

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED  
JUNE 30, 2009

**CITY OF RANCHO CORDOVA  
CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2009**

**Prepared by  
FINANCE DEPARTMENT**

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**CITY OF RANCHO CORDOVA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2009**

**INTRODUCTORY SECTION:**

Transmittal Letter .....	i
Organization Chart .....	xii
List of Principal Officers .....	xiii
GFOA Award .....	xiv

**FINANCIAL SECTION:**

<i>Independent Auditor's Report on Basic Financial Statements</i> .....	1
<i>Management's Discussion and Analysis</i> .....	3

**Basic Financial Statements:**

Government-wide Financial Statements:

Statement of Net Assets .....	26
Statement of Activities .....	27

Fund Financial Statements:

Governmental Funds:

Balance Sheet.....	30
Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Assets .....	33
Statement of Revenues, Expenditures and Changes in Fund Balances .....	34
Reconciliation of the Net Change in Fund Balances - Total Governmental Funds with the Statement of Activities .....	36

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:

General Fund .....	37
Sunrise Douglas Special Revenue Fund .....	38
Traffic Mitigation Special Revenue Fund .....	39
Redevelopment Agency Administration Special Revenue Fund .....	40

**CITY OF RANCHO CORDOVA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2009**

**FINANCIAL SECTION (Continued):**

General Plan Special Revenue Fund.....	41
Grants Special Revenue Fund.....	42
Proprietary Funds:	
Statement of Net Assets .....	44
Statement of Revenues, Expenses and Changes in Fund Net Assets.....	45
Statement of Cash Flows .....	46
Fiduciary Funds:	
Statement of Fiduciary Net Assets .....	48
Notes to Financial Statements.....	49

**Supplemental Information:**

***Non-major Governmental Funds:***

Combining Balance Sheets .....	78
Combining Statements of Revenues, Expenditures and Changes in Fund Balances.....	82
Combining Schedules of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual .....	86

***Subcombining Schedules:***

Sunrise Douglas (SD) Special Revenue Funds:

Subcombining Balance Sheet.....	96
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balances.....	98
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual .....	100

Traffic Mitigation Special Revenue Funds:

Subcombining Balance Sheet.....	104
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balances.....	105

**CITY OF RANCHO CORDOVA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2009**

**FINANCIAL SECTION (Continued):**

Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual .....	106
Grant Revenue Special Revenue Funds:	
Subcombining Balance Sheet.....	108
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balances.....	109
Subcombining Schedule of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual .....	110
Villages of Zinfandel (VOZ) Special Revenue Funds:	
Subcombining Balance Sheet.....	112
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balances.....	113
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual .....	114
Community Facilities Fees (CCF) Special Revenue Funds:	
Subcombining Balance Sheet.....	116
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balances.....	118
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual .....	120
<b><i>Internal Service Funds:</i></b>	
Statement of Net Assets .....	126
Statement of Revenues, Expenses and Changes in Fund Net Assets.....	128
Statement of Cash Flows .....	130
<b><i>Agency Funds:</i></b>	
Combining Statement of Changes in Assets and Liabilities.....	134

**CITY OF RANCHO CORDOVA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2009**

**STATISTICAL SECTION:**

***Financial Trends:***

Net Assets by Component – Last Ten Fiscal Years.....	139
Changes in Net Assets – Last Ten Fiscal Years .....	140
Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	142
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years .....	143

***Revenue Capacity:***

General Governmental Tax Revenues by Source – Last Ten Fiscal Years .....	144
Assessed and Estimated Value of Property – Last Ten Fiscal Years .....	145
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years .....	146
Principal Taxpayers – Last Ten Fiscal Years .....	147
Property Tax Levies and Collections – Last Ten Fiscal Years.....	148

***Debt Capacity:***

Ratio of Outstanding Debt by Type – Last Ten Fiscal Years.....	149
Computation of Direct and Overlapping Debt.....	150
Legal Debt Margin Information – Last Ten Fiscal Years.....	151

***Demographic and Economic Information:***

Schedule of Demographic and Economic Statistics – Last Ten Fiscal Years .....	152
Ten Largest Area Employers – Current Year and Nine Years Ago .....	153

***Operating Information:***

Government Employment Information – Last Ten Fiscal Years.....	154
Miscellaneous Statistics.....	155
Capital Asset and Infrastructure Statistics by Function/Program – Last Ten Fiscal Years .....	156



**Dan Skoglund**  
*Mayor*

**Ken Cooley**  
*Vice Mayor*

**Linda Budge**  
*Council Member*

**Robert McGarvey**  
*Council Member*

**David Sander**  
*Council Member*

December 19, 2009

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 (City) for the fiscal year ended June 30, 2009, in compliance with California Government Code. This report is presented in conformance with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accounts. This report may also be accessed online at <http://www.cityofranhocordova.org>.

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 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.

Maze and Associates, a firm of licensed certified public accountants, has audited the City'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, 2009, 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, 2009, are fairly presented in conformity with accounting principles

i

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 is 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's 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.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rancho Cordova for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the first year that the City achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **CITY OF RANCHO CORDOVA PROFILE**

Located in California's northern Central Valley, 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 61,817, according to estimates of the State Department of Finance. 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. Policy-making and legislative authority are vested in a governing council consisting of five members elected at large by voters. The City Council is responsible for appointing the City Manager and the City Attorney, who both serve under contract to the City. All other department heads are appointed by the City Manager.

The City provides municipal services through contracts for street maintenance, street sweeping, legal, planning, and law enforcements services. The City contracts for law enforcement services with the Sacramento County Sheriff’s Department and fire protection is provided by the Sacramento Metropolitan Fire District. Parks and recreation services are provided by the Cordova Recreation and Parks District. The City contracts for street maintenance services from the Sacramento County Public Works Department. Other contracted services are provided by private companies. In-house services include Code Enforcement, Animal Services, Public Works, Building and Safety, and general administration.



## **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.

In an era of national recession and dramatic changes in consumer behavior in the areas of consumption and credit, state and local governments across the nation have taken blows to their budgets through the interconnected cycles of lower employment, lower personal income tax revenues, decreased consumer spending, decreased sales tax revenues, and decreased housing prices resulting in lower property and transfer tax receipts.

Positively, in this current time of economic stress, the City of Rancho Cordova remains fiscally strong. During the 2008-09 Fiscal Year, Standard & Poor’s acknowledged this by increasing the City’s bond rating two letter grades, from A- to A+, a remarkable achievement for a City with less than seven years of incorporation. While we are responsibly monitoring revenues and expenses, we are concerned about what future uncertain years may hold. To that end, the City is strongly committed to innovatively and creatively using strategic actions to maintain good financial health.



