such actions as are required to provide for the general welfare of the community.

The City Manager, appointed by the City Council, serves as the Chief Executive Officer and is responsible to the City Council for the administration of all City affairs and the implementation of all policies established by the City Council. The City Attorney serves under contract to the City and is appointed by the City Council. All other department heads are appointed by the City Manager.

The City provides municipal services through contracts for street maintenance, legal, street sweeping, planning, and law enforcement services. The contract for law enforcement services is with the Sacramento County Sheriff's Department. The contract for street maintenance is with the Sacramento County Public Works Department. Other contracted services are provided by private companies. The contract for code enforcement services transitioned to City operations in FY 2006/07. Fire protection is provided by the Sacramento Metro Fire District. Parks and recreation are provided by the Cordova Recreation and Park District.

Economic Condition and Outlook

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

The area which became the City of Rancho Cordova was initially built around two major industries – Mather Air Force Base and Aerojet Manufacturing. Mather Air Force Base supplied the air navigators for the Vietnam War while Aerojet was instrumental in the race to the Moon and supplier of the Cold War defense. With the closure of Mather Air Force Base in 1992 and the decline in the Cold War, the area reinvented itself as a business park center of Sacramento County. The largest industry employers are in the professional and business services (12,500 employees), wholesale and retail trade (7,500 employees) and financial activities (6,500 employees).

The Sacramento Region has shifted from fairly good economic health in 2006 to somewhat weaker economic health during 2007. In the Sacramento Metropolitan Statistical Area (SMA), which includes Sacramento, El Dorado and Placer Counties, job growth grew slightly slower in 2006 compared to 2005, with 19,700 new jobs (2.21% increase) compared to 21,900 new jobs (2.5% increase). The forecast for 2007, based on actual data through June, is for a 2.5% (22,700 jobs) increase; and followed by a slightly stronger 2.8% (26,300 jobs) increase in 2008.

The region, as well as the entire state, is experiencing a major correction in the housing market which is dramatically slowing down new development and reversing previous large gains in housing market values.

Assessed values remain well below market values which, combined with the downturn in new housing, should yield stable, but not increasing, property tax revenue.

The State of California is facing a large budget deficit. This can affect the City's revenue stream in various ways including a short term loss of property tax revenue. The City continues to monitor the State's budget process and awaits further information on how the solution will affect our fiscal condition.

Major Initiatives

The City continues to make progress in developing not only a community identity but also addressing long term needs of the community. Some of our major accomplishments in 2006/07 were:

- Reached a landmark Revenue Neutrality settlement with the County, reducing the repayment timeframe from 31 years to 25 years and establishing a fixed payment schedule rather than one tied to the growth of property tax revenues. In the first four years of incorporation, the city payments have been reduced by \$4.2 million.
- Completed the Folsom Boulevard beautification improvements
- Filed the application to annex 748 acres, extending the northeastern boundary and shoring up the City's borders
- Improved the bond rating from BBB+ to A- from Standard & Poor's Rating Services, reflecting the City's solid financial performance and continued strong economic growth
- Launched zoning code overhaul to reflect the goals and aspirations of the City
- Adopted numerous ordinances as tools for code enforcement
- The Crime Suppression Unit (CSU) and Transient Enforcement Detail (TED) reduced the number of calls for service while increasing enforcement
- Initiated multiple neighborhood enhancement programs, to include:
 - "Blight Busters" – coordinated efforts of code enforcement staff, building inspectors, animal service officers, police officers and firefighters identifying and correcting problems of blight and nuisance that may impact safety and property value
 - "Walk with the Mayor"- to encourage residents to attend scheduled walks with the mayor and city council members to talk about what is happening in their neighborhood
 - "One City, One Year, One Thousand Trees" – to encourage residents to obtain free shade trees through SMUD with the 1,000th tree planted in November 2007
- Restored the Matthew Kilgore Cemetery, including a new entry and decorative gate, repaved pathways and parking lot and a columbarium for interment of ashes
- Submitted the application to LAFCO to detach the Transit Services Tax Area (CSA 10) in order to bring these services under the City's control
- Formed a Joint Powers Authority (JPA) for the Elk Grove/Rancho Cordova/El Dorado County connector road
- Advanced the Rancho Cordova Parkway Interchange with CalTrans approval of the Project Study Report

Financial Information

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

The budget is submitted to the City Council by the last day in May. Budget hearings are then held in June. The budget is approved by resolution. Upon adoption by the City Council, the City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated

annual budget has been adopted. The City's budgetary procedures are further discussed in the *Required Supplementary Information*, which are located in the Financial Section of this report.

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

DEBT ADMINISTRATION. In order to facilitate the leasing of portions of City Hall to non-governmental users, the City refunded the 2005 City Hall Certificates of Participation. The Refunding Certificates of Participation for the City Hall Facility Acquisition Project issued two additional series of "2007 Certificates of Participation" bonds in January 2007. The "2007A Certificates of Participation" were issued in the amount of \$12,100,000 and the "2007B Certificates of Participation" were issued in the amount of \$8,300,000.

RISK MANAGEMENT. The City participates in CSAC Excess Insurance Authority for general liability insurance and workers compensation insurance. The total coverage is \$15 million for liability related claims and \$200 million for workers compensation claims. The City has commercial insurance policies for Excess Workers' Compensation, Boiler and Machinery, Property and Commercial Crime.

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

Acknowledgements

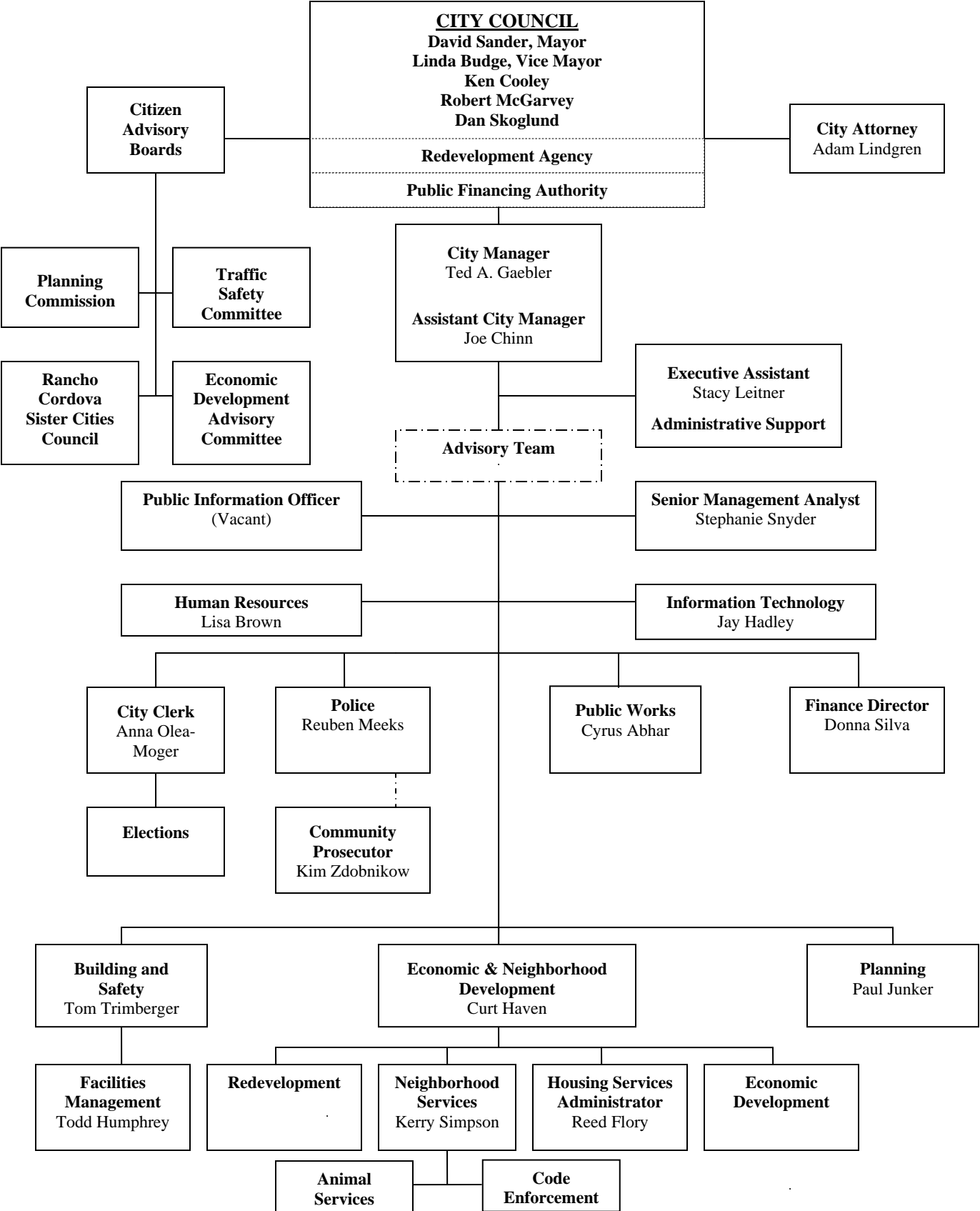
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to Liisa Behrends, Senior Accountant; Marilyn Natividad, Senior Accountant, Keith Misner, Accountant, Esther Pinola, Senior Accounting Technician, Tony Ingalls, Accounting Technician, Judy Brisco Accounting Technician and Patty Lohse, Consultant. I would also like to thank the Mayor, City Council and City Manager for their steadfast support for maintaining the highest standards of professionalism in the management of the City of Rancho Cordova's finances.

Respectively submitted,



Donna Silva, CPA
Finance Director

Organizational Chart City of Rancho Cordova



CITY OF RANCHO CORDOVA

LIST OF PRINCIPAL OFFICIALS

ELECTED

David Sander

Mayor

Linda Budge

Vice Mayor

Ken Cooley

Councilmember

Robert McGarvey

Councilmember

Dan Skoglund

Councilmember

APPOINTED BY CITY COUNCIL

Ted Gaebler

City Manager

Adam Lindgren

City Attorney

APPOINTED BY THE CITY MANAGER

Joe Chinn

Assistant City Manager

Anna Moger

City Clerk

Tom Trimberger

Building & Safety Official

Curt Haven

Economic Development Director

Donna Silva

Finance Director

Reuben Meeks

Police Chief

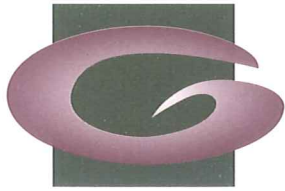
Paul Junker

Planning Director

Cyrus Abhar

Public Works Director

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rancho Cordova, California, (the City), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Honorable Mayor, City Manager
City of Rancho Cordova, California

The Management's Discussion and Analysis, respective budgetary information for the general fund and special revenue funds for the year ended June 30, 2007, and note to required supplementary information as listed in the table of contents, are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.

January 25, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Rancho Cordova, CA (the "City") Comprehensive Annual Financial Report (CAFR) presents management's discussion and analysis of the City's financial performance during the year ended June 30, 2007. It should be read in conjunction with the accompanying transmittal letter, the basic financial statements, and the notes to those financial statements.

The CAFR is presented in three sections:

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

FINANCIAL HIGHLIGHTS

- Total assets of the City exceeded its liabilities at June 30, 2007 by \$306.8 million (*net assets*). Of this amount, \$23.6 million (*unrestricted net assets*) may be used to meet ongoing obligations to citizens and creditors, but is subject to designation for specific City programs, \$53.4 million in *restricted net assets* must be used only for specific purposes and \$229.8 million is *invested in capital assets, net of related debt*.
- The City's total net assets increased by \$251.2 million. Included in this increase was a restatement of beginning net assets 200.4 million for infrastructure recognition under GASB Statement No. 34.
- The City's General Fund reported a surplus of \$10.4 million for the year ending June 30, 2007, 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 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 basic financial statements.** This report also includes Required Supplementary Information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government-wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They present the financial picture of the City from the economic resources measurement focus using the

accrual basis of accounting. They present governmental activities and business type activities, if any, separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to interfund activity, payables and receivables.

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

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

FUND FINANCIAL STATEMENTS

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. Each Major Fund is presented individually, with all Non-major Funds combined in a single column on each fund statement. The City of Rancho Cordova has six Major Funds:

- General Fund
- Sunrise-Douglas Special Revenue Fund
- Traffic Mitigation Impact Fee Special Revenue Fund
- Capital Improvements Projects Fund
- Financing Corporation Debt Service Fund
- Measure A Special Revenue Fund

All other funds are considered to be Non-major Funds. Subordinate schedules present the detail of the Non-major Funds.

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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The basis of accounting used in each fund depends upon the fund type, i.e. Governmental, Fiduciary or Proprietary.

GOVERNMENTAL FUNDS - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. 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. Governmental fund information helps you determine 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 governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities. 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. All of the remaining governmental funds are presented in the aggregate under the heading of Non-Major Governmental Funds. Individual fund data for each of the Non-Major Governmental Funds is provided in the form of combining statements elsewhere in this report.

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

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. The basic fiduciary fund financial statements, which only report a balance sheet and do not have a measurement focus, can be found immediately following the basic governmental fund financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

STATEMENT OF NET ASSETS

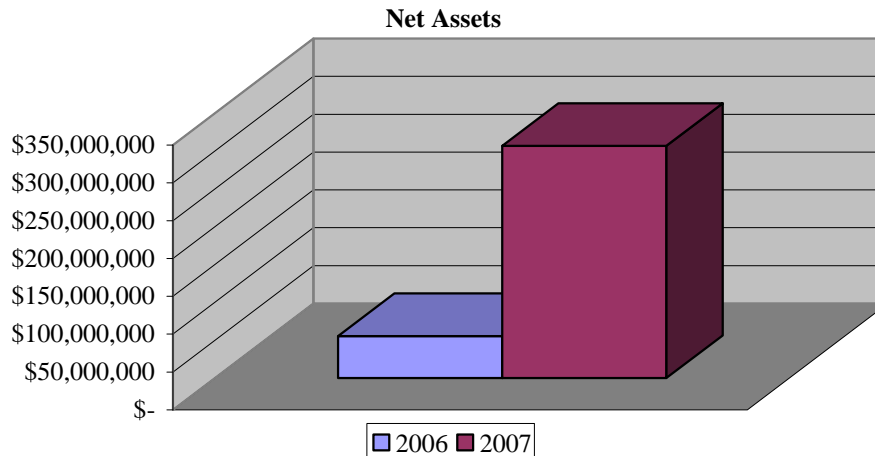
Net assets are a good indicator of the City's financial position. At June 30, 2007, net assets of the City were \$306.8 million which is an increase of \$251.2 million from the prior year. As previously mentioned, \$200.4 of the increase is due to the restatement of fund balance with the addition of the City's infrastructure.

The following is the condensed Statement of Net Assets for the fiscal years ended June 30, 2006 and 2007.

At June 30, 2007, the largest portion of total assets (73.8%) consists of the City's capital assets. Other major assets include cash and investments (21.3%) and funds due from other governmental agencies (2.7%). To meet current needs, the significant cash and investment reserves provide ongoing operating resources.

	GOVERNMENTAL ACTIVITIES		BUSINESS ACTIVITIES		TOTAL	
	2006	2007	2006	2007	2006	2007
Current Assets	\$ 63,825,053	\$ 90,747,794	\$ -	\$ (1,220,506)	\$ 63,825,053	\$ 89,527,288
Capital Assets	26,685,014	251,332,916	-	1,422,003	26,685,014	252,754,919
Total Assets	90,510,067	342,080,710	-	201,497	90,510,067	342,282,207
Current Liabilities	\$ 7,483,890	\$ 8,908,899	\$ -	\$ 4,314	\$ 7,483,890	\$ 8,913,213
Long-term Liabilities Outstanding	27,653,455	26,600,048	-	-	27,653,455	26,600,048
Total Liabilities	35,137,345	35,508,947	-	4,314	35,137,345	35,513,261
Net Assets:						
Invested in capital net of related debt	\$ 8,357,941	\$ 228,382,846	\$ -	\$ 1,422,003	\$ 8,357,941	\$ 229,804,849
Restricted	40,513,083	53,397,757	-	-	40,513,083	53,397,757
Unrestricted	6,501,698	24,791,160	-	(1,224,820)	6,501,698	23,566,340
Total Net Assets	\$ 55,372,722	\$ 306,571,763	\$ -	\$ 197,183	\$ 55,372,722	\$ 306,768,946

The City's governmental net assets totaled \$306.6 million as of June 30, 2007, an increase of \$251.2 million over fiscal year ended 2006 due to the first time recognition of the depreciated infrastructure cost as required by GASB 34. Restricted net assets are \$53.4 million or 17.4% of total net assets. Restricted net assets are restrictions placed on the use of those funds by external parties. Their use is determined by those restrictions and agreements.



GOVERNMENTAL STATEMENT OF ACTIVITIES

The following is the condensed Governmental Statement of Activities and Changes in Net Assets for the fiscal years ending June 30, 2006 and 2007:

	2005/06	2006/07
Revenues:		
Program Revenues		
Charges for services	\$ 26,142,639	\$ 33,364,367
Operating grants & contributions	3,322,801	6,718,186
Capital grants & contributions	1,803,132	3,820,997
General Revenues:		
Taxes	27,961,990	28,916,615
Investment Earnings	1,950,149	4,402,877
Transfers	-	18,149
Other	3,747,908	5,232,716
Total Revenues	<u>64,928,619</u>	<u>82,473,907</u>
Expenses:		
General Government	17,939,297	22,055,441
Community Development	6,812,844	6,447,185
Public Safety	13,446,239	13,778,468
Public Works	2,630,097	4,121,579
Interest and fiscal charges	881,467	1,359,131
Total Expenses	<u>41,709,944</u>	<u>47,761,804</u>
Increase in Net Assets	<u>23,218,675</u>	<u>34,712,103</u>
Net Assets -- Beginning of Year, as restated	32,154,047	255,866,226
Prior Period Adjustment	-	15,993,434
Net Assets -- End of Year	<u>\$ 55,372,722</u>	<u>\$ 306,571,763</u>

Revenue Highlights

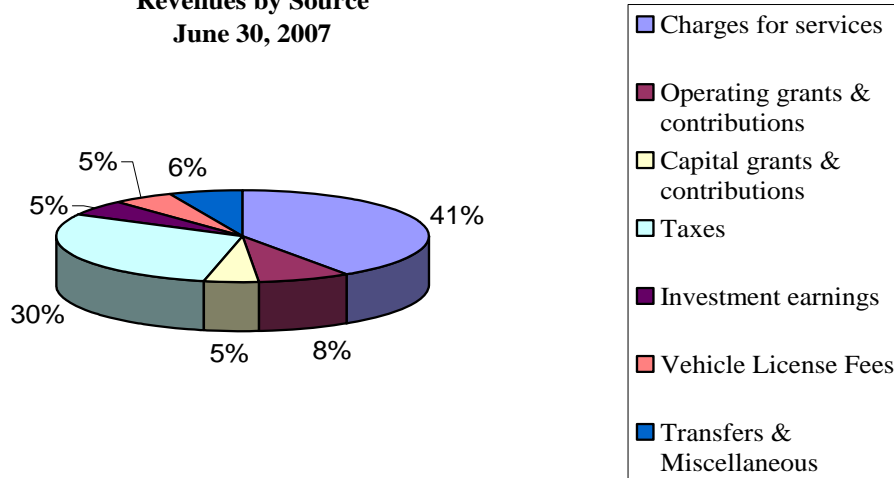
Total revenues increased over the prior year by \$17.5 million. As illustrated in the pie chart below, charges for services at 41% is the largest category of total revenues. Charges for services increased \$7.2 million in FY 2006/07, in spite of a decrease in total building permits revenue, due to several factors. The Public Works plan reviews, plan checks and construction management, previously handled by the County, were brought in house and our staff improved processes and cost recovery identification resulting in a majority of this increase.

The second largest revenue source (30% of total revenues) is taxes for \$29 million. Taxes and assessments remained relatively stable, increasing slightly from \$28 million to \$29 million in FY 2006/07. Sales tax revenue was the largest contributor at \$10.1 million, however this is a decrease of \$300 thousand from last year. The reduction of sales tax revenue was offset by an increase in Utility User Tax of \$500 thousand.

