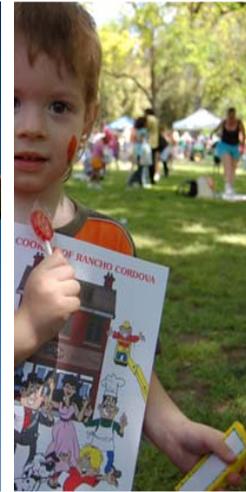


CITY OF RANCHO CORDOVA  
**CITIZENS' FINANCIAL REPORT**  
FISCAL YEAR 2007-2008



City Life. Reinvented.

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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.



*From left to right: Mayor Dan Skoglund, Council Member David Sander, Council Member Robert McGarvey, Vice Mayor Ken Cooley and Council Member Linda Budge*

The Council serves 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 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. The contracts for street maintenance and law enforcement services are with Sacramento County. The City contracts with Allied Waste to provide garbage collection services. In addition, our residents are served by the Sacramento Metropolitan Fire District and the Cordova Recreation and Parks District. Sewer services are provided by Sacramento County and water by various other agencies and private companies.



Dear Citizens of Rancho Cordova,

The City of Rancho Cordova is pleased to present our second Citizens' Financial Report regarding the finances and fiscal condition of the City for the year ending June 30, 2008. 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 financial analysis.

The data was drawn from the audited financial information appearing in the 2008 Comprehensive Annual Financial Report (CAFR) and illustrates the City's strong financial position.

On behalf of the Mayor and City Council, I thank you for taking a moment to read our Citizens Financial Report. We are proud to serve the citizens 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' Financial Report is unaudited and not presented in a GAAP format.



*City Manager, Ted A. Gaebler*



*Finance Director, Donna Silva*





Having incorporated on July 1, 2003, the City of Rancho Cordova is one of California's newest cities. The City, located in Northern California, is part of the greater Sacramento region, which has been 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. It is bound by the American River to the north.

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 systems. With the closure of Mather Air Force Base in 1992 and the decline in the Cold War, the area reinvented itself as the business park center of Sacramento County.

The City of Rancho Cordova is unique among new California cities in that it has more jobs than residents. The City's population is estimated at 61,000 and accommodates approximately 62,000 employees. This large employment base will continue to drive both residential and commercial growth within the City.

Since incorporation in July of 2003, the City has welcomed 3,645 new single family homes and according to a study by the Sacramento Area Council of Governments its population may grow to more than 300,000 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's vision.



The City maintains 76 individual funds. For the purpose of this report they are reported and grouped as follows:

- General Fund
- Other Funds

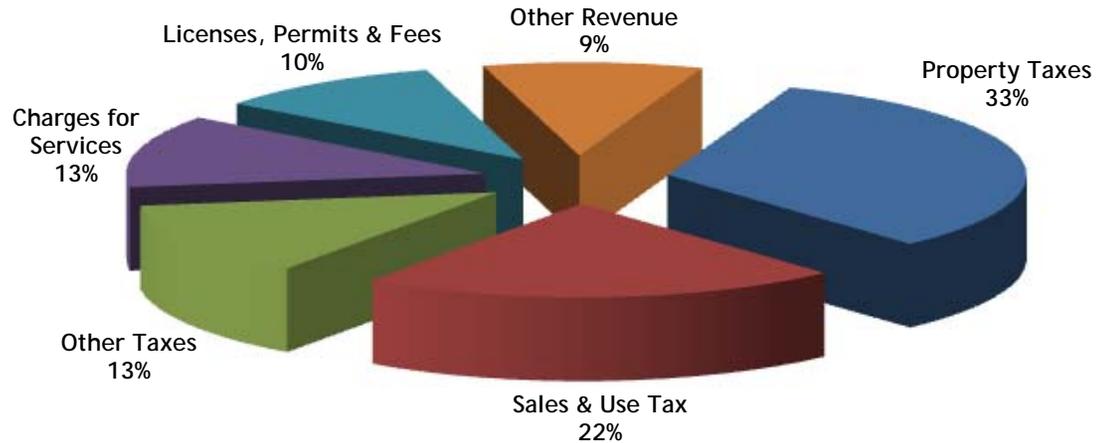
The General Fund is the City’s lifeline and provides both funding and expenditure sources to operate the majority of services delivered to the citizens of the City. Other funds include the Special Revenue funds which are used to track revenues and expenditures that have a specific use, either constrained by law or otherwise needing individualized treatment to properly identify and relate expenditures to specific revenues such as the Redevelopment Agency, Maintenance Districts, Capital Facilities Fees, Development Impact Fees, Gas Tax, Prop 42, Measure A and Grants. 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, 2008, General Fund revenues totaled \$43 million. The two major sources of revenue are Property Taxes and Sales Taxes. Total revenues declined from

**General Fund Revenues (July 1, 2007–June 30, 2008) – \$43 Million**



the prior year by \$4.5 million or 9%. This decline was caused in large part by an adjustment to the tax sharing agreement with the County of Sacramento. The City received \$4 million of one-time revenues in the prior year due to a renegotiation with the county over the sharing of property tax revenues. The remaining \$500,000 decline from the prior year was due to a combination of several factors. Increases in property taxes, due to increases in Prop. 13 assessed valuation and the construction of new homes, were offset by declines in sales tax and other taxes, indicative of the weakening economy. A \$400,000 increase in Charges for Services, indicative of significant improvements in our internal

cost recovery processes and systems, was offset by a \$1 million decline in Licenses, Permits and Fees, again indicative of the weakening economy, most notably the correction in the housing market.