## Major Industries Past and Present

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 Manufacturing was instrumental in the race to the moon and supplier of the Cold War defense. In response to the closure of Mather Air

Force Base in 1992 and the diminishing of 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, wholesale and retail trade, financial activities, and transportation and utilities. There are approximately 45,000 jobs in over 2,900 business establishments citywide. Among these establishments are several private sector employers with over 1,000 employees, including Aerojet, Vision Service Plan, Delta Dental, Electronic Data Systems Corp. (EDS), Franklin Templeton, and Verizon.

Rancho Cordova continues to be an attractive place for corporate and higher education establishments. Rancho Cordova is home to several postsecondary education colleges, such as

- San Joaquin Valley College
- Heald Business College
- Folsom Lake College: Rancho Cordova Center
- ITT Technical Institute
- University of Phoenix Inc.
- High Tech Institute
- Humphreys College
- Bryan College
- Embry-Riddle Aeronautical University
- University of California Cooperative Extension
- Vocational Evaluation Services
- California Northstate College of Pharmacy (newly established during the 2008-09 FY)

Corporately, Pearson and Bloodsource, Inc. Blood Collection and Testing Lab moved their locations to Rancho Cordova. Volcano Corporation, a medical manufacturing corporation, renewed its ten year lease for their facility, which employs over 600. First American Core Logic doubled its local employment by moving regional offices to Rancho Cordova. Headlines from around the nation spoke of big box retailers closing as consumer spending decreased. While Rancho Cordova lost one of these retailers, Mervyn's, its space was replaced with a new Kohl's store, and a remodel of Target began midway through the 2008-09 Fiscal Year, with completion in September 2009. Another commercial center, Zinfandel Place, was completed, bringing



several new restaurants to the business park area. CVS and Walgreens opened new retail locations in the more recently developed areas of Rancho Cordova.

### Regional Job Growth

Unemployment rates continue to suffer in the nationwide economy. Overall, the Sacramento Region experienced a decline in average annual job growth of 5.2%, with unemployment rates reaching 12% by the end of the 2008-09 fiscal year. This translates into a decrease of 48,500 jobs in

the Sacramento region over the past fiscal year. The Sacramento region’s job declines are on par with the state and slightly worse than the national average, with job declines of 5.2% and 4.2%, respectively.

Rancho Cordova’s unemployment rate, based on residents, hit 13.6% in June 2009, up 5.1% from June 2008. Out of the 3,000 businesses located in Rancho Cordova, nine companies experienced “significant” layoffs of at least 50 employees, including Franklin Templeton, Aerojet, Mervyns, IndyMac Bank, Automotive Import Manufacturing, and Delta Dental. Many other companies did major restructuring, laying off administrative and support staff and hiring sales and market staff to reposition themselves in the new economy.

### Real Estate

For the first time since Proposition 13 in 1978, Sacramento County’s property tax rolls declined from the previous year by 6.4%. This will result in a delayed impact to the City, as property tax receipts are received after assessments are made.

Home foreclosures continue to have some impact, though somewhat less than the initial months of the previous fiscal year. As of March 2009, Rancho Cordova’s home foreclosure rate was 1.44%, compared with Sacramento County’s home foreclosure rate of 1.65%. Positively, Rancho Cordova’s residential real estate market has a comparatively high turnover rate with that of the County, with only 3.6% of properties on the market after 12 months as compared to 8.5% for Sacramento County, suggesting the desirability and affordability of Rancho Cordova’s homes and neighborhoods.

The City continues to closely monitor foreclosed properties in each neighborhood to ensure the safety and security of the properties themselves, of residents living near foreclosed properties, and to prevent blight and crime associated with vacant properties. With the bulk of the

residential foreclosure hits having already occurred, commercial real estate now appears to be suffering from similar fates, with many properties in the region going into receivership. The Highway 50 corridor's commercial vacancy rate at the end of FY 2008-09 was slightly higher than the Sacramento region, with an office vacancy rate of 17.9% (compared to 15.9% region wide), industrial vacancy rate of 11.3% (compared to 11.5% region wide), and retail vacancy rate of 19.8% (compared to 12.9% region wide). The City's Economic Development team is well-positioned to work with struggling businesses to provide available assistance needed to ensure that properties remain occupied in Rancho Cordova. During the 2008-09 Fiscal Year, the City, in conjunction with the County and City of Sacramento, successfully applied for an enterprise zone designation from the State. This highly competitive opportunity, limited to only a few applicants Statewide, allows Rancho Cordova to offer tax incentives to businesses that choose to locate in the city.

## MAJOR INITIATIVES

Our citizens, business leaders, and community leaders recognize that many other factors, including education, community health and vibrancy, and infrastructure, among other things, contribute to the overall quality of life of Rancho Cordova. Over the past fiscal year, the City has accomplished several goals that further the desires of the community to foster a positive image and quality of life for Rancho Cordova.

Now five years into cityhood, the City began the process of maturing and developing as a City, moving on from the "citybuilding" stage of activities to greater levels of long-term planning and investment in the community. The City was recognized for its accomplishments by local news media, through awards, and by its citizens. The November 2008 election brought a great deal of change to the national political landscape; three of the City's council members ran unopposed, resulting in an election that further reinforced the stability of the City's management, its policies, and financial practices to the approval of voters.

While the State of California and many cities in the state were the focus of negative headlines speaking of layoffs, furlough days, and major service cutbacks, the City of Rancho Cordova enjoyed positive news coverage; the title of a Sacramento Bee editorial published shortly after the close of the 2008-09 fiscal year seems to simply convey the message of the City's actions: "Here's one city that has it right." (Sacramento Bee, July 10, 2009).



The 2008-09 Fiscal Year saw the accomplishment of many Citywide goals and long-planned projects, such as the establishment of the City's first local transportation system, the *Rancho CordoVan* pilot shuttle program. The commuter shuttle transports riders from a lightrail station to various locations in

the business park, fostering improved connectivity and more options for the thousands of employees who commute to Rancho Cordova's business area every day. The project won the American Public Works' Association's "Innovative Small Project of the Year."

In February 2009, the City adopted its own zoning code, establishing consistency with the General Plan and making a symbolic "break" from Sacramento County in terms of the City's ability to determine its own land use policies.

In that same vein, the City continued to work on a property tax sharing agreement with the County to annex a 748 acre area of land adjacent to existing City boundaries. The negotiation and LAFCo resolution were unanimously approved in December 2009, after a substantial amount of preparatory work during the 2008-09 fiscal year. The annexation will result in an additional \$1 to \$1.5 million in tax revenues to the City, after fully recovering the cost of providing services to the newly annexed area.