Program revenue were composed of fees, fines and charges for service of \$33.4 million that include permit revenues, fees and charges to fund expenses incurred in providing services.

A correction to the City's capitalized construction in progress resulted in the prior period adjustment of \$16 million. The assets were not capitalized in the previous year. This adjustment is also discussed in Note 14 of the financial statements.

**Governmental Activities
Revenues by Source
June 30, 2007**



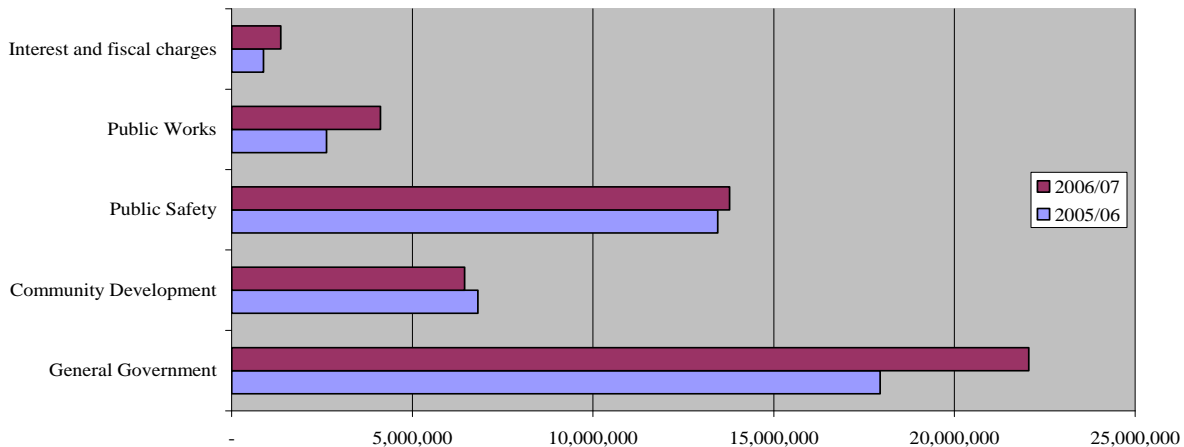
Expense Highlights

Total expenses for governmental activities were \$47.8 million, \$6.1 million more than the prior fiscal year. These expenses were offset by:

- charges for services which increased to \$33.4 million
- operating grants and contributions from outside sources or other governments (an increase of \$3.4 million from the prior year)
- capital grants and contributions from outside agencies (an increase of \$2.0 million from FY 2005/06)

General Government program expenses at \$22 million, comprised 46% of the total, increasing \$4.1 million from the prior year. The cost of Public Safety was increased from \$13.5 million in FY 2005/06 to \$13.8 million in FY 2006/07. This increase was due to salary and benefit increases passed on to the City from the Sacramento County Sheriff's Office, the City's contract provider of police services.

Governmental Activities - Expenses by Function/Program



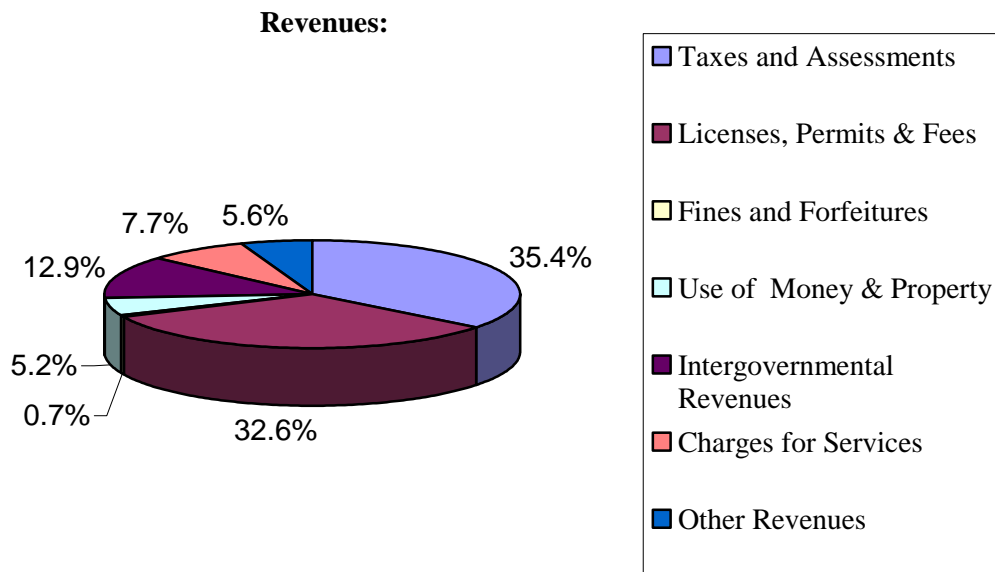
FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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.

	2005/06	2006/07
Revenues:		
Taxes and Assessments	\$ 27,961,990	\$ 28,916,615
Licenses, Permits & Fees	35,670,026	26,554,572
Fines and Forfeitures	464,745	567,078
Use of Money & Property	1,950,149	4,254,559
Intergovernmental Revenues	5,011,087	10,492,415
Charges for Services	3,526,782	6,242,718
Other Revenues	<u>3,747,908</u>	<u>4,547,716</u>
Total Revenues	<u>78,332,687</u>	<u>81,575,673</u>
Expenses:		
General Government	16,041,144	17,594,828
Community Development	6,812,844	6,447,185
Public Safety	13,446,239	13,778,468
Public Works	2,630,097	4,121,579
Debt Service	2,300,653	2,837,101
Capital Outlay	<u>28,223,470</u>	<u>11,840,393</u>
Total Expenditures	<u>69,454,447</u>	<u>56,619,554</u>
Excess (Deficiency) of Revenues over Expenditures	8,878,240	24,956,119
Other Financing Sources (Uses):		
Proceeds from Long Term Debt	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)
Transfers In	3,921,921	20,710,051
Transfers Out	<u>(3,921,921)</u>	<u>(21,812,102)</u>
Total Other Financing Sources (Uses)	<u>6,705,000</u>	<u>(681,176)</u>
Net Change in Fund Balances	15,583,240	24,274,943
Fund Balances, beginning of year	<u>41,548,430</u>	<u>57,131,670</u>
Fund Balances, end of year	<u>57,131,670</u>	<u>81,406,613</u>

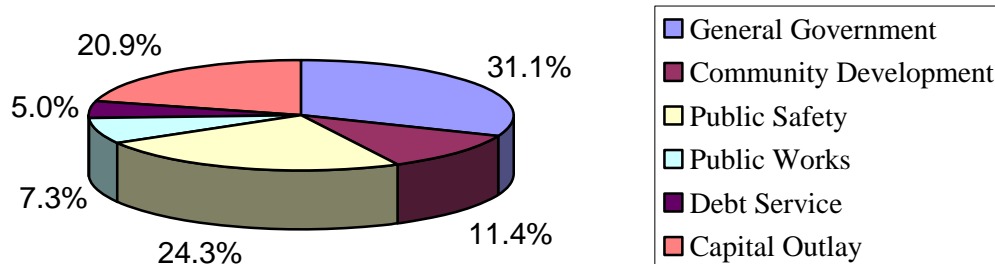
As of the end of the fiscal year 2006/07, the City’s governmental funds reported total combined ending fund balances of \$81.4 million, a net increase of \$24.3 million over the prior year of \$57.1 million. Of this amount \$6.4 million (7.9%) is reserved to indicate that it is not available for appropriation because it had already been committed for various purposes (See Note 1 in the Notes to the Basic Financial Statements). The remaining unreserved \$74.9 million is comprised of \$21.9 million in the General Fund, \$43.6 million in the Major Special Revenue Funds and \$10.7 million in the other Non-Major Governmental Funds. The City’s reserve policy requires a minimum fund balance reserve in the general fund. The minimal, optimal level required for this reserve is 20% of the General Fund operating budget. Therefore, \$9.4 million (43.0%) of the unreserved General Fund balance is designated for economic uncertainty.



As shown in the schedule above, Licenses, Permits & Fee revenues decreased by \$9.1 million from FY 2005/06. This decline in the housing market has resulted in fewer building permits, with a dramatic reduction in Impact Fees (\$21.0 million in FY 2006/07 as compared with \$30.5 million in FY 2005/06). However, this decrease was offset by three significant improved revenue streams. Use of Money & Property generated \$4.3 million in FY 2006/07 due to the increase in cash and investments as well as higher interest earning rates. Intergovernmental Revenues grew to \$10.5 million, largely due to increased revenues from Measure A Construction monies and grant monies funding capital improvement projects. The increase in Charges for Services is related to our staff significantly improving cost recovery processes.

The City’s total revenues were \$81.6 million which represented an increase over the prior year of \$3.3 million. The primary revenue sources included Sales Taxes (\$7.2 million), Motor Vehicle In-Lieu Property Taxes and Payments (\$4.5 million), and Building Permits (\$3.3 million). In addition to the regular sources of revenues, the City received \$21.2 million in impact fees and other related development fees.

Expenses:



The total cost of all programs and services was \$56.6 million which represented a decrease of \$12.9 million. The Public Safety component, which includes both Police and Community Prosecutor, was \$13.8 million or 24.3% of total expenditures.

The General Government expenditures of \$17.6 million includes the 2006/07 annual property tax obligation due to the County under the Revenue Neutrality Agreement of \$5.6 million.

Other expenditures within the governmental funds were:

- Capital Outlay - \$11.8 million
- Community Development - \$6.4 million
- Public Works - \$4.1 million
- Debt Service - \$2.8 million

As shown in the schedule on page 9, Capital Outlay expenses decreased \$16.4 million (\$11.8 million in FY 2006/07 as compared to \$28.2 million in FY 2005/06). The elevated expenses in FY 2005/06 were due to the purchase of the City Operations building in addition to completing \$7.5 million in City Hall renovations. Public Works expenses of \$4.1 million (an increase of \$1.5 million over FY 2005/06) were related to increased activity with capital improvement projects.

GENERAL FUND FINANCIAL INFORMATION

The General Fund is the chief operating fund of the City. At the end of fiscal year 2006/07, the unreserved fund balance was \$21.9 million while the total fund balance was \$25.8 million. \$9.4 million of the unreserved fund balance is designated for economic uncertainty as required by the reserve policy. Additionally, the General Fund has \$3.4 million in general fund encumbrances, leaving an available unreserved Fund Balance of \$9.1 million.

	2005/06	2006/07
Revenues:		
Taxes and Assessments	\$ 27,878,786	\$ 28,724,117
Licenses, Permits & Fees	5,188,725	4,911,840
Fines and Forfeitures	454,199	554,146
Use of Money & Property	607,288	2,103,892
Intergovernmental Revenues	1,265,635	1,428,607
Charges for Services	2,876,686	4,955,221
Other Revenues	234,412	4,511,260
Total Revenues	<u>38,505,731</u>	<u>47,189,083</u>
Expenses:		
General Government	12,749,889	12,692,611
Community Development	6,054,358	6,413,576
Public Safety	13,246,498	13,575,670
Public Works	1,368,386	2,352,553
Debt Service	474,032	476,671
Capital Outlay	969,764	434,775
Total Expenditures	<u>34,862,927</u>	<u>35,945,856</u>
Excess (Deficiency) of Revenues over Expenditures	3,642,804	11,243,227
Other Financing Sources (Uses):		
Transfers In	909,022	294,898
Transfers Out	<u>(1,092,269)</u>	<u>(1,120,200)</u>
Total Other Financing Sources (Uses)	<u>(183,247)</u>	<u>(825,302)</u>
Net Change in Fund Balances	3,459,557	10,417,925
Fund Balances, beginning of year	<u>11,944,128</u>	<u>15,403,685</u>
Fund Balances, end of year	<u>15,403,685</u>	<u>25,821,610</u>

The City's General Fund balance increased by \$10.4 million in FY 2006/07. This increase is primarily related to increases in revenues associated with charges to fund expenses incurred in providing services and the revenue neutrality settlement, as well as the vacancies in approved positions. Revenues increased by \$8.7 million in FY 2006/07 compared to FY 2005/06 representing a 22.5% increase, while expenditures increased by \$1 million in FY 2006/07 from \$34.9 million in FY 2005/06. Of the \$28.7 million in Taxes and Assessments, \$8.4 million represents Property Tax Revenue. These collections are offset by the Revenue Neutrality Payment of \$5.6 million, resulting in net receipt to the City of \$2.9 million.

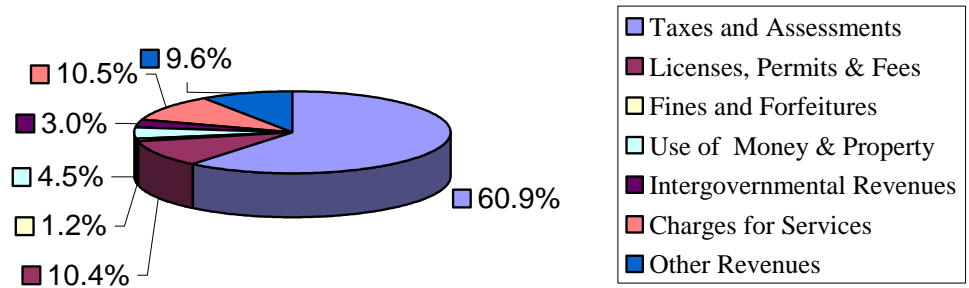
For the fiscal year ended June 30, 2007, cash and investments were \$13.6 million, other current assets were \$12.4 million while overall assets were \$29.9 million. Liabilities included accounts payable of \$2.1 million due mainly to contract service companies. Other liabilities include deposits payable of \$1.3 million which consists of deposits by developers to cover the cost of processing their development plans.

The majority of General Fund Revenues comes from Taxes (60.9%). These Taxes consist of Property Tax including Motor Vehicle in Lieu Property Tax, Sales Tax, Transient Occupancy Tax, Utility Users Tax, Property Transfer Tax and Police Tax. Licenses, Permits and Fees make

up 10.4%, the largest share of which is Building Permits at \$3.6 million. Charges for Services (10.5%) consists primarily of cost recovery revenue for City provided services.

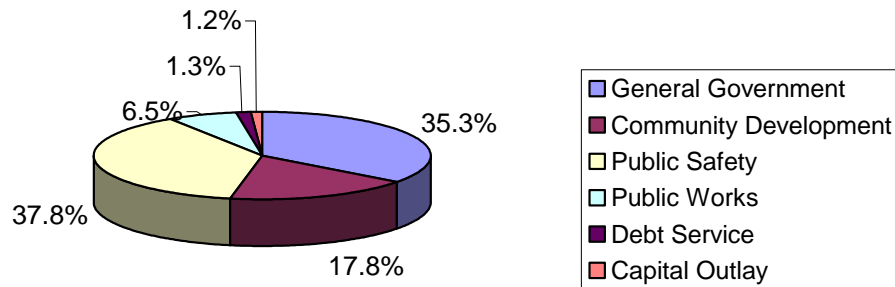
As noted earlier, the increase in Use of Money and Property resulted from the greater cash balances as well as raised interest earning rates. The improved cost recovery processes resulted in greater Charges for Services revenue. The increase of \$4.3 million in Other Revenue is due to the Revenue Neutrality settlement which created a credit for past overpayments to the County. This credit will be applied to revenue neutrality expenses in FY 2007/08.

General Fund Revenues



The major cost in the General Fund is for Public Safety (\$13.6 million). The City contracts with the Sacramento County Sheriff’s Department for law enforcement costs. Monthly payments equal to 1/12 of the contract amount is paid to the Sheriff’s Department. Reconciliation between the contract amount and actual amounts is made annually. General Government expenditures were \$12.7 million. General Government includes the following departments: City Council, Advisory Boards, City Attorney, City Manager, City Clerk, PIO, Human Resources, Administrative Support, Finance, and Information Technology. Community Development, consisting of Economic Development, Facilities Management, Planning, Building & Safety and Neighborhood Services expended \$6.4 million. Public Works General Fund expenditures were \$2.4 million, with the major expenditures out of Special Revenue funds. Other expenditures included \$476 thousand for debt service and \$435 thousand for Capital Outlay. Other usual General Fund activities such as Fire and Parks and Recreation are performed by independent districts established to provide those services.

General Fund Expenditures



GENERAL FUND BUDGETARY HIGHLIGHTS

The City did not amend its General Fund budget during the year. Differences and/or variances between the budget and actual results are shown below.

	Original Budget	Actual	Variance	Percentage - Variance as to Budget to Actual
Revenues:				
Taxes and Assessments	\$ 28,887,850	\$ 28,724,117	\$ (163,733)	-0.6%
Licenses, Permits & Fees	5,105,300	4,911,840	(193,460)	-3.8%
Fines and Forfeitures	441,000	554,146	113,146	25.7%
Use of Money & Property	279,500	2,103,892	1,824,392	652.7%
Intergovernmental Revenues	1,302,050	1,428,607	126,557	9.7%
Charges for Services	3,793,700	4,955,221	1,161,521	30.6%
Other Revenues and Transfers In	<u>2,376,750</u>	<u>4,806,158</u>	<u>2,429,408</u>	102.2%
Total Revenues	<u>42,186,150</u>	<u>47,483,981</u>	<u>5,297,831</u>	12.6%
Expenditures				
General Government	13,923,850	12,692,611	1,231,239	8.8%
Community Development	7,636,550	6,413,576	1,222,974	16.0%
Public Safety	14,407,000	13,575,670	831,330	5.8%
Public Works	2,682,300	2,352,553	329,747	12.3%
Debt Service	435,750	476,671	(40,921)	-9.4%
Capital Outlay	-	434,775	(434,775)	-
Transfers Out	<u>1,120,200</u>	<u>1,120,200</u>	<u>-</u>	0.0%
Total Expenditures	<u>40,205,650</u>	<u>37,066,056</u>	<u>3,139,594</u>	7.8%
Excess/(Deficiency) of Revenues over Expenditures	<u>\$ 1,980,500</u>	<u>\$ 10,417,925</u>	<u>\$ 8,437,425</u>	

Total Revenues outperformed the budget by \$5.3 million or 12.6%. Total expenditures outperformed the budget by \$3.1 million or 7.8%. The budget had anticipated a net increase of \$1.9 million to net assets but in reality we experienced actual increase to net assets of \$10.4 million. Primary reasons for this favorable variance are as follows:

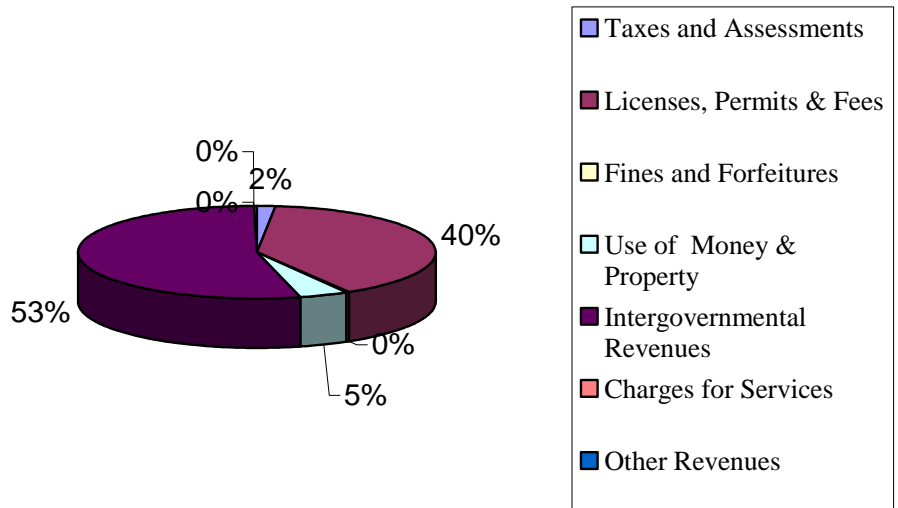
- The City did not budget for interest income, a large component of the “Use of Money & Property” line item which yielded actual revenues of \$2.1 million.
- Charges for Services increased due to bringing the Public Works reviews in house and significant improvements in our cost recovery processes.
- Other Revenues and Transfers In was twice the budget due to the Revenue Neutrality settlement with the County. The settlement recalculated the amounts paid to the County in previous years, reducing the payments from the original amounts. This resulted in a credit due to the City to be expended over the next year on current revenue neutrality expenses.
- General Fund Expenditures were less than budgeted generally due to staffing levels lower than anticipated in the budget. However, resources were re-allocated to support “Strong Neighborhoods” and the Community Development department has continued to add approved and budgeted code enforcement officers throughout the year.

