

Citizens' Financial Report

Fiscal Year 2006-2007





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The City of Rancho Cordova 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 Council is responsible for establishing city policy and providing direction to the City Manager.



They serve as the legislative and policy making body of the City, enacting all local laws and directing such actions as 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 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 services, street sweeping, planning and law enforcement services. The contracts for street maintenance and law enforcement services are with Sacramento County. In addition, our residents are served by the Sacramento Metro Fire District and the Cordova Recreation and Park District. Garbage services are provided by Allied Waste, sewer by Sacramento County and water by various other agencies



Dear Citizens of Rancho Cordova,

The City of Rancho Cordova is pleased to present our first Citizens' Financial Report regarding the finances and fiscal condition of the City for the fiscal year ending June 30, 2007. This report provides a brief analysis of where the City revenue comes from and where the dollars are spent, as well as our fiscal condition moving forward. This report is intended to present an understandable and easy to read fiscal analysis.

The data was drawn from the audited financial information appearing in the 2007 Comprehensive Annual Financial Report (CAFR) and illustrates the City's strong financial position.*

On behalf of the Mayor and City Council, we thank you for taking a moment to read our Citizens' Financial Report. We are proud to serve the people of Rancho Cordova and consider this report to be a notable achievement as we seek to enhance the level of accountability to our taxpayers.

If you have any questions or comments regarding the information in this document, please do not hesitate to contact us at (916) 851-8700.



Ted A. Gaebler, City Manager
City of Rancho Cordova



Donna Silva, Finance Director
City of Rancho Cordova

*This Citizens' Report is unaudited and not presented in a GAAP format.



City Manager, Ted Gaebler



Finance Director, Donna Silva





*H*aving incorporated on July 1, 2003, the City of Rancho Cordova is still California's newest city. Located in Northern California, we are part of the greater Sacramento region, which is one of the fastest growing regions in the state. The city limits encompass 33.6 square miles on the Highway 50 corridor between the City of Sacramento and the City of Folsom. The American River defines our northern boundary.

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 was a supplier of the Cold War defense. With the closure of Mather Air Force Base in 1992, the area became a business park center of Sacramento County.

The City of Rancho Cordova is unique among new California cities in that it has approximately the same number of jobs as residents. This large employment base will continue to drive both residential and commercial growth within the City.

Since incorporation in July 2003, the City has welcomed approximately 3,000 new single family homes and according to a study by the Sacramento Area Council of Governments its population is expected to grow to 332,000 by 2050.

To guide us in our growth and in building our new city, the council has adopted the following vision statement:

In "Building a City" Rancho Cordova will:

Have a place in the region as a vibrant destination;

Control its destiny, including the establishment of meaningful boundaries; Become a catalyst for change and an example to other cities nationwide of excellence and innovation in government;

Avoid the pitfalls of other cities, standing on the shoulders of past planning and city building efforts, and gathering together the best ideas and programs from around the nation and around the world;

Intentionally seek change in both land use and the scope of the city's operations to effect profound improvement in the City; and

Have measurable fiscal success and be able to provide the services and functions that make Rancho Cordova a desirable place to live, work, and play.

This report is intended to illustrate our financial success thus far, in accordance with the council vision.