The City continued in its multi-year goal of fostering strong neighborhoods, an especially relevant initiative to meet the challenges of foreclosures, blighted and vacant properties. During the year, the City Council passed several ordinances to implement and refine this initiative, including a foreclosure ordinance that requires banks to keep all foreclosed properties secured and blight free, vicious animal and animal licensing regulations, moratoria on sensitive business uses, and regulations on sex offenders. The Neighborhood Services Division is responsible for ensuring that all non-maintained or unsecured vacant buildings are identified and either abated by the property owner or placed on a vacant building monitoring program so that these properties do not become public nuisances or endangerment to the community.



Ensuring a safe community remains an important goal of the City. Rancho Cordova has seen a steady downward trend in overall crime. The Rancho Cordova Police Department, staffed by Sacramento County Sheriff's deputies, continues to provide quality service to the community. The Department established its Police Activities League (PAL) in August 2008; the highly successful non-profit community outreach program provides education, mentoring and guidance to young people in the community through a variety of positive activities.

In terms of assets and infrastructure, the City capitalized several major projects, for a total value of \$34 million, during 2008-09, including:

- Improvements to City facilities to maintain class A, leasable office space

- Software systems to enhance workflow, accuracy, and reporting of key statistics such as building permits, cashiering, and geographic information systems (GIS).
- Generator to provide key backup in case of emergency and to power a citywide Emergency Operations Center now established in City Hall.
- Land acquired by the City’s Redevelopment Agency through eminent domain, resulting in the demolition of dilapidated, substandard housing.
- Capital Improvement Projects, including Folsom Boulevard and Mather Field Road enhancements, White Rock Park pedestrian safety improvements, and the 2008 Traffic Calming Project.



On Feb. 13, 2009, Congress passed the American Recovery and Reinvestment Act of 2009 (ARRA) as a direct response to the economic crisis, with the goals of fostering job creation, spurring economic activity, investing in long-term economic growth, and encouraging transparency in government spending.

ARRA provided new funding sources for several “shovel-ready” City infrastructure projects, supplementing other Federal, State, and regional funding secured for transportation projects. These various funding awards include:

- \$877,947 in Proposition 1B funding for Local Street and Road Maintenance from the State Controller’s Office.
- A FY 2009, federal appropriation of \$237,500 for the International Drive Extension and Bridge over the Folsom South Canal project as supported by Congressman Lungren.
- Sacramento Area Council of Governments (SACOG) award of \$1,121,360 in ARRA funding for a road rehabilitation project on Coloma Road.
- SACOG award of \$1,287,500 in ARRA Phase II funding allocation for the International Extension and Folsom South Canal Bridge project.



Behind all of the various initiatives and projects that were begun and completed during the fiscal year are an incredibly motivated and capable staff. Rancho Cordova City staff were recognized by several outside organizations for their dedication to the

community and commitment to making the City of Rancho Cordova a quality employer, including receiving the 2009 Sacramento Workplace Excellence Leader Award for a small government category. City staff has volunteered hundreds of hours in the community over the past year, for which they have also been recognized.

### **Fiscal Year 2010-11 Initiatives**

For the coming fiscal year, City management is committed to meeting its ongoing goals and priorities in several ways:

- Continue to safeguard the public's funds by monitoring and maintaining a balanced budget and keeping City Council and community priorities for services despite dramatically challenging economic times, and fostering employee creativity to explore new revenue sources and expenditure savings.
- Create and implement service transition plans for the "Finger" area which will be officially annexed into the City on July 1, 2010.
- Complete design and construction of various Capital Improvement Projects, including the 2008 Coloma Road Rehabilitation project, Sunrise Boulevard frontage improvements, and Folsom Boulevard water line improvements and enhancements.
- Continue to work with Federal and State officials to secure various funding opportunities and grants for infrastructure projects.
- Complete a comprehensive fee study to ensure that the City's fees are guaranteeing a fuller level of cost recovery.
- Administer its 2010 Biennial Public Opinion Survey to receive feedback from the public about the City's performance and provide direction for future services.
- Work with the Sacramento County Sheriff and Rancho Cordova Police Department to continue to provide a high level of public safety and improve public perception despite challenging budgetary matters.
- Develop a long-range social marketing and outreach program for the City's Strong Neighborhoods focus of improving the appearance and safety of the City's neighborhoods.
- Assist the Sacramento Children's Museum to meet its goal of being open and operational by the end of FY 2009-10.

These are only a few of the ways that we are prudently managing our financial resources and anticipating the continuing fiscal environment. We intend to largely focus our energies on the existing resources we have available, strengthening our physical, business, and social infrastructure. The management practices and policies that we have put in place have proven to be fruitful in ensuring a balanced budget each year; we are confident that this positive trend will continue this year and in the years to come.

## **FINANCIAL INFORMATION**

### **Annual Budget**

The City of Rancho Cordova operates on a fiscal year basis, beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>. 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 the report for each individual governmental fund for which an appropriated annual budget has been adopted. The City's budgetary procedures are further discussed in Note 2 to the Financial Statements.

### **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.

### **Risk Management**

The City participates in CSAC Excess Insurance Authority (EIA) for general liability insurance and workers compensation insurance. The total coverage is \$20 million for liability related claims and the statutory limit for workers' compensation claims. The City has commercial insurance policies for Excess Workers' Compensation, Boiler and Machinery, Property and Commercial Crime.