FINANCIAL ANALYSIS OF NON-MAJOR GOVERNMENTAL FUNDS

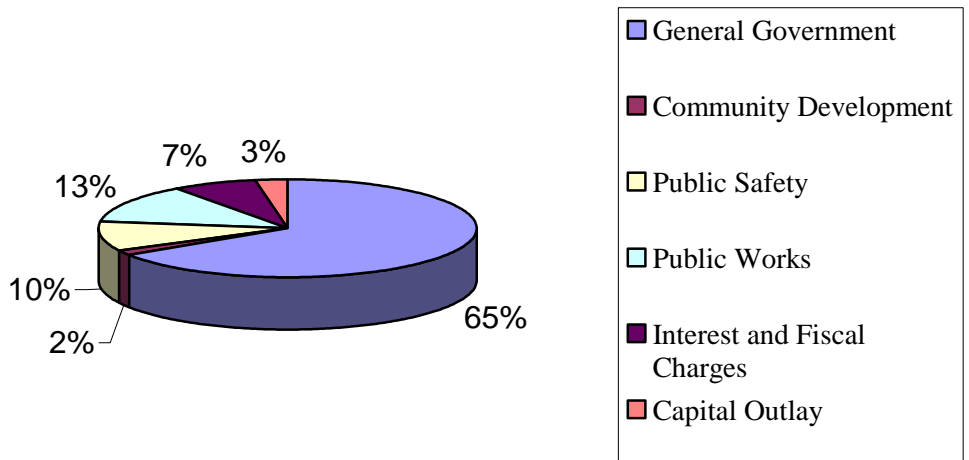
These funds, consisting entirely of Special Revenue Funds, were not of sufficient volume to warrant a “major-fund” designation. Special Revenue Funds that were budgeted included:

- Gas Tax Fund: The funds received in FY 2006/07 were \$1,483,163. Public Works capital improvement projects funded by the Gas Tax Fund expended \$2,557,605 of the total Gas Tax monies available, resulting in a fund balance of \$2.5 million.
- There are several development “impact” fees that are collected by the City. These include the Community Facilities Fees (CFF) which are used to acquire community facilities. Additionally, the City has specific impact fees related to Traffic, the South-Douglas Specific Plan and the Villages of Zinfandel project. These funds are specifically restricted to their use and several require that the City reimburse the developer a portion of their costs with these revenues. The accompanying graphs provide the makeup of the revenues and expenditures associated with all Non-Major Special Revenue Funds.

Non-Major Special Revenue - Revenues



Non-Major Special Revenue - Expenditures



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City opted to utilize the GASB 34 exemption that allows infrastructure costs to be placed on the books up to three years after initial implementation of GASB 34. As discussed in Note 13, the beginning net assets has been restated to include \$200.4 million in infrastructure.

Debt

In order to facilitate the leasing of portions of City Hall to non-governmental users, the City refunded the tax-free 2005 City Hall Certificates of Participation. Prior to the issuance, the City improved its credit rating from BBB+ to A-. The improved credit rating provides the City with a more favorable interest rate when the City sells bonds. The 2007 Series A & B Refunding Certificates of Participation were issued to refund the 2005 issuance as both tax-exempt and taxable Certificates.

At year end, there were two outstanding Mello Roos debt instruments. The City does not have liability for the payment of these bonds. After year end, the City issued two additional Mello Roos instruments in July and September 2007, respectively.

Further information concerning long-term debt is contained in the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

The City's revenues can be greatly affected by State actions. While Proposition 1A, passed by voters in November 2004, amends the states constitution in an effort to restore predictability and stability to local government budgets, there still are ways in which the State can take a portion of a local governments property taxes in times of fiscal emergency. In times of fiscal emergency, Proposition 1A allows the State to take a maximum amount of 8% of previous year ad valorem property taxes from local agencies. The allocation need not be consistent amongst the local agencies, therefore, one agency could potentially suffer a loss of revenues greater than 8%. At the time of printing this report there had been no serious proposal by the State to invoke Proposition 1A property tax borrowing, although a State Fiscal Emergency declaration is expected.

The Revenue Neutrality settlement, reached in March 2007 between the City and the County regarding the sharing of property tax revenues, will save the City millions of dollars over the next three decades. The new agreement reduced the number of years of revenue neutrality payments from 31 years to 25 years and established a fixed payment schedule rather than one tied to the growth of property tax revenues.

The downturn in the housing market affects the local economy and is expected to contribute to a decline in sales tax revenues. The City also expects a slow down in revenues from building permits but should experience a corresponding decrease in expenditures. Due to Prop 13 assessed property tax values are significantly lower than market values. As a result, in a period of

declining home values the City can expect stability but little to no growth in its property tax revenues.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF RANCHO CORDOVA, CALIFORNIA

STATEMENT OF NET ASSETS

JUNE 30, 2007

ASSETS	Primary government		
	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 72,866,762	\$ -	\$ 72,866,762
Accounts receivable	2,915,393	-	2,915,393
Interest and other receivables	890,776	320	891,096
Due from other governments	9,357,578	-	9,357,578
Prepaid expenses	30,859	-	30,859
Internal balances	1,220,826	(1,220,826)	-
Deferred charges	756,101	-	756,101
Restricted cash and investments	2,709,499	-	2,709,499
Capital assets, net of accumulated depreciation:			
Nondepreciable	36,672,533	225,000	36,897,533
Depreciable	214,660,383	1,197,003	215,857,386
Total assets	<u>342,080,710</u>	<u>201,497</u>	<u>342,282,207</u>
LIABILITIES			
Accounts payable	5,322,086	4,314	5,326,400
Accrued payroll liability	315,031	-	315,031
Deposits payable	1,282,993	-	1,282,993
Accrued interest payable	664,125	-	664,125
Unearned revenue	321,652	-	321,652
Long-term liabilities:			
Due within one year	1,003,012	-	1,003,012
Due in more than one year	26,600,048	-	26,600,048
Total liabilities	<u>35,508,947</u>	<u>4,314</u>	<u>35,513,261</u>
NET ASSETS			
Invested in capital assets, net of related debt	228,382,846	1,422,003	229,804,849
Restricted for:			
Sunrise Douglas development	23,519,119	-	23,519,119
Traffic Mitigation	20,579,501	-	20,579,501
Community facilities	6,063,584	-	6,063,584
Park development	2,003,835	-	2,003,835
Environmental mitigation	5,819	-	5,819
Villages of Zinfandel development	740,994	-	740,994
Prop 42 funds	484,905	-	484,905
Unrestricted	24,791,160	(1,224,820)	23,566,340
Total net assets	<u>\$ 306,571,763</u>	<u>\$ 197,183</u>	<u>\$ 306,768,946</u>

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

CITY OF RANCHO CORDOVA, CALIFORNIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 22,055,441	\$ 23,998,675	\$ 1,469,502	\$ -	\$ 3,412,736	\$ -	\$ 3,412,736
Community development	6,447,185	4,906,845	24,622	-	(1,515,718)	-	(1,515,718)
Public safety	13,778,468	740,919	753,964	-	(12,283,585)	-	(12,283,585)
Public works	4,121,579	3,717,928	4,470,098	3,820,997	7,887,444	-	7,887,444
Interest on long term debt	1,359,131	-	-	-	(1,359,131)	-	(1,359,131)
Total governmental activities	47,761,804	33,364,367	6,718,186	3,820,997	(3,858,254)	-	(3,858,254)
Business-type activities:							
Cemetery	9,988	-	-	225,000	-	215,012	215,012
Total business-type activities	9,988	-	-	225,000	-	215,012	215,012
Total primary government	\$ 47,771,792	\$ 33,364,367	\$ 6,718,186	\$ 4,045,997	(3,858,254)	215,012	(3,643,242)
GENERAL REVENUES:							
Taxes:							
Property					8,544,439	-	8,544,439
Sales and use					10,095,717	-	10,095,717
Transient occupancy					2,528,209	-	2,528,209
Utility user					2,236,887	-	2,236,887
Other taxes					1,028,478	-	1,028,478
Vehicle license fees					4,482,885	-	4,482,885
Investment earnings					4,402,877	320	4,403,197
Transfers					18,149	(18,149)	-
Miscellaneous					5,232,716	-	5,232,716
Total general revenues					38,570,357	(17,829)	38,552,528
Change in net assets					34,712,103	197,183	34,909,286
Net Assets, beginning of year, as restated					255,866,226	-	255,866,226
Prior period adjustment					15,993,434	-	15,993,434
Net assets, end of year					\$ 306,571,763	\$ 197,183	\$ 306,768,946

CITY OF RANCHO CORDOVA, CALIFORNIA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2007

	General Fund	Sunrise Douglas Special Revenue Fund	Traffic Mitigation Special Revenue Fund	Financing Corporation Debt Service Fund
ASSETS				
Cash and investments	\$ 13,558,878	\$ 23,379,648	\$ 20,544,717	\$ -
Restricted cash and investments	-	-	-	2,709,499
Receivables:				
Accounts receivable	2,818,248	64,851	18,177	-
Interest and other receivables	621,139	74,620	73,342	90
Due from other governmental agencies	4,077,006	-	-	-
Due from other funds	4,907,362	-	-	-
Advances to other funds	3,903,504	-	-	-
Prepaid costs and other assets	30,859	-	-	-
TOTAL ASSETS	\$ 29,916,996	\$ 23,519,119	\$ 20,636,236	\$ 2,709,589
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,126,685	\$ 15,317	\$ 56,735	\$ -
Accrued payroll liabilities	309,685	-	-	-
Deposits payable	1,258,493	-	-	24,500
Accrued interest payable	-	-	-	-
Due to other funds	-	-	-	248,918
Advances from other funds	-	-	-	-
Deferred revenues	400,523	-	-	-
TOTAL LIABILITIES	4,095,386	15,317	56,735	273,418
FUND BALANCES				
Reserved for:				
Low and moderate income housing	-	-	-	-
Advances to other funds	3,903,504	-	-	-
Prepaid costs	30,859	-	-	-
Debt service	-	-	-	2,436,171
Unreserved:				
Unreserved, designated for:				
Economic uncertainties	9,419,717	-	-	-
Unreserved, reported in:				
General fund	12,467,530	-	-	-
Special revenue funds	-	23,503,802	20,579,501	-
Capital projects funds	-	-	-	-
TOTAL FUND BALANCES	25,821,610	23,503,802	20,579,501	2,436,171
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,916,996	\$ 23,519,119	\$ 20,636,236	\$ 2,709,589

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

CITY OF RANCHO CORDOVA, CALIFORNIA

BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2007

Capital Improvements Projects Fund	Measure A Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds	
				ASSETS
\$ 915,673	\$ -	\$ 13,564,779	\$ 71,963,695	Cash and investments
-	-	-	2,709,499	Restricted cash and investments
-	-	14,117	2,915,393	Receivables:
-	-	121,585	890,776	Accounts receivable
-	1,691,676	3,588,896	9,357,578	Interest and other receivables
-	-	-	4,907,362	Due from other governmental agencies
-	-	-	3,903,504	Due from other funds
-	-	-	30,859	Advances to other funds
-	-	-		Prepaid costs and other assets
<u>\$ 915,673</u>	<u>\$ 1,691,676</u>	<u>\$ 17,289,377</u>	<u>\$ 96,678,666</u>	TOTAL ASSETS
				LIABILITIES AND FUND BALANCES
				LIABILITIES
\$ 2,146,105	803,737	\$ 155,509	\$ 5,304,088	Accounts payable
-	-	5,346	315,031	Accrued payroll liabilities
-	-	-	1,282,993	Deposits payable
-	-	148,318	148,318	Accrued interest payable
-	1,366,433	3,071,185	4,686,536	Due to other funds
-	-	2,903,504	2,903,504	Advances from other funds
-	-	231,060	631,583	Deferred revenues
<u>2,146,105</u>	<u>2,170,170</u>	<u>6,514,922</u>	<u>15,272,053</u>	TOTAL LIABILITIES
				FUND BALANCES
				Reserved for:
-	-	43,416	43,416	Low and moderate income housing
-	-	-	3,903,504	Advances to other funds
-	-	-	30,859	Prepaid costs
-	-	-	2,436,171	Debt service
				Unreserved:
				Unreserved, designated for:
-	-	-	9,419,717	Economic uncertainties
				Unreserved, reported in:
-	-	-	12,467,530	General fund
-	(478,494)	10,731,039	54,335,848	Special revenue funds
(1,230,432)	-	-	(1,230,432)	Capital projects funds
<u>(1,230,432)</u>	<u>(478,494)</u>	<u>10,774,455</u>	<u>81,406,613</u>	TOTAL FUND BALANCES
<u>\$ 915,673</u>	<u>\$ 1,691,676</u>	<u>\$ 17,289,377</u>	<u>\$ 96,678,666</u>	TOTAL LIABILITIES AND FUND BALANCES

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

CITY OF RANCHO CORDOVA, CALIFORNIA

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2007

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

Total fund balances - total governmental funds		\$ 81,406,613
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds' balance sheet.</p>		
Nondepreciable capital assets		36,672,533
Depreciable capital assets, net		214,660,383
<p>Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:</p>		
		(515,807)
<p>Deferred costs of issuance related to long-term debt used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
		756,101
<p>Certain deferred revenues are considered unavailable, and therefore are not reported in the Governmental Funds' balance sheet.</p>		
		309,931
<p>Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Government-Wide Statement of Net Assets.</p>		
		885,069
<p>Various long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds as follows:</p>		
Certificates of participation	\$ (26,865,000)	
Deferred amount on refunding	114,705	
Bond discount	334,625	
County debt	(846,023)	
Compensated absences	(341,367)	
Total long-term liabilities	(27,603,060)	(27,603,060)
Net assets of governmental activities		\$ 306,571,763

CITY OF RANCHO CORDOVA, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Sunrise Douglas Special Revenue Fund	Traffic Mitigation Special Revenue Fund	Financing Corporation Debt Service Fund
REVENUES				
Taxes and assessments	\$ 28,724,117	\$ -	\$ -	\$ -
Licenses, permits and fees	4,911,840	9,478,060	7,765,808	-
Fines and forfeitures	554,146	-	-	-
Use of money and property	2,103,892	695,966	693,730	252,351
Intergovernmental revenues	1,428,607	-	-	-
Charges for services	4,955,221	-	1,000,000	-
Other revenues	4,511,260	-	-	-
TOTAL REVENUES	<u>47,189,083</u>	<u>10,174,026</u>	<u>9,459,538</u>	<u>252,351</u>
EXPENDITURES				
Current:				
General government	12,692,611	386,732	314,193	-
Community development	6,413,576	-	-	-
Public safety	13,575,670	-	-	-
Public works	2,352,553	-	-	-
Debt service:				
Principal retirement	423,044	-	-	620,000
Interest and fiscal charges	53,627	-	-	1,093,325
Bond issuance costs	-	-	-	498,787
Capital outlay	434,775	2,769,477	700,405	-
TOTAL EXPENDITURES	<u>35,945,856</u>	<u>3,156,209</u>	<u>1,014,598</u>	<u>2,212,112</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,243,227	7,017,817	8,444,940	(1,959,761)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of refunding debt	-	-	-	20,400,000
Payment to refunded bond escrow agent	-	-	-	(19,637,790)
Discount on refunding debt	-	-	-	(341,335)
Transfers in	294,898	-	-	1,750,994
Transfers out	(1,120,200)	(201,421)	(2,641,363)	(7,613,158)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(825,302)</u>	<u>(201,421)</u>	<u>(2,641,363)</u>	<u>(5,441,289)</u>
NET CHANGE IN FUND BALANCES	10,417,925	6,816,396	5,803,577	(7,401,050)
Fund balances, beginning of year	15,403,685	16,687,406	14,775,924	9,837,221
FUND BALANCES, END OF YEAR	<u>\$ 25,821,610</u>	<u>\$ 23,503,802</u>	<u>\$ 20,579,501</u>	<u>\$ 2,436,171</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (Continued)**

FOR THE YEAR ENDED JUNE 30, 2007

Capital Improvements Projects Fund	Measure A Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds	
				REVENUES
\$ -	\$ -	\$ 192,498	\$ 28,916,615	Taxes and assessments
-	-	4,398,864	26,554,572	Licenses, permits and fees
-	-	12,932	567,078	Fines and forfeitures
-	-	508,620	4,254,559	Use of money and property
-	3,289,767	5,774,041	10,492,415	Intergovernmental revenues
284,763	50	2,684	6,242,718	Charges for services
8,331	-	28,125	4,547,716	Other revenues
<u>293,094</u>	<u>3,289,817</u>	<u>10,917,764</u>	<u>81,575,673</u>	TOTAL REVENUES
				EXPENDITURES
				Current:
2,844,451	-	1,356,841	17,594,828	General government
-	-	33,609	6,447,185	Community development
-	-	202,798	13,778,468	Public safety
-	1,508,345	260,681	4,121,579	Public works
				Debt service:
-	-	-	1,043,044	Principal retirement
-	-	148,318	1,295,270	Interest and fiscal charges
-	-	-	498,787	Bond issuance costs
7,877,756	-	57,980	11,840,393	Capital outlay
<u>10,722,207</u>	<u>1,508,345</u>	<u>2,060,227</u>	<u>56,619,554</u>	TOTAL EXPENDITURES
				EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
(10,429,113)	1,781,472	8,857,537	24,956,119	
				OTHER FINANCING SOURCES (USES)
-	-	-	20,400,000	Proceeds from issuance of refunding debt
-	-	-	(19,637,790)	Payment to refunded bond escrow agent
-	-	-	(341,335)	Discount on refunding debt
18,664,159	-	-	20,710,051	Transfers in
-	(2,404,113)	(7,831,847)	(21,812,102)	Transfers out
<u>18,664,159</u>	<u>(2,404,113)</u>	<u>(7,831,847)</u>	<u>(681,176)</u>	TOTAL OTHER FINANCING SOURCES (USES)
8,235,046	(622,641)	1,025,690	24,274,943	NET CHANGE IN FUND BALANCES
<u>(9,465,478)</u>	<u>144,147</u>	<u>9,748,765</u>	<u>57,131,670</u>	Fund balances, beginning of year
<u>\$ (1,230,432)</u>	<u>\$ (478,494)</u>	<u>\$ 10,774,455</u>	<u>\$ 81,406,613</u>	FUND BALANCES, END OF YEAR

CITY OF RANCHO CORDOVA, CALIFORNIA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2007

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

Net change in fund balances - total governmental		\$ 24,274,943
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. Capital outlays and depreciation expense are as follows:</p>		
Capitalized capital outlays	\$ 14,684,844	
Depreciation expense	<u>(7,208,879)</u>	7,475,965
Donations of capital assets are not reported in governmental funds. However donations must be reported in government-wide funds.		685,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		195,085
Governmental funds report debt issuance costs (deferred charges) as part of debt service expenditures, whereas these costs are deferred and amortized in the Government-Wide Statement of Activities.		498,787
Premiums, discounts, and other charges related to long-term debt are expended in the year of issuance by governmental funds. However, these costs are deferred and amortized in the statement of activities. This amount reflects the amortization of premiums, discounts, and deferred charges.		(24,164)
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Change in compensated absences	(94,635)	
Change in accrued interest	(39,698)	
Discount on the refunding debt	341,335	
Payment to refunded bond escrow agent	19,637,790	
Proceeds from Issuance of long-term debt	(20,400,000)	
Principal repayments on long term debt	<u>1,043,013</u>	487,805
Internal service funds are used by management to charge the costs of insurance to individual funds. The net revenue (expense) of certain activities of the Internal Service Funds is reported with Governmental Activities.		<u>1,118,682</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 34,712,103</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