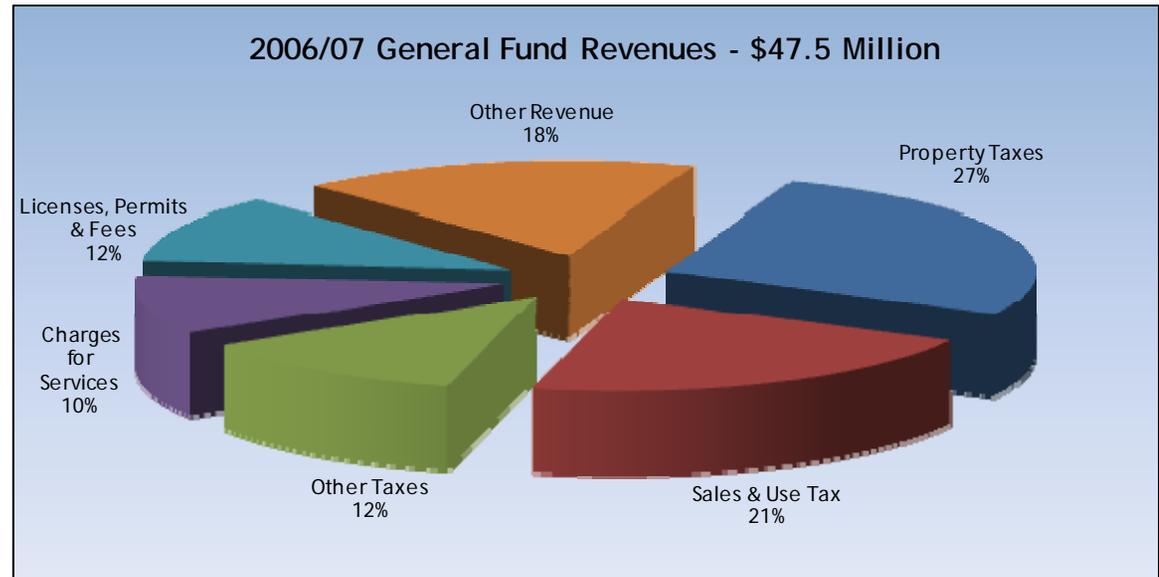
The City maintains 76 individual funds. A fund is a self-balancing set of accounting books. A government entity is required by law to separately track revenues that are restricted by law, resulting in many different funds. The General Fund is the main fund of the City and records the primary activities of the government. As such, this report focuses on the General Fund and reports briefly on the status of "other funds."

The General Fund is the City's lifeline and accounts for the operation and delivery of services to the community. Other Funds include the Special Revenue funds which are used to track revenues and expenditures that have a specific use, either constrained by law or otherwise needing individualized treatment such as the Development Impact Fees, Capital Facilities Fees, Gas Tax, Prop 42, Measure A, Grants, Re-development Agency and the Maintenance Districts. Other Funds also include the Capital Outlay Fund, Debt Service Fund, Internal Services Funds and the Kilgore Cemetery.

THE GENERAL FUND

Revenues

For fiscal year ending June 30, 2007, General Fund revenues totaled \$47.5 million. The two major sources of revenue are Property Taxes and Sales Taxes.



Total revenues grew from the prior year by \$8 million or 20%. This increase was caused in large part by an adjustment to the tax-sharing agreement with the County of Sacramento. The City recognized \$4 million of revenues in the current year due to a renegotiation with the county over the sharing of property tax revenues. The other large component of the increase in revenues was a significant increase in

Charges for Services from \$2.8 million in the prior year to \$4.9 million in the current year, an increase of 72%. This increase stems from an increase in activities for which the City is able to recover its direct and indirect costs from developer projects and direct salary and overhead on capital improvement projects. This is a critical ability to ensure continued fiscal health of the City.



Expenditures

For fiscal year ending June 30, 2007, the General Fund expenditures totaled \$37 million. Total expenditures did not exceed total revenues meaning that in fiscal year 2007 the City government operated well within its means and was able to generate a surplus which has been used in part to fund an economic uncertainty reserve.

The total General Fund Expenditures of \$37 million represents an increase from the prior year of \$1.1 million or 3%.

The City's five major categories of general fund expenditures are:

General Government

Expenditures in this category are for the expenses incurred for the administrative offices including City Manager, Finance, Legal, Human Resources and City Clerk.

Public Safety

Expenditures in this category represent the expenses associated with providing police operations for the City. The majority of the expenses are paid to the Sacramento County Sheriff's office as they serve under contract as the Rancho Cordova Police Department.