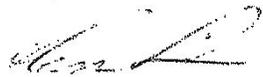
### **Other**

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

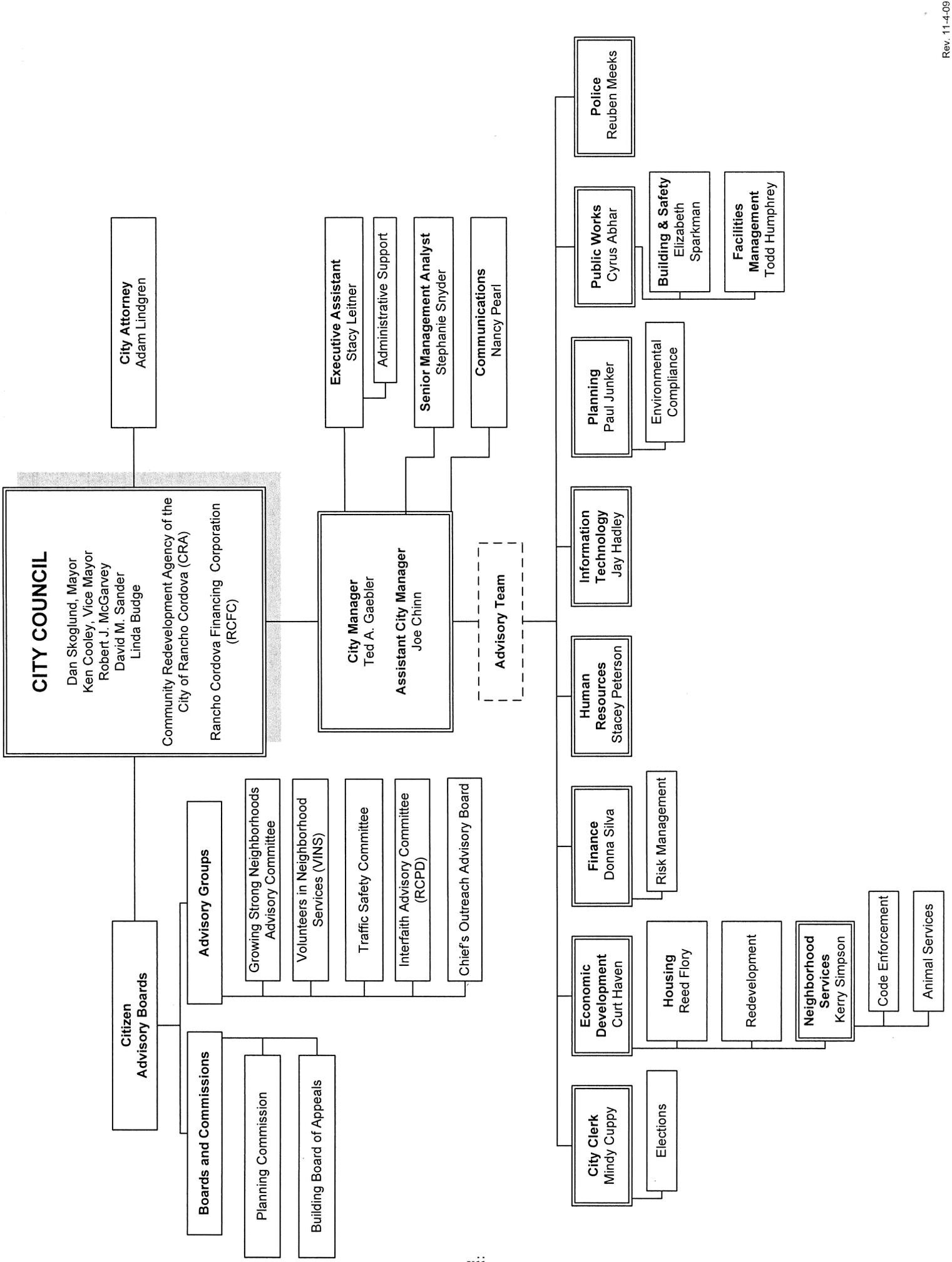
## Acknowledgements

The City of Rancho Cordova and the Finance Department take great pride in the preparation of this report. The professionalism, commitment and effort of each member of the Finance Department have made this presentation possible. We also want to thank the other City departments who assisted and contributed to the preparation of this report. Finally, we appreciate the dedication of the Mayor, City Council and City Manager who have supported our goal of excellence in all aspects of financial management, consistent with the City's mission to protect, preserve and enhance the quality of life for present and future generations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Donna Silva", written over a horizontal line.

Donna Silva, CPA  
Finance Director



**CITY OF RANCHO CORDOVA  
PRINCIPAL OFFICERS  
JUNE 30, 2009**

**ELECTED OFFICIALS**

**Dan Skoglund**  
Mayor

**Ken Cooley**  
Vice Mayor

**Linda Budge**  
Council Member

**Robert McGarvey**  
Council Member

**David Sander**  
Council Member

**EXECUTIVE TEAM**

**Ted Gaebler**  
City Manager

**Joe Chinn**  
Assistant City Manager

**Adam Lindgren**  
City Attorney

**Mindy Cuppy**  
City Clerk

**Nancy Pearl**  
Communications Director

**Curt Haven**  
Economic Development Director

**Donna Silva**  
Finance Director

**Paul Junker**  
Planning Director

**Reuben Meeks**  
Police Chief

**Cyrus Abhar**  
Public Works Director, Building Official

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rancho Cordova  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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



A stylized handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

**INDEPENDENT AUDITOR'S REPORT ON  
BASIC FINANCIAL STATEMENTS**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rancho Cordova as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the City as of June 30, 2008 were audited by other auditors whose report dated December 19, 2008 was unqualified.

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

In our opinion, the basic financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009 and the respective changes in the financial position and cash flows, where applicable, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

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

*Mane & Associates*

December 3, 2009

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Rancho Cordova, CA (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City during the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with our letter of transmittal which begins on page i and the basic financial statements, beginning on page 26.

The Comprehensive Annual Financial Report (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's Discussion and Analysis
  - Basic Financial Statements
    - Government-wide Financial Statements
    - Fund Financial Statements; and
    - Notes to the Financial Statements
  - Supplementary Information
  - Combining Financial Statements and Schedules
- *Statistical Information*

## FINANCIAL HIGHLIGHTS

- As of June 30, 2009, total assets of the City exceeded its liabilities by \$358.2 million (*net assets*). Of this amount, \$23.9 million (*unrestricted net assets*) may be used to meet ongoing obligations to citizens and creditors, but is subject to designation for specific City programs; \$67.5 million of the total amount are *restricted net assets* and must be used only for specific purposes. The remaining \$266.7 million is *invested in capital assets, net of related debt*.
- The City's total net assets increased by \$29.5 million. Net assets of the governmental activities increased \$29.5 million, which represents a 9.0% increase from 2008, and business-type assets decreased \$37.9 thousand, which represents a 30.2% decrease from 2008.
- As of June 30, 2009, the City governmental activities reported combined net assets of \$358.2 million. Of that, \$25.3 million is available to meet the City's current and future needs (*unrestricted net assets*).
- The City's reserve policy requires a minimum fund balance reserve be maintained at all times in the General Fund. The minimal, optimal level required for this reserve is 20% of the General Fund operating budget. At the end of the fiscal year, the economic uncertainty reserve balance was \$9.4 million, unchanged from last year. The General Fund budget for 2009/10 is \$38.7 million, requiring a \$7.7 million reserve at a minimum. In light of the current economic situation, management felt it was appropriate *not to* decrease the reserve amount.
- The City's General Fund reported a surplus of \$317 thousand for the year ending June 30, 2009, creating an ending fund balance of \$27.1 million.

## OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The financial statements presented herein include all of the activities of the City of Rancho Cordova and its component units using the integrated approach as prescribed by the

Governmental Accounting Standards Board (GASB) Statement No. 34. The City's basic financial statements consist of three components: **1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.** This report also includes supplementary information in addition to the basic financial statements themselves.