JUNE 30, 2007

	<u>Business-type Activities Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Kilgore Cemetery</u>	<u>Internal Service Funds</u>
ASSETS		
Current assets:		
Cash and investments	\$ -	\$ 903,067
Interest and other receivables	320	
Total current assets	<u>320</u>	<u>903,067</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation:		
Land	225,000	-
Building	1,197,003	-
Total noncurrent assets	<u>1,422,003</u>	<u>-</u>
TOTAL ASSETS	<u>1,422,323</u>	<u>903,067</u>
LIABILITIES		
Current liabilities:		
Accounts payable	4,314	17,998
Due to other funds	220,826	-
Total current liabilities	<u>225,140</u>	<u>17,998</u>
Noncurrent liabilities:		
Advances from other funds	1,000,000	-
TOTAL LIABILITIES	<u>1,225,140</u>	<u>17,998</u>
NET ASSETS		
Invested in capital assets	1,422,003	-
Unrestricted	(1,224,820)	885,069
TOTAL NET ASSETS	<u>\$ 197,183</u>	<u>\$ 885,069</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS**

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Business-type Activities Enterprise Fund</u>	<u>Governmental Activities-</u>
	<u>Kilgore Cemetery</u>	<u>Internal Service Funds</u>
OPERATING EXPENSES		
Administration	\$ 9,988	\$ -
Insurance claims and expenses	<u>-</u>	<u>1,518</u>
OPERATING LOSS	<u>9,988</u>	<u>1,518</u>
NONOPERATING REVENUES		
Investment earnings	320	-
NONOPERATING REVENUES BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>320</u>	<u>-</u>
Capital contributions	225,000	-
Transfers in	-	1,120,200
Transfers out	<u>(18,149)</u>	<u>-</u>
NET CHANGE IN NET ASSETS	197,183	1,118,682
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>-</u>	<u>(233,613)</u>
NET ASSETS, END OF YEAR	<u>\$ 197,183</u>	<u>\$ 885,069</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Business-type Activities- Enterprise Fund</u>	<u>Governmental Activities-</u>
	<u>Kilgore Cemetery</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to suppliers	\$ (5,674)	\$ 12,143
Net cash provided by (used by) operating activities	<u>(5,674)</u>	<u>12,143</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Advances from other funds	1,000,000	-
Transfers from other funds	-	1,120,200
Transfers to other funds	<u>(18,149)</u>	<u>(233,613)</u>
Net cash provided by noncapital financing activities	<u>981,851</u>	<u>886,587</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of fixed assets	<u>(976,177)</u>	-
Net cash used by capital and related financing activities:	<u>(976,177)</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	898,730
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	4,337
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ 903,067</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES		
Operating loss	\$ (9,988)	\$ (1,518)
Adjustments to reconcile operating loss to net cash provided by (used by) operating activities:		
Changes in assets and liabilities:		
Increase in accounts payable	<u>4,314</u>	<u>13,661</u>
Net cash provided by (used by) operating activities	<u>\$ (5,674)</u>	<u>\$ 12,143</u>
NONCASH FINANCING AND INVESTING ACTIVITIES:		
Contributed capital	<u>\$ 225,000</u>	<u>-</u>

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

CITY OF RANCHO CORDOVA, CALIFORNIA

**STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS**

JUNE 30, 2007

	<u>Total Agency Funds</u>
ASSETS	
Cash and investments	\$ 6,486,065
Receivables:	
Interest receivable	20,779
Due from other governmental agencies	129,729
Restricted cash with fiscal agent	<u>3,565,184</u>
TOTAL ASSETS	<u><u>\$ 10,201,757</u></u>
LIABILITIES	
Accounts payable	\$ 22,811
Deposits	246,811
Due to assessment holders	<u>9,932,135</u>
TOTAL LIABILITIES	<u><u>\$ 10,201,757</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Rancho Cordova 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." Tax increment is the additional property taxes that are paid on the value of new development within the redevelopment project area. This increment can then be leveraged for financial investments to fund the identified projects. However, this tax increment revenue will not be available until future years, so the General Fund will fund the activities until that time. The Agency provides services entirely for the benefit of the City and is presented as two Special Revenue Funds. Separate financial statements are issued for the Agency and may be obtained by contacting the City.

Basis of Presentation - Government-wide financial statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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

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

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

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

In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the City has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), are accounting principles generally accepted in the United States of America.

The City reports the following major governmental fund types:

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

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.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

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

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

Financing Corporation Debt Service Fund - Used to account for debt issued on behalf of the City.

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

Measure A Fund – Established to account for the one-half percent sales tax that is imposed in Sacramento County for transportation related projects.

The City reports the following major enterprise fund:

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

Additionally, the City reports the following fund types:

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

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

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

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

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

Interfund Transactions: Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables, as appropriate, and are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the noncurrent portion of interfund loans). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

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

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

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

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

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

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

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

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

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

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

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

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

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

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

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

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

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

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

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

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

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

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

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

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

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

2. CASH AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds. Cash represents cash on hand, demand deposits in the bank and amounts invested in the State of California Local Agency Investment Fund (LAIF). Restricted cash and equivalents is restricted for the repayment of principal and interest on the related outstanding debt, and therefore, their use is limited by the applicable debt covenants. Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Governmental activities:		
Cash and investments	\$	72,866,762
Restricted cash and investments		2,709,499
Business - Type Activities:		
Cash and equivalents		-
Agency funds:		
Cash and investments		6,486,065
Restricted cash and investments		<u>3,565,184</u>
Total cash and investments	\$	<u>85,627,510</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

2. CASH AND INVESTMENTS (Continued)

As of June 30, 2007, the City's cash and investments consisted of the following:

Cash on hand	\$	1,250
Deposits with financial institutions		<u>5,023,642</u>
Total cash		<u>5,024,892</u>
U.S. Government securities		31,339,487
California Asset Management Trust (CAMP)		26,399,927
Local Agency Investment Fund (LAIF)		17,472,641
Money Market mutual fund		3,087,016
Investment Agreement		2,298,262
Financing Corporation bonds		<u>5,285</u>
Total investments		<u>80,602,618</u>
Total cash and investments	\$	<u>85,627,510</u>

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Money Market Funds	None	20%	None
U.S. Treasury obligations	None	None	None
U.S. Agency securities	None	None	None
Bankers' acceptances	180 days	40%	30%
High grade commercial paper	270 days	25%	10%
Certificates of Deposit	360 days	20%	None
Negotiable certificates of deposit	None	30%	None
Local Agency Investment Funds (LAIF)	N/A	None	\$40 Million
Repurchase Agreements	30 days	20%	None
California Asset Management Program (CAMP)	N/A	None	\$40 Million

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

2. CASH AND INVESTMENTS (Continued)

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Bonds	None	None	None
U.S. Treasury obligations	None	None	None
U.S. Agency securities	None	None	None
Municipal Obligations	None	None	None
Bankers' acceptances or federal funds	360 days	None	None
Commercial paper	270 days	None	None
Certificates of Deposits	360 days	None	None
Money Market Funds	None	None	None
Investment Agreements*	None	None	None
Other Investments (including Repurchase Agreements)*	None	None	None

*Approved in writing by Insurer.

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

	Less than 12 months	24 -36 Months	More than 60 months	Total Fair Value
LAIF	\$ 17,472,641	\$ -	\$ -	\$ 17,472,641
Financing Corporation Bonds	-	-	5,285	5,285
U.S. Treasury obligations	1,294,819	6,192,276	494,375	7,981,470
U.S. Agency securities	5,317,393	12,604,168	5,436,456	23,358,017
Money Market Mutual Funds	347,962	-	-	347,962
Held by Bond trustee:				
Money Market Mutual Funds	2,739,054	-	-	2,739,054
CAMP	26,399,927	-	-	26,399,927
Investment Agreements	-	-	2,298,262	2,298,262
Total	\$ 53,571,796	\$ 18,796,444	\$ 8,234,378	\$ 80,602,618

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

2. CASH AND INVESTMENTS (Continued)

Credit Risk: Credit risk is the risk that an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization and the U.S. Agency Securities, Financing Corporation Bonds, CAMP, the money market mutual funds are AAA rated. The underlying collateral for the investment agreements are rated AA. The U.S. Treasury Securities are exempt from credit risk disclosure.

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

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: \$5,155,531 of the Entity's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2007, City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Financing Corporation Bonds	\$ 5,285
U.S. Treasury obligations	7,981,470
U.S. Agency securities	23,358,017
CAMP	26,399,927
Investment Agreements	<u>2,298,262</u>
	<u>\$ 60,042,961</u>

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

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

2. CASH AND INVESTMENTS (Continued)

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. During fiscal year 2007 the City did have more than 5% of total investments in a single issuer aside from the Local Agency Investment Fund (LAIF). The City had \$4,487,375 invested in Federal Home Loan Notes at June 30, 2007.

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

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

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

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

3. RECEIVABLES

Accounts receivable consisted of the following at June 30, 2007:

Developer deposits	\$ 1,548,754
Other	512,578
Transient occupancy taxes	265,944
Utility taxes	245,672
Franchise fees	155,796
Impact fees	97,145
Vendor	65,080
Fines	<u>24,424</u>
Totals	\$ <u>2,915,393</u>

Due from other governments consisted of the following at June 30, 2007:

Grants	\$ 3,006,719
Revenue neutrality	2,892,653
Measure A funds	1,691,676
Property and related tax	547,961
Sales tax	537,200
Other	239,606
Transportation Development Act funds	161,613
Gas tax	123,284
Fines	86,486
Motor vehicle fees	<u>70,380</u>
Totals	\$ <u>9,357,578</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,569,725	\$ 910,000	\$ (225,000)	\$ 6,254,725
Construction in progress	<u>16,182,338</u>	<u>15,432,473</u>	<u>(1,197,003)</u>	<u>30,417,808</u>
Total capital assets, not being depreciated	<u>21,752,063</u>	<u>16,342,473</u>	<u>(1,422,003)</u>	<u>36,672,533</u>
Capital assets, being depreciated:				
Roads	1,556,315	-	-	1,556,315
Drainage System	235,138,165	-	-	235,138,165
Buildings and improvements	20,254,094	-	-	20,254,094
Office equipment and furniture	94,943	189,371	-	284,314
Software	966,671	160,108	-	1,126,779
Vehicles	<u>198,461</u>	<u>99,895</u>	-	<u>298,356</u>
Total capital assets, being depreciated	<u>258,208,649</u>	<u>449,374</u>	-	<u>258,658,023</u>
Less accumulated depreciation for:				
Roads	(1,089,587)	(206,484)	-	(1,296,071)
Drainage System	(34,950,374)	(5,873,479)	-	(40,823,853)
Buildings and improvements	(393,178)	(710,816)	-	(1,103,994)
Office equipment and furniture	(37,140)	(55,008)	-	(92,148)
Software	(300,508)	(322,224)	-	(622,732)
Vehicles	<u>(17,974)</u>	<u>(40,868)</u>	-	<u>(58,842)</u>
Total accumulated depreciation	<u>(36,788,761)</u>	<u>(7,208,879)</u>	-	<u>(43,997,640)</u>
Total capital assets, being depreciated, net	<u>221,419,888</u>	<u>(6,759,505)</u>	<u>(1,422,003)</u>	<u>214,660,383</u>
Governmental activities capital assets, net	<u>\$ 243,171,951</u>	<u>\$ 9,582,968</u>	<u>\$ (1,422,003)</u>	<u>\$ 251,332,916</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ 225,000	\$ -	\$ 225,000
Total capital assets, not being depreciated	-	<u>225,000</u>	-	<u>225,000</u>
Building	-	1,197,003	-	1,197,003
Total capital assets, being depreciated	-	<u>1,197,003</u>	-	<u>1,197,003</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ 1,422,003</u>	<u>\$ -</u>	<u>\$ 1,422,003</u>

Depreciation of \$7,208,879 during the year ended June 30, 2007 was charged to the general government function.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

5. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2007 are as follows:

Due to General Fund from:		
Financing Corporation Debt Service Fund	\$	248,918
Measure A Fund		1,366,433
Non-major Governmental Funds		3,071,185
Internal Service Fund – Insurance		<u>220,826</u>
Totals	\$	<u>4,907,362</u>

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

Advances from General Fund to:		
Non-major Special Revenue Funds	\$	2,903,504
Kilgore Cemetery Business Type Activity Fund		<u>1,000,000</u>
Totals	\$	<u>3,903,504</u>

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

The following schedule briefly summarizes the City’s transfer activity for the fiscal year ended June 30, 2007.

General Fund	Internal Service Fund	\$ <u>1,120,200</u>
Sunrise Douglas Fee Fund	General Fund	69,002
	Capital Improvement	<u>132,419</u>
		<u>201,421</u>
Traffic Mitigation Fund	General Fund	153,284
	Capital Improvement	<u>2,488,079</u>
		<u>2,641,363</u>
Financing Corporation	Capital Improvement	<u>7,613,158</u>
Non-major Governmental Funds	General Fund	54,463
	Financing Corporation	1,750,994
	Capital Improvement	<u>8,430,503</u>
		<u>10,235,960</u>
Kilgore Cemetery	General Fund	<u>18,149</u>
Total transfers		\$ <u>21,830,251</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

5. INTERFUND TRANSACTIONS (Continued)

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

6. LONG-TERM LIABILITIES

Changes In Long-Term Liabilities

A schedule of changes in general long-term debt for the year ended June 30, 2007 is shown below:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year	Non Current
Governmental Activities						
Compensated Absences	\$ 246,732	\$ 94,635	\$ -	\$ 341,367	\$ -	\$ 341,367
County debt	1,269,035	-	(423,012)	846,023	423,012	423,011
Certificates of Participation	26,550,000	20,400,000	(20,085,000)	26,865,000	580,000	26,285,000
Less deferred amounts:						
On refunding	-	(116,438)	1,733	(114,705)	-	(114,705)
For issuance discounts	-	(341,335)	6,710	(334,625)	-	(334,625)
Add: Bond Premium	630,700	-	(630,700)	-	-	-
	<u>\$ 28,696,467</u>	<u>\$ 20,036,862</u>	<u>\$ (21,130,269)</u>	<u>\$ 27,603,060</u>	<u>\$ 1,003,012</u>	<u>\$ 26,600,048</u>

Long-term debt consists of the following:

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 provide resources to purchase U.S. Treasury securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$35,769,163 for the 2005 Certificates of Participation. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$116,438. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to refund the 2005 Certificates as tax-exempt and taxable Certificates to allow for leasing space to non-governmental users. The refunding resulted in an increase in total debt service payments over the next 28 years of \$2,819,833 and an economic loss of \$490,134.

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

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

6. LONG-TERM LIABILITIES (Continued)

County Debt: The County performed police, animal control and street maintenance services on behalf of the City from July 1, 2003 through June 30, 2004. The City prepaid the County \$3,500,000 during the year ended June 30, 2004 for these services. The County also retained property and sales tax collected within the City's limits and applied these amounts toward providing these services. As of June 30, 2007, the City's liability to the County is \$846,023 for the remaining cost of these services. The City is required to make quarterly principal payments of \$105,753 through July 2009, plus simple interest at the County Treasury pool rate. The interest rate can vary each quarter as the County Treasury pool rate changes.

Certificates of Participation

The annual requirements to amortize certificates of participation outstanding as of June 30, 2007 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 580,000	\$ 1,287,980	\$ 1,867,980
2009	695,000	1,253,288	1,948,288
2010	725,000	1,217,912	1,942,912
2011	765,000	1,180,878	1,945,878
2012	805,000	1,141,641	1,946,641
2013-2017	4,270,000	5,055,588	9,325,588
2018-2022	3,740,000	4,055,890	7,795,890
2023-2027	4,820,000	2,980,920	7,800,920
2028-2032	5,980,000	1,812,914	7,792,914
2033-2036	4,485,000	410,401	4,895,401
Total	<u>\$ 26,865,000</u>	<u>\$ 20,397,412</u>	<u>\$ 47,262,412</u>

County Debt

The annual requirements to amortize county debt outstanding as of June 30, 2007 are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 423,012	\$ 15,783	\$ 438,795
2009	423,011	6,071	429,082
Total	<u>\$ 846,023</u>	<u>\$ 21,854</u>	<u>\$ 867,877</u>

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. At June 30, 2007, the City does not expect to incur a liability.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

7. AGENCY BONDS PAYABLE

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

As of June 30, 2007, Special Tax Bonds outstanding were as follows:

Sunridge Anatolia CFD 2003-1 – Series 2003	\$	23,415,000
Sunridge Anatolia CFD 2003-1 – Series 2005		<u>14,660,000</u>
Totals	\$	<u>38,075,000</u>

On July 31, 2007 Sunridge Anatolia CFD 2003-1 issued Series 2007 in the amount of \$20,695,000, and on September 6, 2007 Sunridge Park Area CFD 2004-1 issued Series 2007 in the amount of \$13,485,000.

8. DEFICIT FUND BALANCE

The following funds have a fund deficit at June 30, 2007:

<u>Fund</u>		<u>Deficit</u>
Capital Improvement Projects Fund	\$	(1,230,432)
Measure A Fund		(478,494)
Redevelopment Administration Fund		(1,316,515)
General Plan Fees Fund		(1,767,570)
Mather Field Traffic Impact Fees Fund		(152,866)
Community Development Block Grant Fund		<u>(215,859)</u>
Totals	\$	<u>(5,161,736)</u>

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

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

9. DEFINED BENEFIT PENSION PLANS

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

Funding Policy: At the beginning of the fiscal year, participants were required to contribute 8% of their annual covered salary, and the City made the contributions required of the City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2007 was 10.949%. The prepaid amount was based on CalPERS actuarial determined calculation. The contract amendment resulted in an increase employer contribution rate of 3.69% for the remaining portion of the fiscal year. The City makes 5.5% of the current 8% participant contribution required by CalPERS under the new contract. The contribution requirements of plan members and the City are established and may be amended by CalPERS. The City's contributions to CalPERS for the fiscal years ending June 30, 2007, 2006, and 2005, were \$521,689, \$308,119 and \$229,910, respectively, and equal 100% of the required contributions for each year.

10. INSURANCE

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

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

	<u>Pool Coverage</u>	<u>Self-Insured Retention</u>
Primary general liability	\$ 100,000	\$ 10,000
General liability	15,000,000	250,000
Workers compensation	200,000,000	125,000

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

10. INSURANCE (Continued)

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

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

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

Property, and boiler and machinery insurance are provided through commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past year.

11. CONTINGENT LIABILITIES

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

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

12. COMMITMENTS

The City and County entered into a revenue neutrality agreement pursuant to Government Code §56845 as a means of mitigating the financial impacts of the incorporation of the City in 2003 on the County's general fund. A portion of the secured and unsecured ad valorem property taxes levied and collected pursuant to state law within the City's corporate limits are retained by the County, according to the Tax Sharing Agreement. The property taxes collected within the City's limits are shared with the County beginning fiscal year 2003/04 and continuing through fiscal year 2027/28. Amounts retained by the County are adjusted by a 2% inflation factor annually. Any tax increment related to redevelopment project areas are excluded from this Tax Sharing Agreement. For the fiscal year ended June 30, 2007, property taxes retained by the County in accordance with the revenue neutrality agreement totaled \$5,554,492.

The City has an agreement with the County to provide law enforcement services to the City commencing July 1, 2005 and continuing until June 30, 2007. 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 2006/07 projected total costs of \$15,414,175.

CITY OF RANCHO CORDOVA, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

12. COMMITMENTS (Continued)

The City has an agreement with the County to provide transportation operations and maintenance services beginning July 1, 2005 and continuing through June 30, 2007. The agreement is renewable annually through June 30, 2014. Under the agreement, the City is required to budget \$1,000,000 annually for these services and is required to expend a minimum of \$750,000 each year of the contract. For the fiscal year ended June 30, 2007, actual costs totaled \$1,493,715, with the majority of the costs charged to the Measure A Special Revenue Fund.

The City had outstanding contracts for services in the amount of \$7,196,731 and outstanding contracts for construction in the amount of \$2,406,348 at June 30, 2007.