### Expenditures

For fiscal year ending June 30, 2008, the General Fund expenditures totaled \$42 million. Total expenditures did not exceed total revenues meaning that in fiscal year 2008 the City government operated well within its means and was able to generate a small surplus which was used to bolster our reserves.



The total General Fund expenditures of \$42 million represents an increase from the prior year of \$5 million or 14%. 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 among others, City Manager, Finance, Legal, Human Resources and City Clerk. Expenses in this category remained relatively stable from the prior year.

**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 Department as they serve under contract as the Rancho Cordova Police Department. Current year expenses increased 12% from the prior year, largely due to negotiated salary and benefit increases.

**Community Development**

Expenditures in this category represent the expenses associated with Economic Development, Housing, Neighborhood Services (which includes Code Enforcement and Animal Control), Planning, Building and Safety, and Facilities Management. Current year expenses increased 9% from the prior year due to

capital improvements to our building at 2701 Prospect Park, in anticipation of a new tenant, and an increase in staffing levels.

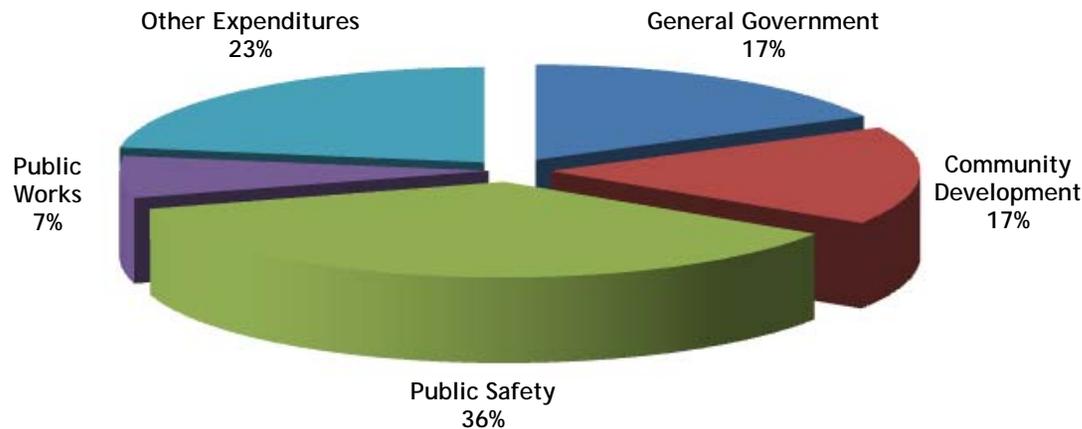
**Public Works**

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. Current year expenses increased 27% from the prior year due to increased road maintenance as well as an increase in staffing levels.

**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 year 2028. The current year payment was \$5,796,888. Current year expenses in the "Other Expenditures" category increased 24% from the prior year primarily due to transfers out for capital improvement projects, completed in prior years.

**General Fund Expenditures (July 1, 2007—June 30, 2008) — \$42 Million**



## City of Rancho Cordova Balance Sheet

June 30, 2008

<i>ASSETS</i>	General Fund	Other Funds	Total
Cash and Investments	\$ 18,304,175	\$ 66,360,240	\$ 84,664,415
Receivables	2,853,834	511,205	3,365,039
Due from other Government Agencies	1,486,670	6,778,620	8,265,290
Due from /Advances to Other Funds	8,100,508	-	8,100,508
Prepaid costs and Other Assets	55,402	210	55,612
<b>Total Assets</b>	<b>\$ 30,800,589</b>	<b>\$ 73,650,275</b>	<b>\$ 104,450,864</b>
<i>LIABILITIES</i>			
Accounts Payable	\$ 2,217,411	\$ 3,230,049	\$ 5,447,460
Other Payables	1,315,693	228,774	1,544,467
Deferred Revenues	445,647	402,293	847,940
Due to/Advances from Other Funds	-	8,100,508	8,100,508
<b>Total Liabilities</b>	<b>\$ 3,978,751</b>	<b>\$ 11,961,624</b>	<b>\$ 15,940,375</b>
<i>FUND BALANCE</i>			
Reserved for:			
Low and Moderate Income Housing	\$ -	\$ 452,710	\$ 452,710
Debt Service		2,708,709	2,708,709
Advances to other Funds	5,053,980	-	5,053,980
Prepaid Costs	55,402	210	55,612
Designated Use Specified by Fund Type		45,296,691	45,296,691
Unreserved:			
Designated for Encumbrances Outstanding	5,094,244	13,230,332	18,324,576
Designated for Economic Uncertainty Reserve	9,419,717	-	9,419,717
Designated for Unrealized Gains	629,322		
Unreserved and Available	6,569,173	-	6,569,173
<b>Total Fund Balance</b>	<b>\$ 26,821,838</b>	<b>\$ 61,688,651</b>	<b>\$ 87,881,167</b>