The primary unit of the government is the City of Rancho Cordova and its component units are described as follows:

- **The Primary Government** - The City of Rancho Cordova was incorporated in 2003 under the general laws of the State of California. The City operates under a council-manager form of government and provides the following services: Public Safety (Police and District Attorney), Streets, Public Improvements, Planning and Zoning, and General Administrative Services.

The accompanying annual financial report includes the financial activities of the City of Rancho Cordova, the primary government, and its component units, which are the City of Rancho Cordova Community Redevelopment Agency, and the City of Rancho Cordova Public Financing Corporation. Financial information for the City and these component units are accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by GASB. The City Council members, in concurrent session, serve as the governing board of the Redevelopment Agency and the Public Financing Corporation, and, as such, these entities are presented on a blended basis.

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

#### ***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

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

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

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses that are reported in this statement will result in cash flows in future fiscal periods, such as earned but unused vacation leave. Additionally, certain eliminations have occurred as prescribed by GASB Statement No. 34 in regards to interfund activity, payables and receivables.

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

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

The Government-Wide Financial Statements can be found on pages 26 and 27 of this report.

### ***FUND FINANCIAL STATEMENTS***

The Fund Financial Statements report the City's operations in more detail than the Government-wide Financial Statements by providing information about the City's most significant funds – not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by state law or by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes (such as impact fees for infrastructure construction) or to show it is meeting legal responsibilities for using certain taxes, grants and other money (such as grants received from the U.S. Department of Transportation for public works projects). The basis of accounting used in each fund depends upon the fund type, i.e. Governmental, Fiduciary or Proprietary.

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

Because the focus of each governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities and explain the differences created by the integrated approach.

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

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

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

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

The governmental fund financial statements can be found on pages 30 and 34 of this report.

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

The proprietary fund financial statements can be found on pages 44 and 45 of this report.

**FIDUCIARY FUNDS** - These funds are used to account for resources held for the benefit of parties outside of the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. While the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes, the City itself does not directly provide those services or programs. The fiduciary fund financial statements only report a balance sheet and do not have a measurement focus.

The fiduciary fund financial statements can be found on page 48.

#### ***NOTES TO THE FINANCIAL STATEMENTS***

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the financial statements, beginning with page 49.

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

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

This report also contains statistical information that may be useful to readers of this report. This information can be found in the last section of this report, starting at page 139.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### STATEMENT OF NET ASSETS

As noted earlier, net assets may serve over time as a useful indicator of results of the City's operations. At June 30, 2009, net assets of the City were \$358.2 million which is an increase of \$29.5 million from the prior year and is greater than the prior year increase of \$21.9 million. The continued increases in net assets each year indicate the City is consistently maintaining or improving its financial position. City policymakers, management and staff have diligently monitored City activities and adjusted as needed facing the current economic downturn. Governmental activities assets (*exceeding liabilities*) increased by \$29.5 million over last year, while business-type activities assets (*exceeding liabilities*) decreased minimally (*from \$125.6 thousand to \$87.7 thousand*).

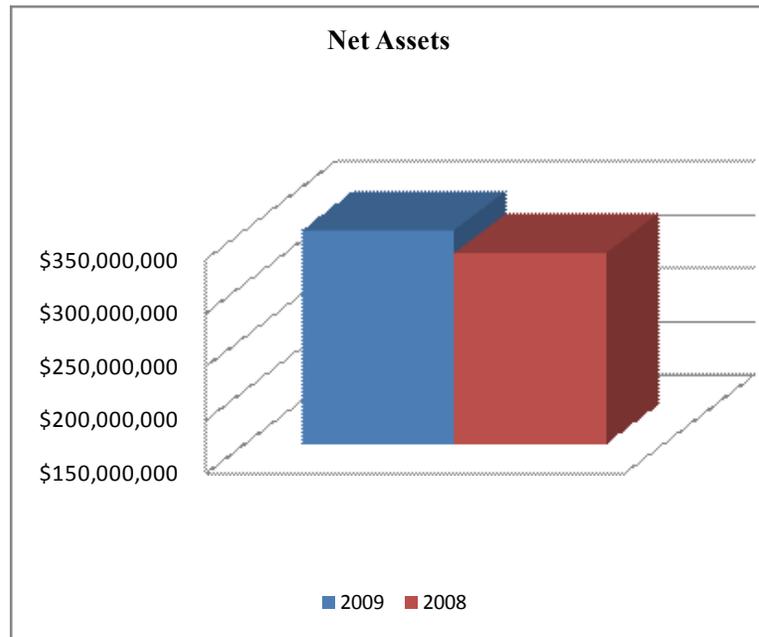
The condensed Statement of Net Assets for the fiscal years ended June 30, 2009 and 2008 allows for analysis of the City's net assets as a whole.

#### Net Assets of Governmental and Business-type Activities

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current assets	\$ 101,229,007	\$ 98,420,766	\$ (1,395,389)	\$ (1,341,578)	\$ 99,833,618	\$ 97,079,188
Capital assets	289,720,257	265,058,336	1,489,554	1,470,806	291,209,811	266,529,142
Total Assets	<u>390,949,264</u>	<u>363,479,102</u>	<u>94,165</u>	<u>129,228</u>	<u>391,043,429</u>	<u>363,608,330</u>
Current liabilities	\$ 8,436,279	\$ 9,630,924	\$ 6,436	\$ 3,605	\$ 8,442,715	\$ 9,634,529
Long-term liabilities						
outstanding	24,448,164	25,280,010	-	-	24,448,164	25,280,010
Total Liabilities	<u>32,884,443</u>	<u>34,910,934</u>	<u>6,436</u>	<u>3,605</u>	<u>32,890,879</u>	<u>34,914,539</u>
Net Assets:						
Invested in capital,						
net of related debt	\$ 265,248,656	\$242,668,370	\$ 1,489,554	\$ 1,470,806	\$266,738,210	\$ 244,139,176
Restricted	67,519,112	66,637,771	-	-	67,519,112	66,637,771
Unrestricted	25,297,053	19,262,027	(1,401,825)	(1,345,183)	23,895,228	17,916,844
Total Net Assets	<u>\$ 358,064,821</u>	<u>\$328,568,168</u>	<u>\$ 87,729</u>	<u>\$ 125,623</u>	<u>\$358,152,550</u>	<u>\$ 328,693,791</u>

The City's net assets as of June 30, 2009, were comprised of the following:

- Again this year, the largest portion of total assets consists of the City's capital assets (for example, land, buildings and infrastructure), totaling \$291.2 million or 74.5%.
- Cash and investments comprised \$89.8 million in the city treasury and \$2.7 million of restricted cash held with fiscal agents. Substantially all of these amounts were held in relatively short term investments in governmental securities, as detailed in Note 3 of the financial statements. To meet current needs, the significant cash and investment reserves provide ongoing operating resources.
- Receivables (\$4.9 million) consist of accounts receivable, interest receivable and monies due from other governments. The accounts receivable and due from other government amounts are further detailed in Note 4 of the financial statements.
- Net assets invested in capital assets, net of related debt (\$266.7 million) represents the City's investment in infrastructure and other capital assets.
- Restricted net assets, totaling \$67.5 million, represent resources that are subject to restrictions on how they may be used, such as to construct specified capital projects, debt service or for other community projects.
- Unrestricted net assets that can be used to meet the government's ongoing obligations to citizens and creditors increased to \$23.9 million.