13. RETROACTIVE REPORTING OF INFRASTRUCTURE ASSETS

The beginning net assets of the City's governmental activities has been restated by \$200,493,504 to include infrastructure that was capitalized to fully implement the provisions of GASB Statement No. 34 "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*"

14. PRIOR PERIOD ADJUSTMENT

The City made a correction to Construction in Progress that had not been previously capitalized on the Governmental Activities Statement of Net Assets. As a result of this prior period adjustment, Capital Assets and Net Assets increased by \$15,993,434 for the year ending June 30, 2006.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Taxes:				
Property	\$ 12,762,000	\$ 12,762,000	\$ 12,834,826	\$ 72,826
Sales and use	11,145,950	11,145,950	10,095,717	(1,050,233)
Transient occupancy	2,423,700	2,423,700	2,528,209	104,509
Utility user	1,750,000	1,750,000	2,236,887	486,887
Other	806,200	806,200	1,028,478	222,278
Licenses and permits	5,105,300	5,105,300	4,911,840	(193,460)
Intergovernmental revenues	1,302,050	1,302,050	1,428,607	126,557
Charges for current services	3,793,700	3,793,700	4,955,221	1,161,521
Fines and forfeitures	441,000	441,000	554,146	113,146
Use of money and property	279,500	279,500	2,103,892	1,824,392
Other revenue			4,511,260	4,511,260
Total revenues	<u>39,809,400</u>	<u>39,809,400</u>	<u>47,189,083</u>	<u>7,379,683</u>
EXPENDITURES:				
Current operating:				
General government	13,923,850	13,923,850	12,692,611	1,231,239
Community development	7,636,550	7,636,550	6,413,576	1,222,974
Public safety	14,407,000	14,407,000	13,575,670	831,330
Public works	2,682,300	2,682,300	2,352,553	329,747
Debt service:				
Principal retirements	435,750	435,750	423,044	12,706
Interest and fiscal charges	-	-	53,627	(53,627)
Capital Outlay	-	-	434,775	(434,775)
Total expenditures	<u>39,085,450</u>	<u>39,085,450</u>	<u>35,945,856</u>	<u>3,139,594</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>723,950</u>	<u>723,950</u>	<u>11,243,227</u>	<u>10,519,277</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,376,750	2,376,750	294,898	(2,081,852)
Transfers out	(1,120,200)	(1,120,200)	(1,120,200)	-
Total other financing sources (uses)	<u>1,256,550</u>	<u>1,256,550</u>	<u>(825,302)</u>	<u>(2,081,852)</u>
NET CHANGE IN FUND BALANCE	1,980,500	1,980,500	10,417,925	<u>\$ 8,437,425</u>
FUND BALANCE, BEGINNING OF YEAR	<u>15,403,685</u>	<u>15,403,685</u>	<u>15,403,685</u>	
FUND BALANCE - ENDING	<u>\$ 17,384,185</u>	<u>\$ 17,384,185</u>	<u>\$ 25,821,610</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — SUNRISE DOUGLAS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Licenses, permits and fees	\$ 11,638,800	\$ 11,638,800	\$ 9,478,060	\$ (2,160,740)
Use of money and property	7,500	7,500	695,966	688,466
Total revenues	<u>11,646,300</u>	<u>11,646,300</u>	<u>10,174,026</u>	<u>(1,472,274)</u>
EXPENDITURES:				
Current operating:				
General government	57,000	57,000	386,732	(329,732)
Capital Outlay	-	-	2,769,477	(2,769,477)
Total expenditures	<u>57,000</u>	<u>57,000</u>	<u>3,156,209</u>	<u>(3,099,209)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>11,589,300</u>	<u>11,589,300</u>	<u>7,017,817</u>	<u>(4,571,483)</u>
OTHER FINANCING USES:				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(201,421)</u>	<u>(191,421)</u>
TOTAL OTHER FINANCING USES	<u>(10,000)</u>	<u>(10,000)</u>	<u>(201,421)</u>	<u>(191,421)</u>
NET CHANGE IN FUND BALANCE	11,579,300	11,579,300	6,816,396	<u>\$ (4,762,904)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>16,687,406</u>	<u>16,687,406</u>	<u>16,687,406</u>	
FUND BALANCE - END OF YEAR	<u>\$ 28,266,706</u>	<u>\$ 28,266,706</u>	<u>\$ 23,503,802</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — TRAFFIC MITIGATION SPECIAL REVENUE FUND**

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Licenses, permits and fees	\$ 8,914,000	\$ 8,914,000	\$ 7,765,808	\$ (1,148,192)
Charges for current services	-	-	1,000,000	1,000,000
Use of money and property	7,000	7,000	693,730	686,730
Total revenues	<u>8,921,000</u>	<u>8,921,000</u>	<u>9,459,538</u>	<u>538,538</u>
EXPENDITURES:				
Current operating:				
General government	18,000	18,000	314,193	(296,193)
Capital Outlay	-	-	700,405	(700,405)
Total expenditures	<u>18,000</u>	<u>18,000</u>	<u>1,014,598</u>	<u>(996,598)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>8,903,000</u>	<u>8,903,000</u>	<u>8,444,940</u>	<u>(458,060)</u>
OTHER FINANCING USES:				
Transfers out	<u>(2,314,400)</u>	<u>(2,314,400)</u>	<u>(2,641,363)</u>	<u>(326,963)</u>
TOTAL OTHER FINANCING USES	<u>(2,314,400)</u>	<u>(2,314,400)</u>	<u>(2,641,363)</u>	<u>(326,963)</u>
NET CHANGE IN FUND BALANCE	6,588,600	6,588,600	5,803,577	<u>\$ (785,023)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>14,775,924</u>	<u>14,775,924</u>	<u>14,775,924</u>	
FUND BALANCE - END OF YEAR	<u>\$ 21,364,524</u>	<u>\$ 21,364,524</u>	<u>\$ 20,579,501</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — MEASURE A SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental revenues	\$ 2,757,100	\$ 2,757,100	\$ 3,289,767	\$ 532,667
Charges for current services	-	-	50	50
Total revenues	<u>2,757,100</u>	<u>2,757,100</u>	<u>3,289,817</u>	<u>532,717</u>
EXPENDITURES:				
Current operating:				
General government	1,490,000	1,490,000	1,508,345	(18,345)
Total expenditures	<u>1,490,000</u>	<u>1,490,000</u>	<u>1,508,345</u>	<u>(18,345)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,267,100</u>	<u>1,267,100</u>	<u>1,781,472</u>	<u>514,372</u>
OTHER FINANCING USES:				
Transfers in	100,000	100,000	-	(100,000)
Transfers out	<u>(2,801,100)</u>	<u>(2,801,100)</u>	<u>(2,404,113)</u>	<u>396,987</u>
TOTAL OTHER FINANCING USES	<u>(2,701,100)</u>	<u>(2,701,100)</u>	<u>(2,404,113)</u>	<u>296,987</u>
NET CHANGE IN FUND BALANCE	(1,434,000)	(1,434,000)	(622,641)	<u>\$ 811,359</u>
FUND BALANCE - BEGINNING OF YEAR	<u>144,147</u>	<u>144,147</u>	<u>144,147</u>	
FUND BALANCE - END OF YEAR	<u>\$ (1,289,853)</u>	<u>\$ (1,289,853)</u>	<u>\$ (478,494)</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2007

Note 1 - Budgetary Data

The City Council annually adopts the budget resolution for all operating funds of the City. Budgetary control is legally maintained at the fund (not subfund) level. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30.

All budget amounts presented in the accompanying financial statements and supplementary information have been adjusted for legally authorized revisions of the annual budgets during the year. Appropriations, except open project appropriations and unexpended grant appropriations, lapse at the end of each fiscal year. Amounts shown in the financial statements represent the original budgeted amounts. There were no supplemental appropriations during the June 30, 2007 fiscal year end. The budgetary data is prepared on the modified accrual basis consistent with the related "actual" amounts.

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

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**COMBINING FUND FINANCIAL
STATEMENTS AND SCHEDULES**

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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 furtherance of project area goals.

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

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

GENERAL PLAN FUND – General Plan Fund fees are imposed on all future growth within the City limits. The funds will be used to account for funds received from development throughout the City to pay for the creation and ongoing maintenance of the City's General Plan.

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

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

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

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

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

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

GRANT REVENUE FUND – Accounts for revenues and expenditures associated with grants.

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 – Accounts for revenues and expenditures related to the road maintenance.

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

PROP 42 FUND – Accounts for revenue and expenditures related to state funded programs to assist cities in maintaining public works infrastructure.

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

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

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

JUNE 30, 2007

	Redevelopment Administration Fund	Low/Mod. Income Housing Fund	Asset Forfeiture Fund	Villages of Zinfandel Fund	General Plan Fund
ASSETS					
Cash and investments	\$ -	\$ 43,416	\$ 32,455	\$ 738,240	\$ 16,961
Receivables:					
Accounts receivable	-	-	-	-	1,949
Interest and other receivables	-	-	103	2,754	-
Due from other governmental agencies	-	-	1,516	-	-
TOTAL ASSETS	\$ -	\$ 43,416	\$ 34,074	\$ 740,994	\$ 18,910
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 45,062	\$ -	\$ -	\$ -	\$ 765
Interest payable	148,318	-	-	-	-
Accrued payroll liabilities	5,346	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	1,117,789	-	-	-	1,785,715
Deferred revenues	-	-	-	-	-
TOTAL LIABILITIES	1,316,515	-	-	-	1,786,480
FUND BALANCES					
Unreserved:					
Undesignated	(1,316,515)	43,416	34,074	740,994	(1,767,570)
TOTAL FUND BALANCES	(1,316,515)	43,416	34,074	740,994	(1,767,570)
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 43,416	\$ 34,074	\$ 740,994	\$ 18,910

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)**

JUNE 30, 2007

	Community Facilities Fees Fund	Park Development Fund	Gas Tax Fund	Street Cut Fee Fund
ASSETS				
Cash and investments	\$ 6,047,208	\$ 1,995,175	\$ 2,389,633	\$ 15,708
Receivables:				
Accounts receivable	9,808	2,360	-	-
Interest and other receivables	18,699	6,300	15,667	-
Due from other governmental agencies	-	-	123,283	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 6,075,715</u></u>	<u><u>\$ 2,003,835</u></u>	<u><u>\$ 2,528,583</u></u>	<u><u>\$ 15,708</u></u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 12,131	\$ -	\$ -	\$ -
Interest payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Deferred revenues	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>12,131</u>	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCES				
Unreserved:				
Undesignated	6,063,584	2,003,835	2,528,583	15,708
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>6,063,584</u>	<u>2,003,835</u>	<u>2,528,583</u>	<u>15,708</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 6,075,715</u></u>	<u><u>\$ 2,003,835</u></u>	<u><u>\$ 2,528,583</u></u>	<u><u>\$ 15,708</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)**

JUNE 30, 2007

	Mather Field Traffic Impact Fees Fund	Cap Vill Park Development Fee Fund	Grant Revenue Fund	Transportation Development Act Fund
ASSETS				
Cash and investments	\$ -	\$ 990,615	\$ 13,719	\$ -
Receivables:				
Accounts receivable	-	-	-	-
Interest and other receivables	-	3,068	-	-
Due from other				
Governmental agencies	-	-	3,006,719	161,613
	<u>-</u>	<u>-</u>	<u>3,006,719</u>	<u>161,613</u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 993,683</u>	<u>\$ 3,020,438</u>	<u>\$ 161,613</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 8,285	\$ -
Interest payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Due to other funds	152,866	-	2,485,114	-
Advances from other funds	-	-	-	-
Deferred revenues	-	-	-	161,613
	<u>152,866</u>	<u>-</u>	<u>2,493,399</u>	<u>161,613</u>
TOTAL LIABILITIES	<u>152,866</u>	<u>-</u>	<u>2,493,399</u>	<u>161,613</u>
 FUND BALANCES				
Unreserved:				
Undesignated	(152,866)	993,683	527,039	-
TOTAL FUND BALANCES	<u>(152,866)</u>	<u>993,683</u>	<u>527,039</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 993,683</u>	<u>\$ 3,020,438</u>	<u>\$ 161,613</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)**

JUNE 30, 2007

	Very Low Income Housing Fund	Transit- Related Services Tax Fund	Road Maintenance Fund	Community Development Block Grant Fund
ASSETS				
Cash and investments	\$ 281,317	\$ 16,537	\$ 91,147	\$ -
Receivables:				
Accounts receivable	-	-	-	-
Interest and other receivables	906	62	339	69,447
Due from other				
Governmental agencies	-	-	827	294,049
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 282,223</u></u>	<u><u>\$ 16,599</u></u>	<u><u>\$ 92,313</u></u>	<u><u>\$ 363,496</u></u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 6,025	\$ 76,703
Interest payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	-	-	433,205
Advances from other funds	-	-	-	-
Deferred revenues	-	-	-	69,447
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>6,025</u></u>	<u><u>579,355</u></u>
 FUND BALANCES				
Unreserved:				
Undesignated	<u>282,223</u>	<u>16,599</u>	<u>86,288</u>	<u>(215,859)</u>
TOTAL FUND BALANCES	<u><u>282,223</u></u>	<u><u>16,599</u></u>	<u><u>86,288</u></u>	<u><u>(215,859)</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 282,223</u></u>	<u><u>\$ 16,599</u></u>	<u><u>\$ 92,313</u></u>	<u><u>\$ 363,496</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)

JUNE 30, 2007

	Prop 42 Fund	Environmental Mitigation Fund	Landscape and Lighting Fund	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and investments	\$ 482,111	\$ 5,801	\$ 404,736	\$ 13,564,779
Receivables:				
Accounts receivable	-	-	-	14,117
Interest and other receivables	2,794	18	1,428	121,585
Due from other				
Governmental agencies	-	-	889	3,588,896
	\$ 484,905	\$ 5,819	\$ 407,053	\$ 17,289,377
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 6,538	\$ 155,509
Interest payable	-	-	-	148,318
Accrued payroll liabilities	-	-	-	5,346
Due to other funds	-	-	-	3,071,185
Advances from other funds	-	-	-	2,903,504
Deferred revenues	-	-	-	231,060
	-	-	6,538	6,514,922
 FUND BALANCES				
Unreserved:				
Undesignated	484,905	5,819	400,515	10,774,455
TOTAL FUND BALANCES	484,905	5,819	400,515	10,774,455
 TOTAL LIABILITIES AND FUND BALANCES				
	\$ 484,905	\$ 5,819	\$ 407,053	\$ 17,289,377

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS**

FOR THE YEAR ENDED JUNE 30, 2007

	Redevelopment Administration Fund	Low/Mod. Income Housing Fund	Asset Forfeiture Fund	Villages of Zinfandel Fund	General Plan Fund
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	379,847	155,158
Fines and forfeitures	-	-	12,932	-	-
Use of money and property	-	-	911	24,791	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	-	2,684
Other revenues	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>13,843</u>	<u>404,638</u>	<u>157,842</u>
EXPENDITURES					
Current:					
General government	380,217	3,500	-	-	139,697
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	189	-
Debt service:					
Interest and fiscal charges	148,318	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>528,535</u>	<u>3,500</u>	<u>-</u>	<u>189</u>	<u>139,697</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(528,535)	(3,500)	13,843	404,449	18,145
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	(131,751)	-
TOTAL OTHER SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(131,751)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(528,535)	(3,500)	13,843	272,698	18,145
Fund balances, beginning of year	<u>(787,980)</u>	<u>46,916</u>	<u>20,231</u>	<u>468,296</u>	<u>(1,785,715)</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ (1,316,515)</u>	<u>\$ 43,416</u>	<u>\$ 34,074</u>	<u>\$ 740,994</u>	<u>\$ (1,767,570)</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS (Continued)**

FOR THE YEAR ENDED JUNE 30, 2007

	Community Facilities Fees Fund	Park Development Fund	Gas Tax Fund	Street Cut Fee Fund
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	2,229,058	596,467	-	15,708
Fines and forfeitures	-	-	-	-
Use of money and property	183,312	60,703	151,659	-
Intergovernmental revenues	-	-	1,331,504	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	<u>2,412,370</u>	<u>657,170</u>	<u>1,483,163</u>	<u>15,708</u>
EXPENDITURES				
Current:				
General government	-	-	1	-
Community development	-	33,609	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>33,609</u>	<u>1</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,412,370	623,561	1,483,162	15,708
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,751,767)</u>	<u>(311)</u>	<u>(2,557,605)</u>	<u>-</u>
TOTAL OTHER SOURCES (USES)	<u>(1,751,767)</u>	<u>(311)</u>	<u>(2,557,605)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	660,603	623,250	(1,074,443)	15,708
Fund balances, beginning of year	<u>5,402,981</u>	<u>1,380,585</u>	<u>3,603,026</u>	<u>-</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 6,063,584</u>	<u>\$ 2,003,835</u>	<u>\$ 2,528,583</u>	<u>\$ 15,708</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS (Continued)**

FOR THE YEAR ENDED JUNE 30, 2007

	Mather Field Traffic Impact Fees Fund	Cap Vill Park Development Fee Fund	Grant Revenue Fund	Transportation Development Act Fund
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	977,565	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	16,118	-	-
Intergovernmental revenues	-	-	3,709,127	-
Charges for services	-	-	-	-
Other revenues	-	-	28,125	-
TOTAL REVENUES	<u>-</u>	<u>993,683</u>	<u>3,737,252</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	-	-	161,557	(150)
Community development	-	-	-	-
Public safety	-	-	202,798	-
Public works	-	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	57,980	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>422,335</u>	<u>(150)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	993,683	3,314,917	150
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(152,866)</u>	<u>-</u>	<u>(2,676,317)</u>	<u>-</u>
TOTAL OTHER SOURCES (USES)	<u>(152,866)</u>	<u>-</u>	<u>(2,676,317)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(152,866)	993,683	638,600	150
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>(111,561)</u>	<u>(150)</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ (152,866)</u>	<u>\$ 993,683</u>	<u>\$ 527,039</u>	<u>\$ -</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS (Continued)**

FOR THE YEAR ENDED JUNE 30, 2007

	Very Low Income Housing Fund	Transit- Related Services Tax Fund	Road Maintenance Fund	Community Development Block Grant Fund
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 108,128	\$ -
Licenses, permits and fees	45,061	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	9,016	547	1,499	-
Intergovernmental revenues	-	-	-	181,662
Charges for services	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	<u>54,077</u>	<u>547</u>	<u>109,627</u>	<u>181,662</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Community development	-	-	-	-
Public safety	-	-	-	-
Public works	-	310	15,457	244,725
Debt service:				
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>310</u>	<u>15,457</u>	<u>244,725</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	54,077	237	94,170	(63,063)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(2,890)	(15,964)	(123,427)
TOTAL OTHER SOURCES (USES)	<u>-</u>	<u>(2,890)</u>	<u>(15,964)</u>	<u>(123,427)</u>
NET CHANGE IN FUND BALANCES	54,077	(2,653)	78,206	(186,490)
Fund balances, beginning of year	<u>228,146</u>	<u>19,252</u>	<u>8,082</u>	<u>(29,369)</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 282,223</u>	<u>\$ 16,599</u>	<u>\$ 86,288</u>	<u>\$ (215,859)</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS (Continued)**

FOR THE YEAR ENDED JUNE 30, 2007

	Prop 42 Fund	Environmental Mitigation Fund	Landscape and Lighting Fund	Total Nonmajor Special Revenue Funds
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 84,370	\$ 192,498
Licenses, permits and fees	-	-	-	4,398,864
Fines and forfeitures	-	-	-	12,932
Use of money and property	29,404	16,849	13,811	508,620
Intergovernmental revenues	531,230	-	20,518	5,774,041
Charges for services	-	-	-	2,684
Other revenues	-	-	-	28,125
TOTAL REVENUES	<u>560,634</u>	<u>16,849</u>	<u>118,699</u>	<u>10,917,764</u>
EXPENDITURES				
Current:				
General government	-	628,742	43,277	1,356,841
Community development	-	-	-	33,609
Public safety	-	-	-	202,798
Public works	-	-	-	260,681
Debt service:				
Interest and fiscal charges	-	-	-	148,318
Capital outlay	-	-	-	57,980
TOTAL EXPENDITURES	<u>-</u>	<u>628,742</u>	<u>43,277</u>	<u>2,060,227</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	560,634	(611,893)	75,422	8,857,537
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(400,000)</u>	-	<u>(18,949)</u>	<u>(7,831,847)</u>
TOTAL OTHER SOURCES (USES)	<u>(400,000)</u>	<u>-</u>	<u>(18,949)</u>	<u>(7,831,847)</u>
NET CHANGE IN FUND BALANCES	160,634	(611,893)	56,473	1,025,690
Fund balances, beginning of year	<u>324,271</u>	<u>617,712</u>	<u>344,042</u>	<u>9,748,765</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 484,905</u>	<u>\$ 5,819</u>	<u>\$ 400,515</u>	<u>\$ 10,774,455</u>

NONMAJOR SUBCOMBINING SPECIAL REVENUE FUNDS

VILLAGES OF ZINFANDEL FUNDS:

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

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

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

COMMUNITY FACILITIES FEES FUNDS:

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

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

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

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

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

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

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

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

ANIMAL SERVICES FUND – The funds will be used for animal services to city residents.