Community Development

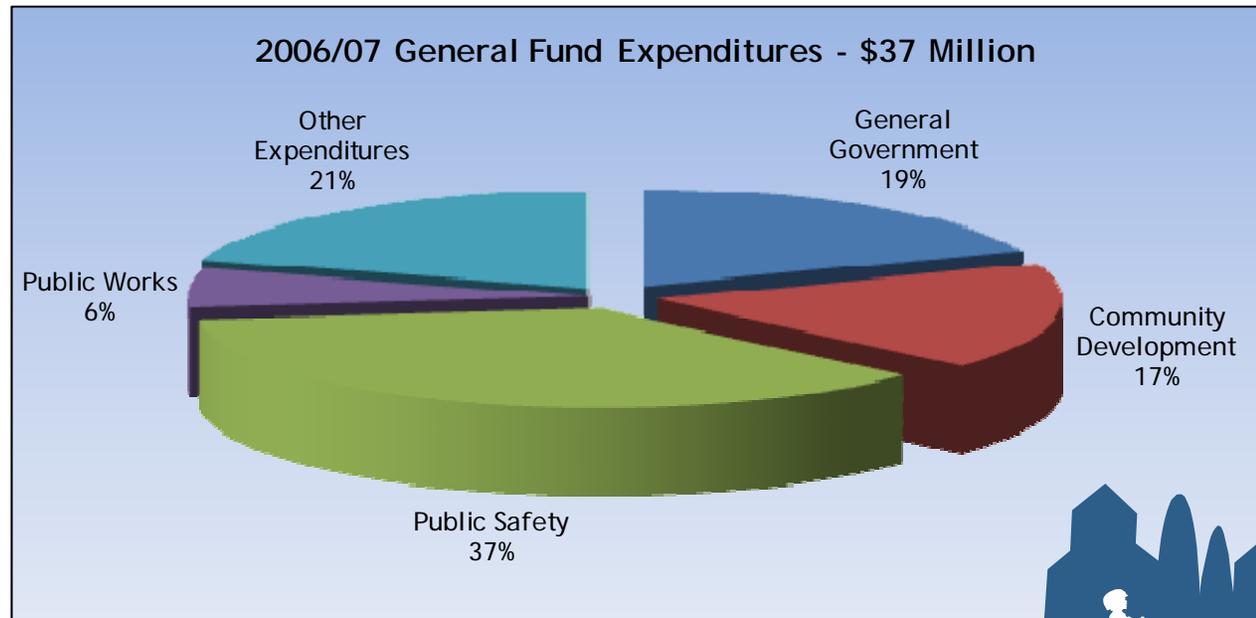
Expenditures in this category represent the costs associated with Economic Development, Housing, Neighborhood Services (which includes Code Enforcement and Animal Control), Planning, Building and Safety, and Facilities Management.

Public Works

Expenditures in this category reflect the expenses associated with street maintenance, graffiti removal, engineering and project management for Capital Improvement Projects, issuance of street use, encroachment and transportation permits.

Other Expenditures

Expenditures in this category represent the expenses incurred for debt service, capital outlay, and transfers out to other funds. Also included in this category is the revenue neutrality payment to the County of Sacramento, a required sharing of property tax revenues through the fiscal year 2027-2028. The current year payment was \$5,554,494.