The following is the condensed Statement of Activities and Changes in Net Assets for the fiscal years ending June 30, 2009 and 2008:

	<b>Changes in Net Assets</b>					
	Governmental Activities		Business-type Activities		Total	
	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
<b>Revenues:</b>						
Program Revenues						
Charges for services	\$ 9,145,082	\$ 22,585,801	\$ 48,277	\$ -	\$ 9,193,359	\$ 22,585,801
Operating grants & contributions	8,976,488	3,578,050	-	-	8,976,488	3,578,050
Capital grants & contributions	34,331,931	9,461,811	-	-	34,331,931	9,461,811
General Revenues:						
Taxes	31,019,027	32,496,991	-	-	31,019,027	32,496,991
Investment Earnings	2,983,325	5,188,665	210	120	2,983,535	5,188,785
Transfers	-	-	-	-	-	-
Other	1,364,550	6,621,970	-	-	1,364,550	6,621,970
Total Revenues	<u>87,820,403</u>	<u>79,933,288</u>	<u>48,487</u>	<u>120</u>	<u>87,868,890</u>	<u>79,933,408</u>
<b>Expenses:</b>						
General Government	23,835,036	28,454,471	-	-	23,835,036	28,454,471
Community Development	6,972,540	7,353,683	-	-	6,972,540	7,353,683
Public Safety	16,027,526	15,614,787	-	-	16,027,526	15,614,787
Public Works	10,049,574	4,950,568	-	-	10,049,574	4,950,568
Interest and fiscal charges	1,439,074	1,563,374	-	-	1,439,074	1,563,374
Cemetery	-	-	86,381	71,680	86,381	71,680
Total Expenses	<u>58,323,750</u>	<u>57,936,883</u>	<u>86,381</u>	<u>71,680</u>	<u>58,410,131</u>	<u>58,008,563</u>
Increase in Net Assets	<u>29,496,653</u>	<u>21,996,405</u>	<u>(37,894)</u>	<u>(71,560)</u>	<u>29,458,759</u>	<u>21,924,845</u>
<b>Net Assets -- Beginning of Year</b>	<u>328,568,168</u>	<u>306,571,763</u>	<u>125,623</u>	<u>197,183</u>	<u>328,693,791</u>	<u>306,768,946</u>
<b>Net Assets -- End of Year</b>	<u>\$ 358,064,821</u>	<u>\$ 328,568,168</u>	<u>\$ 87,729</u>	<u>\$ 125,623</u>	<u>\$ 358,152,550</u>	<u>\$ 328,693,791</u>

### ***REVENUE HIGHLIGHTS***

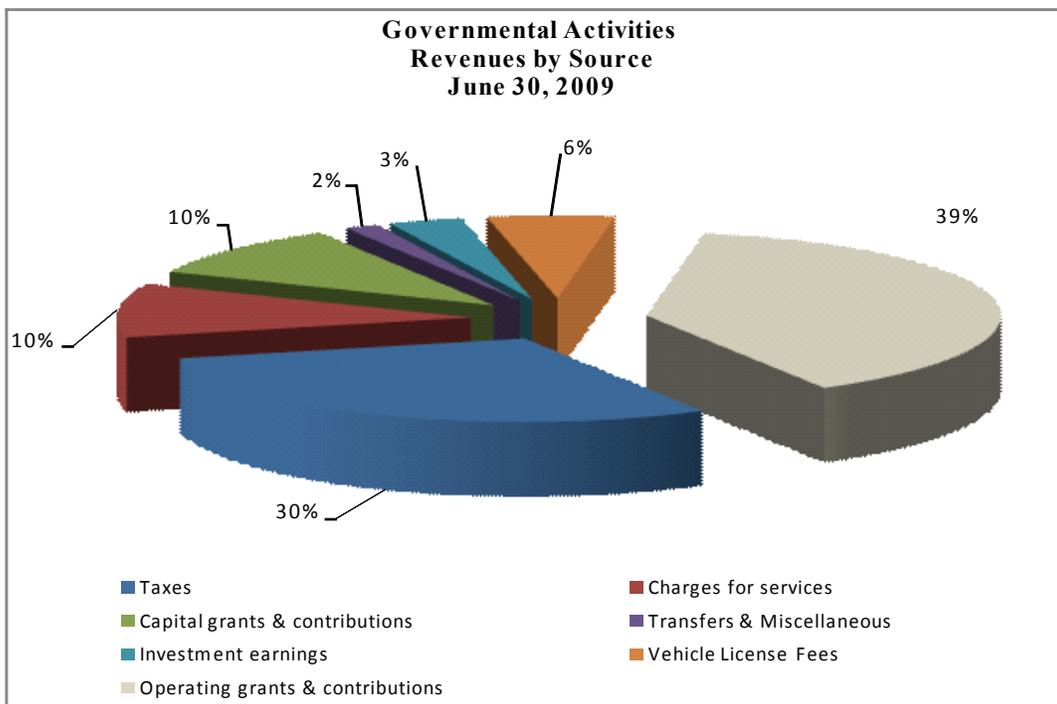
As the table above shows, the Kilgore Cemetery (the City's lone business-type activity) is still in its infancy. The City spent the 2007/08 year establishing a partnership with the Fair Oaks Cemetery District and implementing a cemetery data management software system. With this accomplished, the City was able to begin selling burial rights to our citizens in September 2008, resulting in the generation of charges for services in the amount of \$48.3 thousand. Total expenses exceeded total revenues and will continue to do so until phase 2 of the cemetery expansion is completed. Phase 2 of the expansion will create additional burial plots and associated endowment revenues, which will create the ongoing interest income necessary to provide for the maintenance of the facility. With minimal activity relating to the cemetery, the remainder of this discussion will focus more on the governmental activities.

In spite of the recession, total revenues increased over the prior year by \$7.9 million due exclusively to the acquisition and spending of various capital and operating grants and contributions, which for the second consecutive year was our largest source of revenue. The continued decline in the construction industry and related fees supports the dramatic decrease in revenues from charges for services. Tax revenues were down due to decreases in sales tax generating transactions and continued roll backs in the assessed valuation of real property.