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

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

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

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

GRANT REVENUE FUNDS:

STATE GRANT FUND – Accounts for revenues and expenditures associated with the Office of Traffic Safety Grants received from the State of California. This fund also accounts for receipts and expenditures for the “Community Oriented Public Safety” funds provided by the State of California.

FEDERAL GRANT FUND – Accounts for the Weed ‘n Seed grant for the federal government.

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

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING BALANCE SHEET
VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS**

JUNE 30, 2007

	<u>VOZ Roadway Fund</u>	<u>VOZ Admin Fund</u>	<u>VOZ Library Fund</u>	<u>Total VOZ Special Revenue Funds</u>
ASSETS				
Cash and investments	\$ 572,221	\$ 5,702	\$ 160,317	\$ 738,240
Receivables:				
Interest receivable	<u>2,223</u>	<u>23</u>	<u>508</u>	<u>2,754</u>
TOTAL ASSETS	<u><u>\$ 574,444</u></u>	<u><u>\$ 5,725</u></u>	<u><u>\$ 160,825</u></u>	<u><u>\$ 740,994</u></u>
 FUND BALANCES				
Unreserved:				
Undesignated	<u>\$ 574,444</u>	<u>\$ 5,725</u>	<u>\$ 160,825</u>	<u>\$ 740,994</u>
TOTAL FUND BALANCES	<u><u>\$ 574,444</u></u>	<u><u>\$ 5,725</u></u>	<u><u>\$ 160,825</u></u>	<u><u>\$ 740,994</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS**

FOR THE YEAR ENDED JUNE 30, 2007

	VOZ Roadway Fund	VOZ Admin Fund	VOZ Library Fund	Total VOZ Special Revenue Funds
REVENUES				
Licenses, permits and fees	\$ 376,582	\$ 165	\$ 3,100	\$ 379,847
Use of money and property	18,965	272	5,554	24,791
TOTAL REVENUES	<u>395,547</u>	<u>437</u>	<u>8,654</u>	<u>404,638</u>
EXPENDITURES				
Current:				
Public works	-	189	-	189
TOTAL EXPENDITURES	<u>-</u>	<u>189</u>	<u>-</u>	<u>189</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	395,547	248	8,654	404,449
OTHER FINANCING SOURCES (USES)				
Transfers out	(129,614)	(2,137)	-	(131,751)
TOTAL OTHER SOURCES (USES)	<u>(129,614)</u>	<u>(2,137)</u>	<u>-</u>	<u>(131,751)</u>
NET CHANGE IN FUND BALANCES	265,933	(1,889)	8,654	272,698
Fund balances, beginning of year	<u>308,511</u>	<u>7,614</u>	<u>152,171</u>	<u>468,296</u>
FUND BALANCES, END OF YEAR	<u>\$ 574,444</u>	<u>\$ 5,725</u>	<u>\$ 160,825</u>	<u>\$ 740,994</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING BALANCE SHEET
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS**

JUNE 30, 2007

	CFF Library Impact Fund	CFF Museum Impact Fund	CFF Parking Facility Fund	CFF City Hall Fund	CFF Police Fund
ASSETS					
Cash and investments	\$ 353,845	\$ 728,046	\$ 765,161	\$ 645,077	\$ 1,727,920
Receivables:					
Accounts receivable	570	747	765	1,823	2,396
Interest receivable	1,115	2,303	2,420	2,036	5,053
TOTAL ASSETS	\$ 355,530	\$ 731,096	\$ 768,346	\$ 648,936	\$ 1,735,369
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 1,120	\$ 2,560	\$ 3,520
TOTAL LIABILITIES	-	-	1,120	2,560	3,520
FUND BALANCES					
Unreserved:					
Undesignated	355,530	731,096	767,226	646,376	1,731,849
TOTAL FUND BALANCES	355,530	731,096	767,226	646,376	1,731,849
TOTAL LIABILITIES AND FUND BALANCES	\$ 355,530	\$ 731,096	\$ 768,346	\$ 648,936	\$ 1,735,369

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING BALANCE SHEET
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS (Continued)**

JUNE 30, 2007

	CFF Community Center Fund	CFF Corporate Yard Fund	CFF Admin Fund	CFF Animal Services Fund	CFF Records Management Fund
ASSETS					
Cash and investments	\$ 784,255	\$ 623,367	\$ 324,126	\$ 50,422	\$ 3,113
Receivables:					
Accounts receivable	2,204	657	334	172	9
Interest receivable	2,475	1,971	1,025	159	10
TOTAL ASSETS	\$ 788,934	\$ 625,995	\$ 325,485	\$ 50,753	\$ 3,132
 LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 3,360	\$ 960	\$ 438	\$ -	\$ 13
TOTAL LIABILITIES	3,360	960	438	-	13
 FUND BALANCES					
Unreserved:					
Undesignated	785,574	625,035	325,047	50,753	3,119
TOTAL FUND BALANCES	785,574	625,035	325,047	50,753	3,119
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 788,934	 \$ 625,995	 \$ 325,485	 \$ 50,753	 \$ 3,132

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING BALANCE SHEET
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS (Continued)**

JUNE 30, 2007

	CFF Telecom -munication Impact Fund	CFF Art and Culture Fund	CFF Technology Impact Fund	Total CFF Special Revenue Funds
ASSETS				
Cash and investments	\$ 39,497	\$ 991	\$ 1,388	\$ 6,047,208
Receivables:				
Accounts receivable	131	-	-	9,808
Interest receivable	125	3	4	18,699
TOTAL ASSETS	<u>\$ 39,753</u>	<u>\$ 994</u>	<u>\$ 1,392</u>	<u>\$ 6,075,715</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 160	\$ -	\$ -	\$ 12,131
TOTAL LIABILITIES	<u>160</u>	<u>-</u>	<u>-</u>	<u>12,131</u>
 FUND BALANCES				
Unreserved:				
Undesignated	39,593	994	1,392	6,063,584
TOTAL FUND BALANCES	<u>39,593</u>	<u>994</u>	<u>1,392</u>	<u>6,063,584</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 39,753</u>	 <u>\$ 994</u>	 <u>\$ 1,392</u>	 <u>\$ 6,075,715</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

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

COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	CFF Library Impact Fund	CFF Museum Impact Fund	CFF Parking Facility Fund	CFF City Hall Fund	CFF Police Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES					
Licenses, permits and fees	\$ 136,252	\$ 161,530	\$ 173,676	\$ 413,067	\$ 542,173
Use of money and property	9,556	22,376	23,354	21,660	49,482
TOTAL REVENUES	<u>145,808</u>	<u>183,906</u>	<u>197,030</u>	<u>434,727</u>	<u>591,655</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	145,808	183,906	197,030	434,727	591,655
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	(561,587)	(503,981)
TOTAL OTHER SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(561,587)</u>	<u>(503,981)</u>
NET CHANGE IN FUND BALANCES	145,808	183,906	197,030	(126,860)	87,674
Fund balances, beginning of year	<u>209,722</u>	<u>547,190</u>	<u>570,196</u>	<u>773,236</u>	<u>1,644,175</u>
FUND BALANCES, END OF YEAR	<u>\$ 355,530</u>	<u>\$ 731,096</u>	<u>\$ 767,226</u>	<u>\$ 646,376</u>	<u>\$ 1,731,849</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS (Continued)**

FOR THE YEAR ENDED JUNE 30, 2007

	CFF Community Center Fund	CFF Corporate Yard Fund	CFF Admin Fund	CFF Animal Services Fund	CFF Records Management Fund
REVENUES					
Licenses, permits and fees	\$ 499,742	\$ 148,606	\$ 83,184	\$ 37,163	\$ 2,364
Use of money and property	26,417	18,879	9,701	1,026	59
TOTAL REVENUES	<u>526,159</u>	<u>167,485</u>	<u>92,885</u>	<u>38,189</u>	<u>2,423</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	526,159	167,485	92,885	38,189	2,423
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(686,199)</u>	-	-	-	-
TOTAL OTHER SOURCES (USES)	<u>(686,199)</u>	-	-	-	-
NET CHANGE IN FUND BALANCES	(160,040)	167,485	92,885	38,189	2,423
Fund balances, beginning of year	<u>945,614</u>	<u>457,550</u>	<u>232,162</u>	<u>12,564</u>	<u>696</u>
FUND BALANCES, END OF YEAR	<u>\$ 785,574</u>	<u>\$ 625,035</u>	<u>\$ 325,047</u>	<u>\$ 50,753</u>	<u>\$ 3,119</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS (Continued)**

FOR THE YEAR ENDED JUNE 30, 2007

	CFF Telecom -munication Impact Fund	CFF Art and Culture Fund	CFF Technology Impact Fund	Total CFF Special Revenue Funds
REVENUES				
Licenses, permits and fees	\$ 29,017	\$ 988	\$ 1,296	\$ 2,229,058
Use of money and property	700	6	96	183,312
TOTAL REVENUES	<u>29,717</u>	<u>994</u>	<u>1,392</u>	<u>2,412,370</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,717	994	1,392	2,412,370
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	(1,751,767)
TOTAL OTHER SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,751,767)</u>
NET CHANGE IN FUND BALANCES	29,717	994	1,392	660,603
Fund balances, beginning of year	<u>9,876</u>	<u>-</u>	<u>-</u>	<u>5,402,981</u>
FUND BALANCES, END OF YEAR	<u>\$ 39,593</u>	<u>\$ 994</u>	<u>\$ 1,392</u>	<u>\$ 6,063,584</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING BALANCE SHEET
GRANTS SPECIAL REVENUE FUNDS**

JUNE 30, 2007

	State Grant Fund	Federal Grant Fund	Other Grant Fund	Total Grant Special Revenue Funds
ASSETS				
Cash and investments	\$ 13,719	\$ -	\$ -	\$ 13,719
Receivables:				
Accounts receivable	525,114	2,481,605	-	3,006,719
TOTAL ASSETS	<u>\$ 538,833</u>	<u>\$ 2,481,605</u>	<u>\$ -</u>	<u>\$ 3,020,438</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,104	\$ 6,181	\$ -	\$ 8,285
Due to other funds	-	2,308,114	177,000	2,485,114
TOTAL LIABILITIES	<u>2,104</u>	<u>2,314,295</u>	<u>177,000</u>	<u>2,493,399</u>
 FUND BALANCES				
Unreserved:				
Undesignated	536,729	167,310	(177,000)	527,039
TOTAL FUND BALANCES	<u>536,729</u>	<u>167,310</u>	<u>(177,000)</u>	<u>527,039</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 538,833</u>	 <u>\$ 2,481,605</u>	 <u>\$ -</u>	 <u>\$ 3,020,438</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GRANTS SPECIAL REVENUE FUNDS**

FOR THE YEAR ENDED JUNE 30, 2007

	<u>State Grant Fund</u>	<u>Federal Grant Fund</u>	<u>Other Grant Fund</u>	<u>Total Grant Special Revenue Funds</u>
REVENUES				
Intergovernmental revenues	\$ 1,008,286	\$ 2,700,841	\$ -	\$ 3,709,127
Other revenues	-	28,125	-	28,125
TOTAL REVENUES	<u>1,008,286</u>	<u>2,728,966</u>	<u>-</u>	<u>3,737,252</u>
EXPENDITURES				
Current:				
General government	154,738	4,819	2,000	161,557
Public safety	46,601	156,197	-	202,798
Capital outlay	57,980	-	-	57,980
TOTAL EXPENDITURES	<u>259,319</u>	<u>161,016</u>	<u>2,000</u>	<u>422,335</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	748,967	2,567,950	(2,000)	3,314,917
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(346,243)</u>	<u>(2,155,074)</u>	<u>(175,000)</u>	<u>(2,676,317)</u>
TOTAL OTHER SOURCES (USES)	<u>(346,243)</u>	<u>(2,155,074)</u>	<u>(175,000)</u>	<u>(2,676,317)</u>
NET CHANGE IN FUND BALANCES	402,724	412,876	(177,000)	638,600
Fund balances, beginning of year	<u>134,005</u>	<u>(245,566)</u>	<u>-</u>	<u>(111,561)</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 536,729</u>	<u>\$ 167,310</u>	<u>\$ (177,000)</u>	<u>\$ 527,039</u>

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — REDEVELOPMENT ADMINISTRATION FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES:				
Current operating:				
General government	\$ 469,550	\$ 469,550	\$ 380,217	\$ 89,333
Interest and fiscal charges	-	-	148,318	(148,318)
Total expenditures	<u>469,550</u>	<u>469,550</u>	<u>528,535</u>	<u>(58,985)</u>
DEFICIENCY OF				
REVENUES OVER EXPENDITURES	<u>(469,550)</u>	<u>(469,550)</u>	<u>(528,535)</u>	<u>(58,985)</u>
OTHER FINANCING USES:				
Transfers out	<u>(14,550)</u>	<u>(14,550)</u>	-	14,550
Total other financing uses	<u>(14,550)</u>	<u>(14,550)</u>	-	14,550
NET CHANGE IN FUND BALANCE	(484,100)	(484,100)	(528,535)	<u>\$ (44,435)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>(787,980)</u>	<u>(787,980)</u>	<u>(787,980)</u>	
FUND BALANCE - ENDING	<u>\$ (1,272,080)</u>	<u>\$ (1,272,080)</u>	<u>\$ (1,316,515)</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — LOW/MODERATE INCOME HOUSING FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES:				
Current operating:				
General government	\$ 151,400	\$ 151,400	\$ 3,500	\$ 147,900
Total expenditures	<u>151,400</u>	<u>151,400</u>	<u>3,500</u>	<u>147,900</u>
DEFICIENCY OF				
REVENUES OVER EXPENDITURES	<u>(151,400)</u>	<u>(151,400)</u>	<u>(3,500)</u>	<u>147,900</u>
OTHER FINANCING SOURCES:				
Transfer in	152,900	152,900	-	(152,900)
Transfers out	<u>(1,500)</u>	<u>(1,500)</u>	<u>-</u>	<u>1,500</u>
Total other financing sources	<u>151,400</u>	<u>151,400</u>	<u>-</u>	<u>(151,400)</u>
NET CHANGE IN FUND BALANCE	-	-	(3,500)	<u><u>\$ (3,500)</u></u>
FUND BALANCE, BEGINNING OF YEAR	46,916	46,916	46,916	
FUND BALANCE - ENDING	<u><u>\$ 46,916</u></u>	<u><u>\$ 46,916</u></u>	<u><u>\$ 43,416</u></u>	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — ASSET FORFEITURE FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 12,932	\$ 7,932
Use of money and property	-	-	911	911
Total revenues	5,000	5,000	13,843	8,843
EXCESS OF REVENUES OVER EXPENDITURES	5,000	5,000	13,843	8,843
NET CHANGE IN FUND BALANCE	5,000	5,000	13,843	\$ 8,843
FUND BALANCE, BEGINNING OF YEAR	20,231	20,231	20,231	
FUND BALANCE - ENDING	\$ 25,231	\$ 25,231	\$ 34,074	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — VILLAGES OF ZINFANDEL FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Licenses and permits	\$ 119,400	\$ 119,400	\$ 379,847	\$ 260,447
Use of money and property	1,000	1,000	24,791	23,791
Total revenues	120,400	120,400	404,638	284,238
EXPENDITURES:				
Current operating:				
General government	1,000	1,000	-	1,000
Public works	-	-	189	(189)
Total expenditures	1,000	1,000	189	811
EXCESS OF REVENUES OVER EXPENDITURES	119,400	119,400	404,449	285,049
OTHER FINANCING USES:				
Transfers out	(1,000)	(1,000)	(131,751)	(130,751)
Total other financing uses	(1,000)	(1,000)	(131,751)	(130,751)
NET CHANGE IN FUND BALANCE	118,400	118,400	272,698	\$ 154,298
FUND BALANCE, BEGINNING OF YEAR	468,296	468,296	468,296	
FUND BALANCE - ENDING	\$ 586,696	\$ 586,696	\$ 740,994	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — GENERAL PLAN FUND

FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>		<u>ACTUAL</u>	VARIANCE
	<u>ORIGINAL</u>	<u>FINAL</u>		WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Licenses and permits	\$ 300,000	\$ 300,000	\$ 155,158	\$ (144,842)
Charges for current services	-	-	2,684	2,684
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>157,842</u>	<u>(142,158)</u>
EXPENDITURES:				
Current operating:				
General government	497,350	497,350	139,697	357,653
Total expenditures	<u>497,350</u>	<u>497,350</u>	<u>139,697</u>	<u>357,653</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(197,350)</u>	<u>(197,350)</u>	<u>18,145</u>	<u>215,495</u>
NET CHANGE IN FUND BALANCE	(197,350)	(197,350)	18,145	<u>\$ 215,495</u>
FUND BALANCE, BEGINNING OF YEAR	(1,785,715)	(1,785,715)	(1,785,715)	
FUND BALANCE - ENDING	<u>\$ (1,983,065)</u>	<u>\$ (1,983,065)</u>	<u>\$ (1,767,570)</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — COMMUNITY FACILITIES FEES FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Licenses and permits	\$ 4,071,800	\$ 4,071,800	\$ 2,229,058	\$ (1,842,742)
Use of money and property	7,500	7,500	183,312	175,812
Total revenues	<u>4,079,300</u>	<u>4,079,300</u>	<u>2,412,370</u>	<u>(1,666,930)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>4,079,300</u>	<u>4,079,300</u>	<u>2,412,370</u>	<u>(1,666,930)</u>
OTHER FINANCING USES:				
Transfers out	<u>(3,692,100)</u>	<u>(3,692,100)</u>	<u>(1,751,767)</u>	<u>1,940,333</u>
Total other financing uses	<u>(3,692,100)</u>	<u>(3,692,100)</u>	<u>(1,751,767)</u>	<u>1,940,333</u>
NET CHANGE IN FUND BALANCE	387,200	387,200	660,603	<u>\$ 273,403</u>
FUND BALANCE, BEGINNING OF YEAR	<u>5,402,981</u>	<u>5,402,981</u>	<u>5,402,981</u>	
FUND BALANCE - ENDING	<u>\$ 5,790,181</u>	<u>\$ 5,790,181</u>	<u>\$ 6,063,584</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — PARK DEVELOPMENT FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes and assessments	\$ 1,290,000	\$ 1,290,000	\$ -	\$ (1,290,000)
Licenses and permits	-	-	596,467	596,467
Use of money and property	-	-	60,703	60,703
Total revenues	<u>1,290,000</u>	<u>1,290,000</u>	<u>657,170</u>	<u>(632,830)</u>
EXPENDITURES:				
Current operating:				
Community development	-	-	33,609	(33,609)
Total expenditures	<u>-</u>	<u>-</u>	<u>33,609</u>	<u>(33,609)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,290,000</u>	<u>1,290,000</u>	<u>623,561</u>	<u>(666,439)</u>
OTHER FINANCING USES:				
Transfers out	<u>(71,600)</u>	<u>(71,600)</u>	<u>(311)</u>	<u>71,289</u>
Total other financing uses	<u>(71,600)</u>	<u>(71,600)</u>	<u>(311)</u>	<u>71,289</u>
NET CHANGE IN FUND BALANCE	1,218,400	1,218,400	623,250	<u>\$ (595,150)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>1,380,585</u>	<u>1,380,585</u>	<u>1,380,585</u>	
FUND BALANCE - ENDING	<u>\$ 2,598,985</u>	<u>\$ 2,598,985</u>	<u>\$ 2,003,835</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — GAS TAX FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental revenues	\$ 1,300,000	\$ 1,300,000	\$ 1,331,504	\$ 31,504
Use of money and property	250	250	151,659	151,409
Total revenues	1,300,250	1,300,250	1,483,163	182,913
EXPENDITURES:				
Current operating:				
General government	-	-	1	(1)
Total expenditures	-	-	1	(1)
EXCESS OF REVENUES OVER EXPENDITURES	1,300,250	1,300,250	1,483,162	182,912
OTHER FINANCING USES:				
Transfers out	(3,062,550)	(3,062,550)	(2,557,605)	504,945
Total other financing uses	(3,062,550)	(3,062,550)	(2,557,605)	504,945
NET CHANGE IN FUND BALANCE	(1,762,300)	(1,762,300)	(1,074,443)	\$ 687,857
FUND BALANCE, BEGINNING OF YEAR	3,603,026	3,603,026	3,603,026	
FUND BALANCE - ENDING	\$ 1,840,726	\$ 1,840,726	\$ 2,528,583	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — STREET CUT FEE FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 15,708	\$ 15,708
Total revenues	-	-	15,708	15,708
EXCESS OF REVENUES OVER EXPENDITURES	-	-	15,708	15,708
NET CHANGE IN FUND BALANCE	-	-	15,708	\$ 15,708
FUND BALANCE, BEGINNING OF YEAR	-	-	-	
FUND BALANCE - ENDING	\$ -	\$ -	\$ 15,708	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — MATHER FIELD TRAFFIC IMPACT FEES FUND**