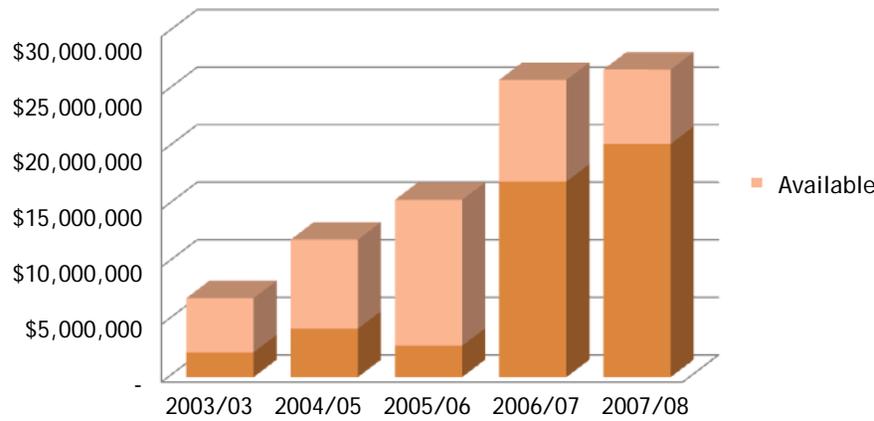
At June 30, 2008 the General Fund has total assets of \$30.8 million and total liabilities of \$3.9 million, leaving a fund balance of \$26.9 million. Of this fund balance, \$20.25 million is reserved or designated leaving an available fund balance of \$6.65 million.

### Fiscal Condition

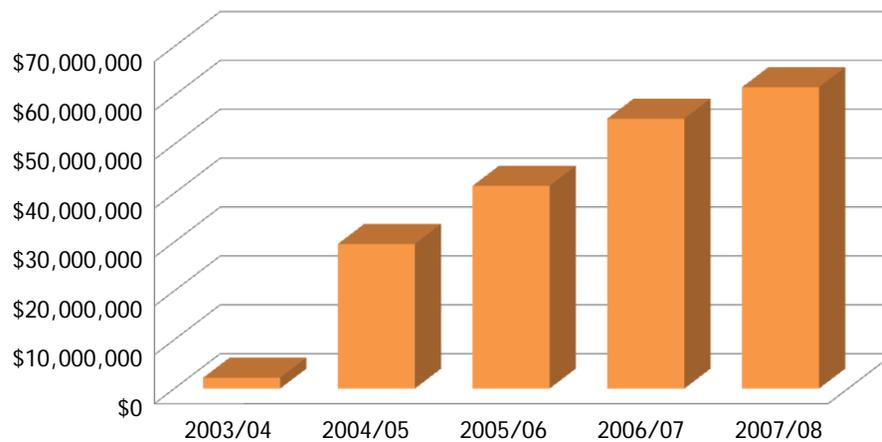
This represents the amount of money above and beyond current year revenues that are available to fund services and/or facility needs of the community. While the total general fund balance has increased from the prior year, available fund balance has fallen by \$2.2 million from the prior year. This decline is due to an increase in the amount reserved for Advances to Other Funds and in the Designation for Outstanding Encumbrances. The General Fund is currently subsidizing three funds, General Plan Fund, Redevelopment Agency and Kilgore Cemetery. These three funds continue to operate at a deficit, increasing the subsidy from the General Fund. The designation for outstanding encumbrances represents the amount remaining on open contracts for services. The portion of this expected to be spent in the next fiscal year, is included in the operating expenditure budget for fiscal year 2008-2009.



## General Fund—Growth in Fund Balance



## Other Funds—Growth in Fund Balance



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 surplus fund balance in a manner that will enhance the lives of all citizens 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 for the facilities and infrastructure for which the fees are assessed and resources allocated.





CITY STAFF DIRECTORY	
City Manager	<i>Ted A. Gaebler</i>
Assistant City Manager	<i>Joe Chinn</i>
City Attorney	<i>Adam Lindgren</i>
Chief Building Official	<i>Tom Trimberger</i>
City Clerk	<i>Mindy Cuppy</i>
Communications Director	<i>Nancy Pearl</i>
Economic Development Director	<i>Curt Haven</i>
Finance Director	<i>Donna Silva</i>
Human Resources Manager	<i>Stacey Peterson</i>
Information Technology Manager	<i>Jay Hadley</i>
Planning Director	<i>Paul Junker</i>
Public Works Director	<i>Cyrus Abhar</i>
Police Chief	<i>Reuben Meeks</i>

## CONTACT 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](http://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 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, 2008. 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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