The City continues to seek outside funding to support its activities, as evidenced in the significant increase in capital grants and contributions (\$24.9 million or 3.6 times the prior year). The Public Works department expended federal and state capital grants on the Mather Field at US 50 Interchange Landscaping project, the Folsom Blvd and Mather Field Road Enhancement project, the Street Rehabilitation project and the White Rock Neighborhood Pedestrian Safety Improvements project. The Police Department has multiple Office of Traffic Safety (OTS) grants for various programs, such as, Driving Under the Influence (DUI) Enforcement and Awareness Programs, Traffic Enforcement Program and Occupant Protection, and a Speed, Collision and DUI Reduction Program. The Police Department has also been able to team up with other agencies to get additional OTS grant funds for programs like the Click It or Ticket program and the Illegal Street Racing program.

Other grant funds the City continues to receive are the Department of Justice Weed and Seed, Community Development Block Grant (CDBG) from the U.S. Department of Housing and Urban Development and the State's Citizens Option for Public Safety Program Funds (COPS). The Weed and Seed program is a five-year grant that brought the City \$150,000 to \$200,000 each year in grant funds. These monies are used to prevent, control, and reduce violent crime, drug abuse, and gang activity in targeted high-crime neighborhoods. However, in fiscal year 2008/09 the City started spending the final year of the Weed and Seed funds. The final funds from the Weed and Seed grant are planned to end in fiscal year 2009/10. The CDBG program is a program that provides communities with resources for their community development needs. Some of the programs under the CDBG are a Seniors Nutrition Program, Cordova Activities for Kids, Domestic Violence Counseling, and Emergency Housing Repair Loans. The COPS grant provides start up monies for new programs relating to traffic safety and for new police equipment such as radar, communication equipment and portable security cameras.

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



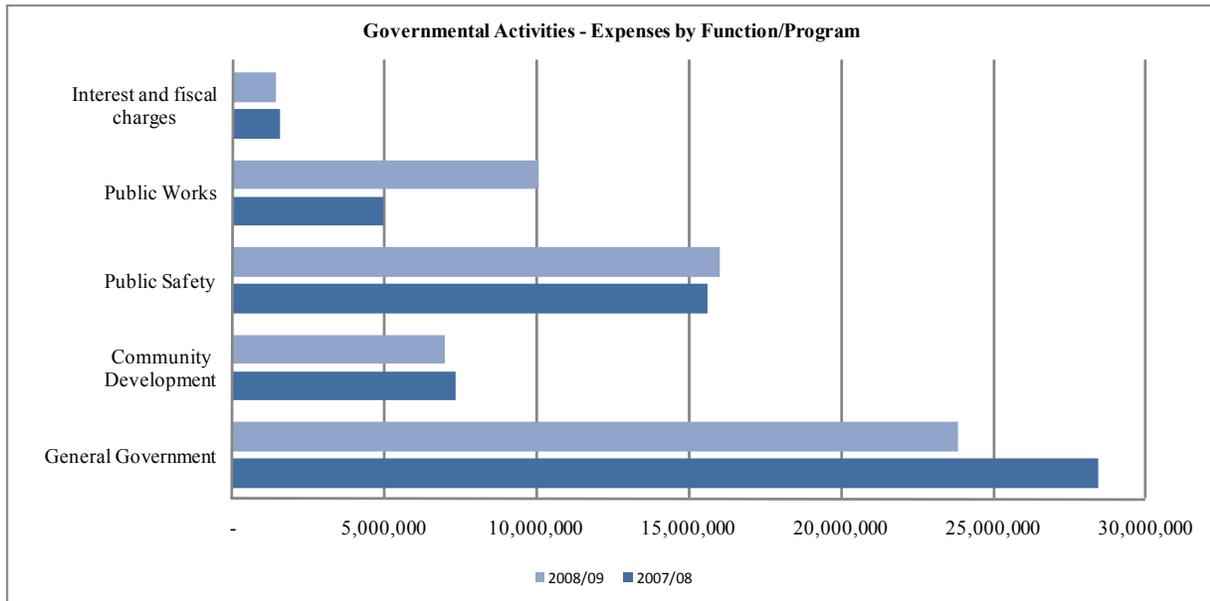
**EXPENSE HIGHLIGHTS**

As previously mentioned in the revenue discussion, the Kilgore Cemetery had minimal activity this year as the City prepared to open the cemetery to new burials. The total expenses of approximately \$86 thousand were primarily on-going maintenance costs and software costs.

Total expenses for governmental activities were \$58.3 million, \$387 thousand more than the prior fiscal year. These expenses were offset by:

- capital grants and contributions from outside agencies (an increase of \$24.9 million from FY 2007/08)
- operating grants and contributions (increased \$5.4 million from FY 2007/08)

On a functional level, General Government program expenses (\$23.8 million), comprised 41% of the total, decreasing by \$4.6 million from the prior year in response to the recessed economy and a change in the classification of expenses between General Government and Public Works. Public Safety costs edged up by \$412 thousand, or 2.64%, due to negotiated salary adjustments offset by savings in fleet management and position vacancy control. Community Development expenses were reduced 5.18% from the prior year, again, in response to the recessed economy.



**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

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

**GOVERNMENTAL FUNDS** - The focus of the City’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the City’s financing requirements. Fund accounting utilizes the modified accrual method of accounting which expenses the purchase of capital assets and current-year debt

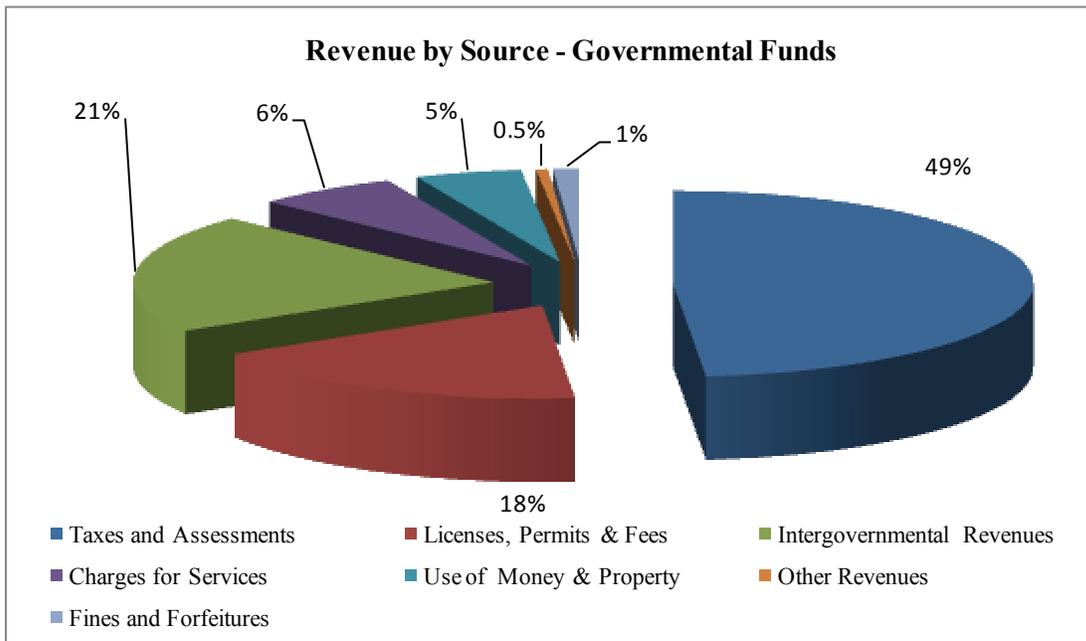
payments. Revenues earned during the year are only recognized if received within a short time frame of year end. This is the basis of accounting used for the quarterly financial reporting to the City Council.