City of Rancho Cordova Balance Sheet
June 30, 2007

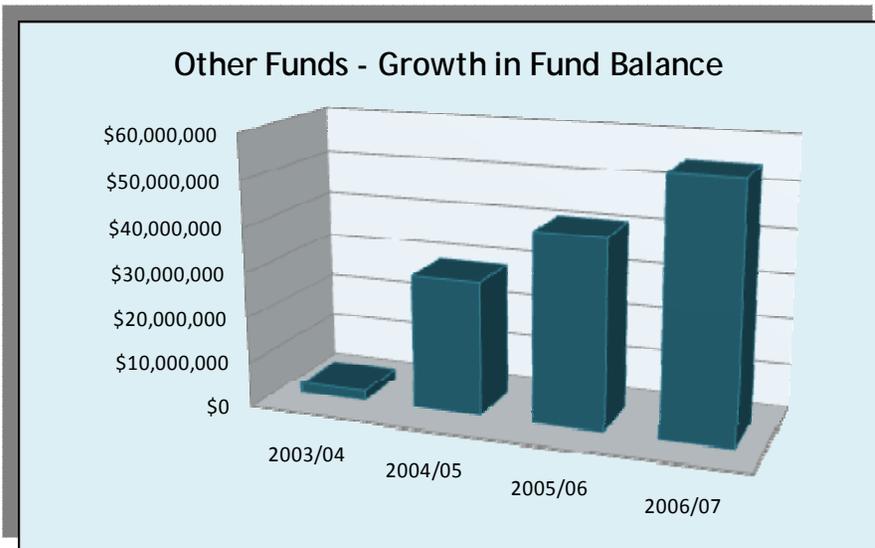
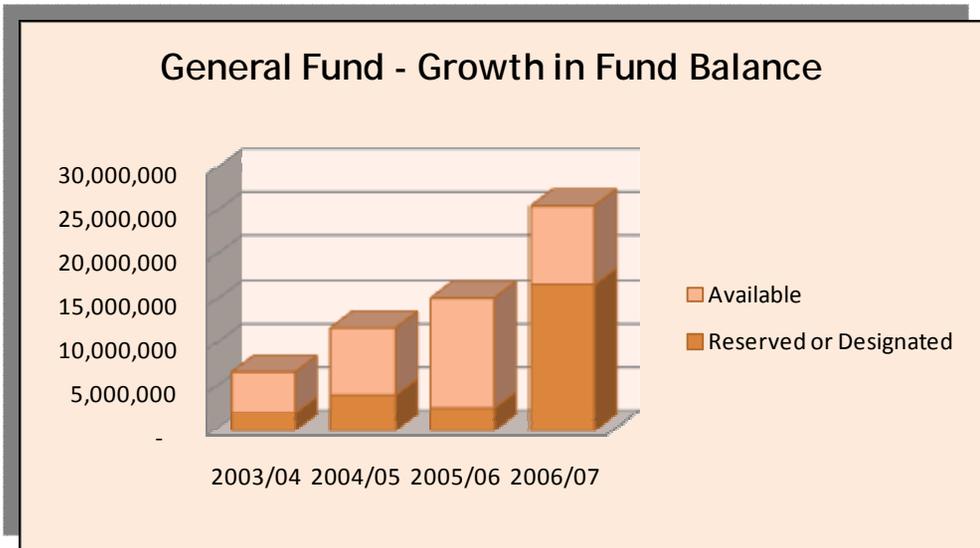
<i>ASSETS</i>	General Fund	Other Funds	Total
Cash and Investments	\$ 13,558,878	\$ 62,017,383	\$ 75,576,261
Receivables	3,439,387	367,102	3,806,489
Due from other Government Agencies	4,077,006	5,280,572	9,357,578
Due from /Advances to Other Funds	8,810,866	-	8,810,866
Prepaid costs and Other Assets	30,859	-	30,859
Total Assets	\$ 29,916,996	\$ 67,665,057	\$ 97,582,053
<i>LIABILITIES</i>			
Accounts Payable	\$ 2,436,370	\$ 3,205,061	\$ 5,641,431
Other Payables	1,258,493	172,818	1,431,311
Deferred Revenues	400,523	231,060	631,583
Due to/Advances from Other Funds	-	8,810,866	8,810,866
Total Liabilities	\$ 4,095,386	\$ 12,419,805	\$ 16,515,191
<i>FUND BALANCE</i>			
Reserved for:			
Low and Moderate Income Housing	\$ -	\$ 43,416	\$ 43,416
Debt Service		2,436,171	2,436,171
Advances to other Funds	3,903,504	-	3,903,504
Prepaid Costs	30,859	-	30,859
Designated Use Specified by Fund Type		46,595,005	46,595,005
Unreserved:			
Designated for Encumbrances Outstanding	3,632,417	6,170,660	9,803,077
Designated for Economic Uncertainty Reserve	9,419,717	-	9,419,717
Unreserved and Available	8,835,113	-	8,835,113
Total Fund Balance	\$ 25,821,610	\$ 55,245,252	\$ 81,066,862