FOR THE YEAR ENDED JUNE 30, 2007

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

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — CAP VILL PARK DEVELOPMENT FEE FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 977,565	\$ 977,565
Use of money and property	-	-	16,118	16,118
Total revenues	-	-	993,683	993,683
EXCESS OF REVENUES OVER EXPENDITURES	-	-	993,683	993,683
NET CHANGE IN FUND BALANCE	-	-	993,683	\$ 993,683
FUND BALANCE, BEGINNING OF YEAR	-	-	-	
FUND BALANCE - ENDING	\$ -	\$ -	\$ 993,683	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — GRANT REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental revenues	\$ 5,349,550	\$ 5,349,550	\$ 3,709,127	\$ (1,640,423)
Other revenue	-	-	28,125	28,125
Total revenues	<u>5,349,550</u>	<u>5,349,550</u>	<u>3,737,252</u>	<u>(1,612,298)</u>
EXPENDITURES:				
Current operating:				
General government	-	-	161,557	(161,557)
Public safety	-	-	202,798	(202,798)
Capital Outlay	-	-	57,980	(57,980)
Total expenditures	<u>-</u>	<u>-</u>	<u>422,335</u>	<u>(422,335)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>5,349,550</u>	<u>5,349,550</u>	<u>3,314,917</u>	<u>(2,034,633)</u>
OTHER FINANCING USES:				
Transfers out	<u>(4,996,500)</u>	<u>(4,996,500)</u>	<u>(2,676,317)</u>	<u>2,320,183</u>
Total other financing uses	<u>(4,996,500)</u>	<u>(4,996,500)</u>	<u>(2,676,317)</u>	<u>2,320,183</u>
NET CHANGE IN FUND BALANCE	353,050	353,050	638,600	<u>\$ 285,550</u>
FUND BALANCE, BEGINNING OF YEAR	(111,561)	(111,561)	(111,561)	
FUND BALANCE - ENDING	<u>\$ 241,489</u>	<u>\$ 241,489</u>	<u>\$ 527,039</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — TRANSPORTATION DEVELOPMENT ACT FUND**

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES:				
Current operating:				
General government	\$ -	\$ -	\$ (150)	\$ 150
Total expenditures	-	-	(150)	150
EXCESS OF REVENUES OVER EXPENDITURES	-	-	150	150
NET CHANGE IN FUND BALANCE	-	-	150	\$ 150
FUND BALANCE, BEGINNING OF YEAR	(150)	(150)	(150)	
FUND BALANCE - ENDING	\$ (150)	\$ (150)	\$ -	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — VERY LOW INCOME HOUSING FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Licenses and permits	\$ 220,550	\$ 220,550	\$ 45,061	\$ (175,489)
Use of money and property	-	-	9,016	9,016
Total revenues	220,550	220,550	54,077	(166,473)
EXCESS OF REVENUES OVER EXPENDITURES	220,550	220,550	54,077	(166,473)
NET CHANGE IN FUND BALANCE	220,550	220,550	54,077	\$ (166,473)
FUND BALANCE, BEGINNING OF YEAR	228,146	228,146	228,146	
FUND BALANCE - ENDING	\$ 448,696	\$ 448,696	\$ 282,223	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — TRANSIT-RELATED SERVICES TAX FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 547	\$ 547
Total revenues	<u>-</u>	<u>-</u>	<u>547</u>	<u>547</u>
EXPENDITURES:				
Current operating:				
Public works	-	-	310	(310)
Total expenditures	<u>-</u>	<u>-</u>	<u>310</u>	<u>(310)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>237</u>	<u>237</u>
OTHER FINANCING USES:				
Transfers out	-	-	(2,890)	(2,890)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(2,890)</u>	<u>(2,890)</u>
NET CHANGE IN FUND BALANCE	-	-	(2,653)	<u>\$ (2,653)</u>
FUND BALANCE, BEGINNING OF YEAR	19,252	19,252	19,252	
FUND BALANCE - ENDING	<u>\$ 19,252</u>	<u>\$ 19,252</u>	<u>\$ 16,599</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — ROAD MAINTENANCE FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ 108,128	\$ 108,128
Licenses and permits	25,000	25,000	-	(25,000)
Use of money and property	-	-	1,499	1,499
Total revenues	25,000	25,000	109,627	84,627
EXPENDITURES:				
Current operating:				
Public works	-	-	15,457	(15,457)
Total expenditures	-	-	15,457	(15,457)
EXCESS OF REVENUES OVER EXPENDITURES	25,000	25,000	94,170	69,170
OTHER FINANCING USES:				
Transfers out	(30,000)	(30,000)	(15,964)	14,036
Total other financing uses	(30,000)	(30,000)	(15,964)	14,036
NET CHANGE IN FUND BALANCE	(5,000)	(5,000)	78,206	\$ 83,206
FUND BALANCE, BEGINNING OF YEAR	8,082	8,082	8,082	
FUND BALANCE - ENDING	\$ 3,082	\$ 3,082	\$ 86,288	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — COMMUNITY DEVELOPMENT BLOCK GRANT FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental revenues	\$ 704,250	\$ 704,250	\$ 181,662	\$ (522,588)
Total revenues	<u>704,250</u>	<u>704,250</u>	<u>181,662</u>	<u>(522,588)</u>
EXPENDITURES:				
Current operating:				
General government	563,390	563,390	-	563,390
Public works	-	-	244,725	(244,725)
Total expenditures	<u>563,390</u>	<u>563,390</u>	<u>244,725</u>	<u>318,665</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>140,860</u>	<u>140,860</u>	<u>(63,063)</u>	<u>(203,923)</u>
OTHER FINANCING USES:				
Transfers out	<u>(382,250)</u>	<u>(382,250)</u>	<u>(123,427)</u>	<u>258,823</u>
Total other financing uses	<u>(382,250)</u>	<u>(382,250)</u>	<u>(123,427)</u>	<u>258,823</u>
NET CHANGE IN FUND BALANCE	(241,390)	(241,390)	(186,490)	<u>\$ 54,900</u>
FUND BALANCE, BEGINNING OF YEAR	<u>(29,369)</u>	<u>(29,369)</u>	<u>(29,369)</u>	
FUND BALANCE - ENDING	<u>\$ (270,759)</u>	<u>\$ (270,759)</u>	<u>\$ (215,859)</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — PROP 42 FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental revenues	\$ 235,000	\$ 235,000	\$ 531,230	\$ 296,230
Use of money and property	-	-	29,404	29,404
Total revenues	235,000	235,000	560,634	325,634
EXCESS OF REVENUES OVER EXPENDITURES	235,000	235,000	560,634	325,634
OTHER FINANCING USES:				
Transfers out	(400,000)	(400,000)	(400,000)	-
Total other financing uses	(400,000)	(400,000)	(400,000)	-
NET CHANGE IN FUND BALANCE	(165,000)	(165,000)	160,634	\$ 325,634
FUND BALANCE, BEGINNING OF YEAR	324,271	324,271	324,271	
FUND BALANCE - ENDING	\$ 159,271	\$ 159,271	\$ 484,905	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — ENVIRONMENTAL MITIGATION FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 16,849	\$ 16,849
Total revenues	<u>-</u>	<u>-</u>	<u>16,849</u>	<u>16,849</u>
EXPENDITURES:				
Current operating:				
General government	<u>20,000</u>	<u>20,000</u>	<u>628,742</u>	<u>(608,742)</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>628,742</u>	<u>(608,742)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(20,000)</u>	<u>(20,000)</u>	<u>(611,893)</u>	<u>(591,893)</u>
NET CHANGE IN FUND BALANCE	(20,000)	(20,000)	(611,893)	<u>\$ (591,893)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>617,712</u>	<u>617,712</u>	<u>617,712</u>	
FUND BALANCE - ENDING	<u>\$ 597,712</u>	<u>\$ 597,712</u>	<u>\$ 5,819</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — LANDSCAPING AND LIGHTING FUND

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes and assessments	\$ 85,000	\$ 85,000	\$ 84,370	\$ (630)
Intergovernmental revenues	-	-	20,518	20,518
Use of money and property	-	-	13,811	13,811
Total revenues	85,000	85,000	118,699	33,699
EXPENDITURES:				
Current operating:				
General government	-	-	43,277	(43,277)
Total expenditures	-	-	43,277	(43,277)
EXCESS OF REVENUES OVER EXPENDITURES	85,000	85,000	75,422	(9,578)
OTHER FINANCING USES:				
Transfers out	(130,000)	(130,000)	(18,949)	111,051
Total other financing uses	(130,000)	(130,000)	(18,949)	111,051
NET CHANGE IN FUND BALANCE	(45,000)	(45,000)	56,473	\$ 101,473
FUND BALANCE, BEGINNING OF YEAR	344,042	344,042	344,042	
FUND BALANCE - ENDING	\$ 299,042	\$ 299,042	\$ 400,515	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — FINANCING CORPORATION DEBT SERVICE FUND**

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Use of money and property	\$ 40,000	\$ 40,000	\$ 252,351	\$ 212,351
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>252,351</u>	<u>212,351</u>
EXPENDITURES:				
Debt service:				
Principal retirement	620,000	620,000	620,000	-
Interest and fiscal charges	1,198,200	1,198,200	1,093,325	104,875
Bond issuance costs	-	-	498,787	(498,787)
Total expenditures	<u>1,818,200</u>	<u>1,818,200</u>	<u>2,212,112</u>	<u>(393,912)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(1,778,200)</u>	<u>(1,778,200)</u>	<u>(1,959,761)</u>	<u>(181,561)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of refunding debt	-	-	20,400,000	20,400,000
Payment to refunded bond escrow agent	-	-	(19,637,790)	(19,637,790)
Discount on refunding debt	-	-	(341,335)	(341,335)
Transfers in	1,842,100	1,842,100	1,750,994	(91,106)
Transfers out	<u>(120,000)</u>	<u>(120,000)</u>	<u>(7,613,158)</u>	<u>(7,493,158)</u>
Total other financing sources (uses)	<u>1,722,100</u>	<u>1,722,100</u>	<u>(5,441,289)</u>	<u>(7,163,389)</u>
NET CHANGE IN FUND BALANCE	(56,100)	(56,100)	(7,401,050)	<u>\$ (7,344,950)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>9,837,221</u>	<u>9,837,221</u>	<u>9,837,221</u>	
FUND BALANCE - ENDING	<u>\$ 9,781,121</u>	<u>\$ 9,781,121</u>	<u>\$ 2,436,171</u>	

CITY OF RANCHO CORDOVA, CALIFORNIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL — CAPITAL IMPROVEMENTS PROJECTS FUND**

FOR THE YEAR ENDED JUNE 30, 2007

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Charges for current services	\$ 2,550,000	\$ 2,550,000	\$ 284,763	\$ (2,265,237)
Use of money and property	26,500	26,500	-	(26,500)
Other revenue	-	-	8,331	8,331
Total revenues	<u>2,576,500</u>	<u>2,576,500</u>	<u>293,094</u>	<u>(2,283,406)</u>
EXPENDITURES:				
Current operating:				
General government	-	-	2,844,451	(2,844,451)
Capital Outlay	15,460,000	15,460,000	7,877,756	7,582,244
Total expenditures	<u>15,460,000</u>	<u>15,460,000</u>	<u>10,722,207</u>	<u>4,737,793</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(12,883,500)</u>	<u>(12,883,500)</u>	<u>(10,429,113)</u>	<u>2,454,387</u>
OTHER FINANCING SOURCES:				
Transfers in	16,670,000	16,670,000	18,664,159	1,994,159
Transfers out	<u>(156,250)</u>	<u>(156,250)</u>	<u>-</u>	<u>156,250</u>
Total other financing sources	<u>16,513,750</u>	<u>16,513,750</u>	<u>18,664,159</u>	<u>2,150,409</u>
NET CHANGE IN FUND BALANCE	3,630,250	3,630,250	8,235,046	<u>\$ 4,604,796</u>
FUND BALANCE, BEGINNING OF YEAR	<u>(9,465,478)</u>	<u>(9,465,478)</u>	<u>(9,465,478)</u>	
FUND BALANCE - ENDING	<u>\$ (5,835,228)</u>	<u>\$ (5,835,228)</u>	<u>\$ (1,230,432)</u>	

MAJOR SUBCOMBINING SPECIAL REVENUE FUNDS

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING BALANCE SHEET
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS**

JUNE 30, 2007

	<u>SD Program Updates Fund</u>	<u>SD Interim Sewer Fund</u>	<u>SD Library Fund</u>	<u>SD Park Fund</u>	<u>SD Offsite Water Fund</u>
ASSETS					
Cash and investments	\$ 75,793	\$ 395,016	\$ 1,230,540	\$ 9,826,223	\$ 390,752
Receivables:					
Accounts receivable	-	547	1,718	20,543	3,709
Interest receivable	315	1,248	3,895	31,120	1,234
TOTAL ASSETS	\$ 76,108	\$ 396,811	\$ 1,236,153	\$ 9,877,886	\$ 395,695
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 3,670	\$ -	\$ -	\$ 11,574	\$ -
TOTAL LIABILITIES	3,670	-	-	11,574	-
FUND BALANCES					
Unreserved:					
Undesignated	72,438	396,811	1,236,153	9,866,312	395,695
TOTAL FUND BALANCES	72,438	396,811	1,236,153	9,866,312	395,695
TOTAL LIABILITIES AND FUND BALANCES	\$ 76,108	\$ 396,811	\$ 1,236,153	\$ 9,877,886	\$ 395,695

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING BALANCE SHEET
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS (Continued)**

JUNE 30, 2007

	<u>SD Traffic Impact Fund</u>	<u>SD Transit Shuttle Fund</u>	<u>SD Admin Fund</u>	<u>Total SD Special Revenue Funds</u>
ASSETS				
Cash and investments	\$ 10,123,444	\$ 320,869	\$ 1,017,011	\$ 23,379,648
Receivables:				
Accounts receivable	38,125	209	-	64,851
Interest receivable	<u>32,443</u>	<u>1,016</u>	<u>3,349</u>	<u>74,620</u>
TOTAL ASSETS	<u><u>\$ 10,194,012</u></u>	<u><u>\$ 322,094</u></u>	<u><u>\$ 1,020,360</u></u>	<u><u>\$ 23,519,119</u></u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73</u>	<u>\$ 15,317</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>73</u>	<u>15,317</u>
 FUND BALANCES				
Unreserved:				
Undesignated	<u>10,194,012</u>	<u>322,094</u>	<u>1,020,287</u>	<u>23,503,802</u>
TOTAL FUND BALANCES	<u>10,194,012</u>	<u>322,094</u>	<u>1,020,287</u>	<u>23,503,802</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 10,194,012</u></u>	 <u><u>\$ 322,094</u></u>	 <u><u>\$ 1,020,360</u></u>	 <u><u>\$ 23,519,119</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

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

SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2007

	SD Program Updates Fund	SD Interim Sewer Fund	SD Library Fund	SD Park Fund	SD Offsite Water Fund
REVENUES					
Licenses, permits and fees	\$ 35,211	\$ 504,770	\$ 258,639	\$ 2,461,284	\$ 637,097
Use of money and property	3,500	13,422	38,217	307,134	31,768
TOTAL REVENUES	<u>38,711</u>	<u>518,192</u>	<u>296,856</u>	<u>2,768,418</u>	<u>668,865</u>
EXPENDITURES					
Current:					
General government	32,032	-	-	352,165	-
Capital outlay	-	1,186,488	-	-	1,392,369
TOTAL EXPENDITURES	<u>32,032</u>	<u>1,186,488</u>	<u>-</u>	<u>352,165</u>	<u>1,392,369</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,679	(668,296)	296,856	2,416,253	(723,504)
OTHER FINANCING SOURCES (USES)					
Transfers out	(23,838)	-	-	(3,594)	-
TOTAL OTHER SOURCES (USES)	<u>(23,838)</u>	<u>-</u>	<u>-</u>	<u>(3,594)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(17,159)	(668,296)	296,856	2,412,659	(723,504)
Fund balances, beginning of year	89,597	1,065,107	939,297	7,453,653	1,119,199
FUND BALANCES, END OF YEAR	<u>\$ 72,438</u>	<u>\$ 396,811</u>	<u>\$ 1,236,153</u>	<u>\$ 9,866,312</u>	<u>\$ 395,695</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

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

SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS (Continued)

FOR THE YEAR ENDED JUNE 30, 2007

	<u>SD Traffic Impact Fund</u>	<u>SD Transit Shuttle Fund</u>	<u>SD Admin Fund</u>	<u>Total SD Special Revenue Funds</u>
REVENUES				
Licenses, permits and fees	\$ 5,150,649	\$ 199,827	\$ 230,583	\$ 9,478,060
Use of money and property	262,111	7,008	32,806	695,966
TOTAL REVENUES	<u>5,412,760</u>	<u>206,835</u>	<u>263,389</u>	<u>10,174,026</u>
EXPENDITURES				
Current:				
General government	80	-	2,455	386,732
Capital outlay	190,620	-	-	2,769,477
TOTAL EXPENDITURES	<u>190,700</u>	<u>-</u>	<u>2,455</u>	<u>3,156,209</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,222,060	206,835	260,934	7,017,817
OTHER FINANCING SOURCES (USES)				
Transfers out	(132,867)	-	(41,122)	(201,421)
TOTAL OTHER SOURCES (USES)	<u>(132,867)</u>	<u>-</u>	<u>(41,122)</u>	<u>(201,421)</u>
NET CHANGE IN FUND BALANCES	5,089,193	206,835	219,812	6,816,396
Fund balances, beginning of year	5,104,819	115,259	800,475	16,687,406
FUND BALANCES, END OF YEAR	<u>\$ 10,194,012</u>	<u>\$ 322,094</u>	<u>\$ 1,020,287</u>	<u>\$ 23,503,802</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING BALANCE SHEET
TRAFFIC MITIGATION SPECIAL REVENUE FUNDS**

JUNE 30, 2007

	<u>Traffic Mitigation Fund</u>	<u>Traffic Mitigation Admin Fund</u>	<u>Total Traffic Mitigation Special Revenue Funds</u>
ASSETS			
Cash and investments	\$ 20,229,494	\$ 315,223	\$ 20,544,717
Receivables:			
Due from other			
governmental agencies	17,821	356	18,177
Interest receivable	72,285	1,057	73,342
	<u>20,319,600</u>	<u>316,636</u>	<u>20,636,236</u>
TOTAL ASSETS	\$ 20,319,600	\$ 316,636	\$ 20,636,236
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 56,735	\$ -	\$ 56,735
TOTAL LIABILITIES	<u>56,735</u>	<u>-</u>	<u>56,735</u>
FUND BALANCES			
Unreserved:			
Undesignated	20,262,865	316,636	20,579,501
TOTAL FUND BALANCES	<u>20,262,865</u>	<u>316,636</u>	<u>20,579,501</u>
	<u>20,319,600</u>	<u>316,636</u>	<u>20,636,236</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,319,600	\$ 316,636	\$ 20,636,236