Fiscal Condition

At June 30, 2007 the General Fund had total assets of \$29.9 million and total liabilities of \$4.1 million, leaving a fund balance of \$25.8 million. Of this fund balance, \$16.98 million is reserved or designated, leaving an available fund balance of \$8.8 million. This represents the amount of money above and beyond current year revenues that are available to fund services and/or facility needs of the community. As shown in the report, the City has fully funded an Economic Uncertainty Reserve which represents 20% of the current year expenditures. Part of the remaining fund balance may be used to help create a capital facilities reserve to help fund the cost of capital needs such as a new Police Department facility, Corporation Yard or a new library. It is also prudent and necessary to maintain a healthy available fund balance to carry the City through peaks and dips in cash flow and to be able to respond to funding shortages caused by external factors like the state fiscal crisis.



The Fund Balance is the primary indicator of the fiscal condition of the City. A growing fund balance indicates fiscal health, while a shrinking fund balance is generally indicative of an entity operating outside of its means. However, a one-time decline in the fund balance could be due to a one-time investment in facilities or infrastructure, which would not be indicative of declining fiscal health. As shown in the graph, the City of Rancho Cordova has been experiencing an increase in its fund balance since incorporation, indicative of its strong fiscal health. In the upcoming months and years your City Council will be deciding how to utilize and maximize the fund balance in a manner that will safeguard continued operations and enhance the lives of all residents of the City of Rancho Cordova.



OTHER FUNDS

Other Funds include the Special Revenue Funds which are used to track revenues and expenditures that have a specific use, either constrained by law or otherwise needing individualized treatment to properly identify and relate expenditures to specific revenues such as the Development Impact Fees, Capital Facilities Fees, Gas Tax, Prop 42, Measure A, Grants, Redevelopment Agency and the Maintenance Districts. Other Funds also include the Capital Improvement Funds, Debt Service Fund, Internal Services Funds and the Kilgore Cemetery.

As illustrated by the chart, the Other Funds in total have been increasing over time. The City continues to build fund balances in order to gather sufficient resources to provide the facilities and infrastructure and services for which the fees are assessed and resources allocated.





DIRECTORY OF OFFICIALS

City Manager
Ted Gaebler

Assistant City Manager
Joe Chinn

Building & Safety Official
Tom Trimberger

City Attorney
Adam Lindgren

Interim City Clerk
Stacy Leitner

Communications Director
Nancy Pearl

Economic Development Director
Curt Haven

Finance Director
Donna Silva

Planning Director
Paul Junker

Public Works Director
Cyrus Abhar

Police Chief
Reuben Meeks

GETTING MORE INFORMATION

The City's website is your source for information about city policies, services and events 24 hours a day, seven days a week. Log on to the city's website at:

www.cityofranhocordova.org

You will find information about employment opportunities, community events, fee schedules, applications and forms, community alerts, city council meeting agendas, resolutions, meeting minutes and live streaming video of past council meetings.

Contact Us:

For more information on financial matters of the City of Rancho Cordova, please call the Finance Department at 916-851-8730.

The information in this report was derived from the City of Rancho Cordova's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2007. This report and the CAFR are both available on the City of Rancho Cordova's website. Additional copies of this report and the CAFR may be obtained by contacting the Finance Department at (916) 851-8730.





City of Rancho Cordova

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www.cityofranchocordova.org



City Life. Reinvented.