CITY OF RANCHO CORDOVA, CALIFORNIA

**SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
TRAFFIC MITIGATION SPECIAL REVENUE FUNDS**

FOR THE YEAR ENDED JUNE 30, 2007

	Traffic Mitigation Fund	Traffic Mitigation Admin Fund	Total Traffic Mitigation Special Revenue Funds
REVENUES			
Licenses, permits and fees	\$ 7,635,942	\$ 129,866	\$ 7,765,808
Use of money and property	684,684	9,046	693,730
Charges for services	1,000,000	-	1,000,000
TOTAL REVENUES	9,320,626	138,912	9,459,538
EXPENDITURES			
Current:			
Public works	312,180	2,013	314,193
Capital outlay	700,405	-	700,405
TOTAL EXPENDITURES	1,012,585	2,013	1,014,598
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,308,041	136,899	8,444,940
OTHER FINANCING SOURCES (USES)			
Transfers out	(2,622,821)	(18,542)	(2,641,363)
TOTAL OTHER SOURCES (USES)	(2,622,821)	(18,542)	(2,641,363)
NET CHANGE IN FUND BALANCES	5,685,220	118,357	5,803,577
Fund balances, beginning of year	14,577,645	198,279	14,775,924
FUND BALANCES, END OF YEAR	\$ 20,262,865	\$ 316,636	\$ 20,579,501

INTERNAL SERVICE FUNDS

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

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

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

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

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

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS**

JUNE 30, 2007

	<u>Insurance Fund</u>	<u>Vehicle & Equipment Replacement Fund</u>	<u>Technology Enhancement & Replacement Fund</u>	<u>Total Internal Service Funds</u>
ASSETS				
Current assets:				
Cash and investments	\$ 115,817	\$ 333,500	\$ 453,750	\$ 903,067
TOTAL ASSETS	<u>115,817</u>	<u>333,500</u>	<u>453,750</u>	<u>903,067</u>
LIABILITIES				
Current liabilities:				
Accounts payable	<u>17,998</u>	<u>-</u>	<u>-</u>	<u>17,998</u>
TOTAL LIABILITIES	<u>17,998</u>	<u>-</u>	<u>-</u>	<u>17,998</u>
NET ASSETS				
Unrestricted	97,819	333,500	453,750	885,069
TOTAL NET ASSETS	<u>\$ 97,819</u>	<u>\$ 333,500</u>	<u>\$ 453,750</u>	<u>\$ 885,069</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS**

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Insurance Fund</u>	<u>Vehicle & Equipment Replacement Fund</u>	<u>Technology Enhancement & Replacement Fund</u>	<u>Total Internal Service Funds</u>
OPERATING EXPENSES				
Insurance claims and expenses	\$ 1,518	\$ -	\$ -	\$ 1,518
OPERATING LOSS	<u>1,518</u>	<u>-</u>	<u>-</u>	<u>1,518</u>
Transfers in	<u>332,950</u>	<u>333,500</u>	<u>453,750</u>	<u>1,120,200</u>
NET CHANGE IN NET ASSETS	331,432	333,500	453,750	1,118,682
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>(233,613)</u>	<u>-</u>	<u>-</u>	<u>(233,613)</u>
NET ASSETS, END OF YEAR	<u>\$ 97,819</u>	<u>\$ 333,500</u>	<u>\$ 453,750</u>	<u>\$ 885,069</u>

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Insurance Fund</u>	<u>Vehicle & Equipment Replacement Fund</u>	<u>Technology Enhancement & Replacement Fund</u>	<u>Total Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Payments to suppliers	\$ 12,143	\$ -	\$ -	\$ 12,143
Net cash provided by operating activities	<u>12,143</u>	<u>-</u>	<u>-</u>	<u>12,143</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	332,950	333,500	453,750	1,120,200
Transfers to other funds	<u>(233,613)</u>	<u>-</u>	<u>-</u>	<u>(233,613)</u>
Net cash provided by noncapital financing activities	<u>99,337</u>	<u>333,500</u>	<u>453,750</u>	<u>886,587</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	111,480	333,500	453,750	898,730
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,337</u>	<u>-</u>	<u>-</u>	<u>4,337</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 115,817</u>	<u>\$ 333,500</u>	<u>\$ 453,750</u>	<u>\$ 903,067</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating loss	\$ (1,518)	\$ -	\$ -	\$ (1,518)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Changes in assets and liabilities:				
Increase in accounts payable	<u>13,661</u>	<u>-</u>	<u>-</u>	<u>13,661</u>
Net cash provided by operating activities	<u>\$ 12,143</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,143</u>

AGENCY FUNDS

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

The Agency Funds of the City are outlined as follows:

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

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

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

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

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

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

CITY OF RANCHO CORDOVA, CALIFORNIA

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS**

JUNE 30, 2007

	<u>CFD 2003-1</u> <u>Fund</u>	<u>CFD 2004-1</u> <u>Fund</u>	<u>CFD 2005-1</u> <u>Fund</u>	<u>Montelena</u> <u>CFD Fund</u>
ASSETS				
Cash and investments	\$ 3,233,270	\$ 3,104,615	\$ 35,972	\$ 99,894
Receivables:				
Interest receivable	10,347	9,904	166	317
Due from other				
Governmental agencies	120,825	8,904	-	-
Restricted cash with fiscal agent	<u>3,565,184</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 6,929,626</u></u>	<u><u>\$ 3,123,423</u></u>	<u><u>\$ 36,138</u></u>	<u><u>\$ 100,211</u></u>
 LIABILITIES				
Accounts payable	\$ 16,853	\$ 640	\$ -	\$ -
Deposits - other	146,600	-	-	100,211
Due to assessment holders	<u>6,766,173</u>	<u>3,122,783</u>	<u>36,138</u>	<u>-</u>
TOTAL LIABILITIES	<u><u>\$ 6,929,626</u></u>	<u><u>\$ 3,123,423</u></u>	<u><u>\$ 36,138</u></u>	<u><u>\$ 100,211</u></u>

CITY OF RANCHO CORDOVA, CALIFORNIA

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

JUNE 30, 2007

	<u>City Landscape CFD Fund</u>	<u>Cap Village Landscape CFD Fund</u>	<u>RT Transit Fee Pass-through Fund</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and investments	\$ -	\$ 10,652	\$ 1,662	\$ 6,486,065
Receivables:				
Interest receivable	-	45		20,779
Due from other				
Governmental agencies	-	-	-	129,729
Restricted cash with fiscal agent	-	-	-	3,565,184
	<u>-</u>	<u>10,697</u>	<u>1,662</u>	<u>10,201,757</u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 10,697</u>	<u>\$ 1,662</u>	<u>\$ 10,201,757</u>
LIABILITIES				
Accounts payable	\$ 3,656	\$ -	\$ 1,662	\$ 22,811
Deposits - other	-	-	-	246,811
Due to assessment holders	<u>(3,656)</u>	<u>10,697</u>		<u>9,932,135</u>
	<u>-</u>	<u>10,697</u>	<u>1,662</u>	<u>10,201,757</u>
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 10,697</u>	<u>\$ 1,662</u>	<u>\$ 10,201,757</u>

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STATISTICAL SECTION

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

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 25,944	\$ 329,107	\$ 8,357,941	\$ 228,382,846
Restricted	2,321,085	30,963,342	40,513,083	53,397,757
Unrestricted	<u>4,804,309</u>	<u>861,598</u>	<u>6,501,698</u>	<u>24,791,160</u>
Total governmental activities net assets	<u>7,151,338</u>	<u>32,154,047</u>	<u>55,372,722</u>	<u>306,571,763</u>
Business-type activities				
Invested in capital assets, net of related debt	-	-	-	1,422,003
Restricted	-	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,224,820)</u>
Total business-type activities net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,183</u>
Primary government				
Invested in capital assets, net of related debt	25,944	329,107	8,357,941	229,804,849
Restricted	2,321,085	30,963,342	40,513,083	53,397,757
Unrestricted	<u>4,804,309</u>	<u>861,598</u>	<u>6,501,698</u>	<u>23,566,340</u>
Total primary government net assets	<u>\$ 7,151,338</u>	<u>\$ 32,154,047</u>	<u>\$ 55,372,722</u>	<u>\$ 306,768,946</u>

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

Expenses	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:				
General government	\$ 3,143,679	\$ 5,159,815	\$ 17,939,297	\$ 22,055,441
Public Safety	8,978,634	12,935,511	13,446,239	13,778,468
Community Development	2,285,042	4,055,329	6,812,844	6,447,185
Public Works	1,503,252	2,782,143	2,630,097	4,121,579
Interest on Long Term Debt	-	60,676	881,467	1,359,131
Total governmental activities expenses	<u>15,910,607</u>	<u>24,993,474</u>	<u>41,709,944</u>	<u>47,761,804</u>
Business-type activities:				
Cemetery	-	-	-	9,988
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,988</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>
Program Revenues				
Governmental activities:				
Charges for Services	2,326,721	25,932,561	26,142,639	33,364,367
Operating grants and contributions	21,442	2,378,060	3,322,801	6,718,186
Capital grants and contributions	-	39,142	1,803,132	3,820,997
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>
Business-type activities:				
Capital grants and contributions	-	-	-	225,000
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,000</u>
Total primary government program revenues	<u>2,348,163</u>	<u>28,349,763</u>	<u>31,268,572</u>	<u>44,128,550</u>
Net (expense)/revenue				
Governmental activities	(13,562,444)	3,356,289	(10,441,372)	(3,858,254)
Business-type activities	-	-	-	215,012
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>

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

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

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

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

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

	Fiscal Year *			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues				
Taxes and assessments	\$ 14,626,557	\$ 15,270,080	\$ 27,961,990	\$ 28,916,615
Licenses, fees and permits	1,838,107	23,045,059	35,670,026	26,554,572
Fines and forfeitures	36,041	388,859	464,745	567,078
Intergovernmental	5,108,526	8,499,891	5,011,087	10,492,415
Use of money and property	16,055	204,677	1,950,149	4,254,559
Charges for services	1,185,736	2,459,677	3,526,782	6,242,718
Miscellaneous	47,922	205,057	3,747,908	4,547,716
Total revenues	<u>\$ 22,858,944</u>	<u>\$ 50,073,300</u>	<u>\$ 78,332,687</u>	<u>\$ 81,575,673</u>
Expenditures				
General government	\$ 3,082,683	\$ 5,097,357	\$ 16,041,144	\$ 17,594,828
Public safety	8,978,634	12,916,961	13,446,239	13,778,468
Community development	2,285,042	4,051,342	6,812,844	6,447,185
Public works	1,503,252	2,782,143	2,630,097	4,121,579
Debt service:				
Principal retirement	-	423,012	1,143,012	1,043,044
Interest and fiscal charges	-	628,765	1,157,641	1,295,270
Bond issuance costs	-	-	-	498,787
Capital outlay	31,133	13,061,880	28,223,470	11,840,393
Total Expenditures	<u>\$ 15,880,744</u>	<u>\$ 38,961,460</u>	<u>\$ 69,454,447</u>	<u>\$ 56,619,554</u>
Excess of revenues over (under) expenditures	\$ 6,978,200	\$ 11,111,840	\$ 8,878,240	\$ 24,956,119
Other financing sources (uses)				
Transfers in	-	719,634	3,921,921	20,710,051
Transfers out	-	(719,634)	(3,921,921)	(21,812,102)
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>
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>
Debt Services as a percentage of non-capital expenditures	-	4.2%	5.9%	6.8%

* 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
TOTAL	<u>\$ 25,676,348</u>	<u>\$ 39,545,739</u>	<u>\$ 3,380,365</u>	<u>\$ 6,687,090</u>	<u>\$ 9,861,241</u>	<u>\$ 1,994,481</u>	<u>\$ 1,677,156</u>	<u>\$ 88,822,420</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%

* 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 12 .

** 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
(Unaudited)

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

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

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

Source: Sacramento County Auditor-Controller

CITY OF RANCHO CORDOVA

Principal Taxpayers

As of June 30, 2007

(Unaudited)

Taxpayer	Land Use	2006/07 Assessed Valuation		Percentage of Total Assessed Valuation *	2004 Assessed Valuation		Percentage of Total Assessed Valuation *
PGOCC LLC	Office Building	\$ 102,904,850	1	1.84%			
Beazer Homes Holdings Corp	Residential Development	72,770,026	2	1.30%			
Hines VAF Capital Center LP	Office Building	70,954,638	3	1.27%			
Altair Holding Company	Office Building	70,934,676	4	1.27%	\$ 61,929,830	2	1.73%
Rreef America Reit Corp	Office Building	64,748,675	5	1.16%			
CP Sunridge LLC	Residential Development	57,286,556	6	1.02%			
Franklin Resources Inc	Office Building	57,276,688	7	1.02%	47,931,162	4	1.34%
Lennar Renaissance Inc	Residential Development	52,644,556	8	0.94%			
Pulte Home Corp	Residential Development	51,907,692	9	0.93%			
McKesson Corporation	Office Building	41,698,944	10	0.74%			
Prospect Green Partners	Office Building				72,278,299	1	2.02%
Trizechahn TBI Sacramento I LLC	Office Building				54,215,453	3	1.51%
Salvatore A. Rubino Decl. of Trust	Office Building				37,386,099	5	1.04%
Evergreen & Zinfandel	Office Building				36,664,670	6	1.02%
Wasatch Pool Holdings LLC	Apartments				34,916,838	7	0.97%
Cordova LLC	Office Building				33,442,539	8	0.93%
Elliott Whiterock LLC	Industrial				28,424,850	9	0.79%
JB Management LP	Commercial				25,973,468	10	0.72%
		\$ 643,127,301			\$ 433,163,208		

* 2006 - 2007 Total Assessed Value - \$5,604,585,670

Source: California Municipal Statistics, Inc.

CITY OF RANCHO CORDOVA
Property Tax Levies and Collections
(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%	-

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 12.

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

Source: Sacramento County Auditor-Controller

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

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

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)

2006-07 Assessed Valuation:	\$ 5,989,871,815
Redevelopment Incremental Valuation:	<u>102,154,735</u>
Adjusted Assessed Valuation:	\$ 5,887,717,080

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Total Debt</u> <u>6/30/07</u>	<u>%</u> <u>Applicable (1)</u>	<u>City's share of</u> <u>Debt 6/30/07</u>
Los Rios Community College District	\$ 157,715,000	4.29%	\$ 6,765,974
Folsom-Cordova Unified School District Facilities Improvement District No. 1	50,096,054	78.99%	39,572,376
Sacramento Unified School District	327,100,000	3.64%	11,909,711
San Juan Unified School District	231,485,285	7.60%	175,929
Elk Grove Unified School District Facilities Improvement District No. 1	141,865,284	2.46%	3,494,142
City of Rancho Cordova Community Facilities District No. 2003-1	38,075,000	100.00%	38,075,000
Sac Area Flood Control District Operation & Maintenance Assessment District	4,440,000	6.45%	<u>286,424</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>100,279,556</u>

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Sacramento County General Fund Obligations	\$ 350,117,904	5.08%	\$ 17,782,488
Sacramento County Pension Obligations	944,964,070	5.08%	47,994,725
Sacramento County Office of Education Certificates of Participation	12,260,000	5.08%	622,685
Los Rios Community College District Certificates of Participation	7,055,000	4.29%	302,660
Folsom-Cordova Unified School District Certificates of Participation	43,250,000	30.35%	13,125,943
Sacramento Unified School District Certificates of Participation	90,370,000	3.64%	3,290,372
Sacramento Unified School District Pension Obligations	4,775,000	3.64%	173,858
San Juan Unified School District General Fund Obligations	7,515,000	0.08%	5,711
City of Rancho Cordova	26,865,000	100.00%	26,865,000
Sacramento Metropolitan Fire District Pension Obligations	68,218,975	11.46%	<u>7,818,577</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>117,982,019</u>
Less: Sacramento County self-supporting obligations			<u>395,654</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>117,586,365</u>

GROSS COMBINED TOTAL DEBT	\$ 218,261,575 (2)
NET COMBINED TOTAL DEBT	\$ 217,865,921

- (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.

<u>Ratios to 2006-07 Assessed Valuation:</u>	
Total Direct and Overlapping Tax and Assessment Debt	1.67%

<u>Ratios to Adjusted Assessed Valuation:</u>	
Combined Direct Debt (\$26,865,000)	0.46%
Gross Combined Total Debt	3.71%
Net Combined Total Debt	3.70%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/07 \$ -

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>
Debt limit	\$ 387,526,715	\$ 661,897,885	\$ 705,000,000	\$ 888,967,197
Total net debt applicable to limit	-	-	-	-
Legal debt margin	387,526,715	661,897,885	705,000,000	888,967,197
Total net debt applicable to the limit as a percentage of debt limit	n.a.	n.a.	n.a.	n.a.

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed Value	5,989,871,815
Less: Exemptions	(63,423,836)
<i>Total assessed value</i>	<i>5,926,447,979</i>
Debt limit (15% of total assessed value)	888,967,197
Debt applicable to limit	
General Obligation Bonds Outstanding	-
Less: Amounts available for repayment	-
Total Debt Applicable to Limitation	<u>-</u>
Authorized Legal Debt Margin	<u>\$ 888,967,197</u>

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

CITY OF RANCHO CORDOVA
Schedule of Demographic Statistics
(Unaudited)

Fiscal Year*	Population	County (1)	Per Capita Income		Unemployment Rate County (4)
			Sacramento Metro Area (2)	Median Age (3)	
2003-04	54,513	1,230,700	29,631	35.0	5.5%
2004-05	55,145	1,370,000	31,425	35.0	4.6%
2005-06	56,355	1,385,607	31,987	33.7	4.8%
2006-07	59,056	1,406,804	34,014	34.1	5.3%

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

(1) Source: *County of Sacramento (January 2007)*

(2) Source: *Bureau of Economic Analysis, U.S. Dept of Commerce (2005)*

(3) Source: *U.S. Census Bureau (2006 Fact Sheet for Sacramento County)*

(4) Source: *www.labormarketinfo.edd.ca.gov*

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

<u>Employer</u>	2007		2004	
	Number of <u>Employees (1)</u>	Percentage of Total City <u>Employment</u>	Number of <u>Employees (2)</u>	Percentage of Total City <u>Employment</u>
Vision Service Plan	1600	n.a.		n.a.
GenCorp, Inc. (Aerojet)	1400	n.a.	1387	n.a.
Cedar Valley Concrete	1200	n.a.	926	n.a.
Sprint Communications Co LP	1200	n.a.		
Franklin Templeton Investments	1000	n.a.		n.a.
EDS Corporation	800	n.a.	675	n.a.
Health Net Federal Services	700	n.a.		
Edfund, A Service of Csac	609	n.a.		
Ed Fund	503	n.a.		
LCL Administors Inc	500	n.a.		
Pacific Building Products		n.a.	534	n.a.
Delta Dental		n.a.	1500	n.a.
Motion Control Engineering		n.a.	360	n.a.
Wal-Mart		n.a.	329	n.a.
Volcano Therapeutics		n.a.	309	n.a.
Sunworld Landscape		n.a.	300	n.a.
Automotive Importing		n.a.	191	n.a.

(1) Source: Dunn & Bradstreet - note that Aerojet & Health Net are outside the City limits but within the City's sphere of influence

(2) Source: Sacramento County Auditor-Controller

CITY OF RANCHO CORDOVA
Miscellaneous Statistics
(Unaudited)

Date of Incorporation	July 1, 2003
Form of Government	General Law
Number of Employees	
Full-time	65
Part-time	-
Number of contract employees (excludes public safety - shown below)	19
Area in square miles	33
 Government Facilities and Services	
Miles of Streets	220
Number of street lights	3,000
Number of signalized intersections	70
Police Protection	
Number of stations	1
Number of police personnel - sworn	69
Number of police personnel - non sworn	13
 Facilities and services not included in the reporting entity	
Culture and Recreation:	
Parks	31
Park acreage	304
Swimming pools	2
Tennis courts	27
Community centers	3
Senior centers	1
Ball and soccer fields	20
 Fire Protection:	
Number of stations	5
 Education:	
Number of districts	4
Number of elementary schools	13
Number of secondary schools	4
Number of community colleges	1
 County Library:	
City branches	1

Source: City Finance Department