The General Fund and six major funds are included in the City's governmental funds statements for FY 2008/09. An analysis of the significant balances and transactions in these funds are to follow.

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

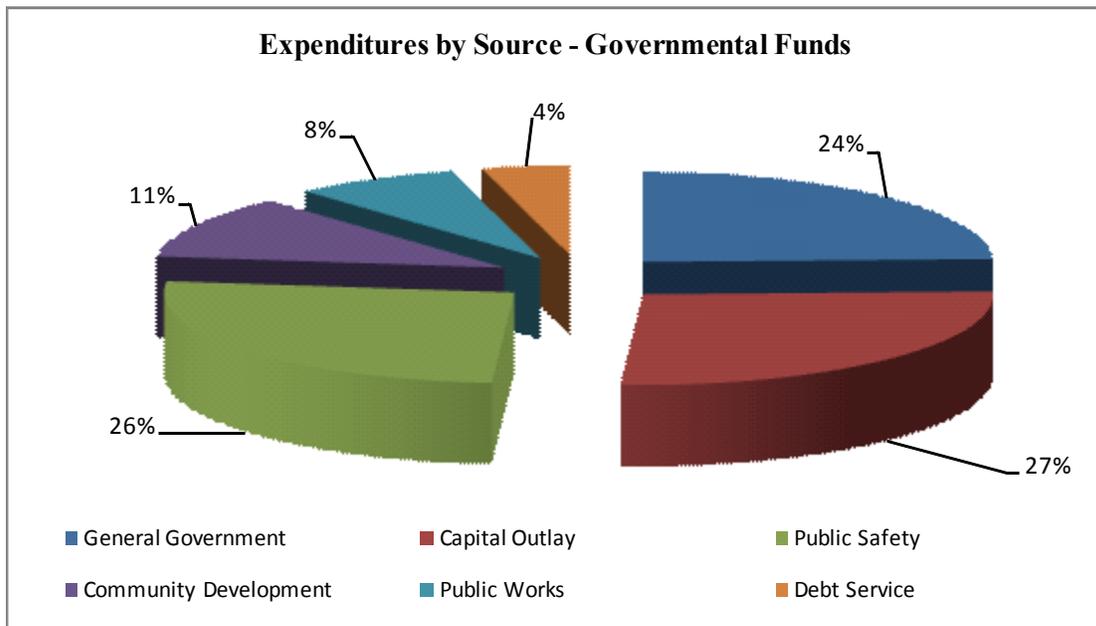
	<u>2008/09</u>	<u>2007/08</u>
Revenues:		
Taxes and Assessments	\$ 31,795,690	\$ 32,140,342
Licenses, Permits & Fees	11,606,702	16,406,734
Fines and Forfeitures	777,339	735,999
Use of Money & Property	3,135,499	5,095,186
Intergovernmental Revenues	13,609,918	13,000,346
Charges for Services	4,215,834	5,443,068
Other Revenues	<u>353,094</u>	<u>1,581,394</u>
Total Revenues	<u>65,494,076</u>	<u>74,403,069</u>
Expenditures:		
General Government	15,117,347	20,729,058
Community Development	6,972,540	7,353,683
Public Safety	16,027,526	15,614,787
Public Works	4,689,463	4,950,568
Debt Service	2,532,505	2,531,128
Capital Outlay	<u>16,370,213</u>	<u>15,697,381</u>
Total Expenditures	<u>61,709,594</u>	<u>66,876,605</u>
Excess (Deficiency) of Revenues over Expenditures	3,784,482	7,526,464
Other Financing Sources (Uses):		
Transfers In	22,288,975	18,212,921
Transfers Out	<u>(23,536,456)</u>	<u>(18,712,921)</u>
Total Other Financing Sources (Uses)	<u>(1,247,481)</u>	<u>(500,000)</u>
Net Change in Fund Balances	2,537,001	7,026,464
Fund Balances, beginning of year	<u>88,433,077</u>	<u>81,406,613</u>
Fund Balances, end of year	<u>\$ 90,970,078</u>	<u>\$ 88,433,077</u>

As of the end of FY 2008/09, the City’s governmental funds reported total combined ending fund balances of \$91.0 million, a net increase of \$2.6 million over the prior year of \$88.4 million. Of this amount, \$8.8 million (10%) is reserved to indicate that it is not available for appropriation because it had already been committed for various purposes (See Note 9 in the Notes to the Basic Financial Statements). The remaining unreserved \$82.2 million is comprised of \$21.9 million in the General Fund, \$37.8 million in the Major Special Revenue Funds and \$21.8 million in the other Non-Major Governmental Funds. Of the \$21.9 million in the General Fund fund balance, \$9.4 million (42.9%) is designated for the economic uncertainty reserve. A challenge in today’s economy, management is pleased to report the General Fund had a modest increase of fund balance this year, \$317 thousand. The major governmental funds remained fairly stable with the exception of the Sunrise Douglas Special Revenue Fund. This fund had an increase in fund balance of \$2.8 million in support of park and infrastructure improvements. These expenditures will be discussed further in the major fund analysis. The non-major governmental funds had a decrease of \$2.39 million in fund balance from FY 2007/08. Two funds had significant decreases in fund balance – the Measure A Fund, with a decrease of \$2.59 million, and the Capital Village Park Development Fees Special Revenue Fund, decreased \$1.4 million. The Roadway Improvement Fund accounts for additional contributions the Public Works department has obtained related to supplemental roadway fees. The negotiations are non-nexus based and are not directly associated with the existing traffic fees collected in the special revenue funds. These funds will be used for a variety of roadway improvement projects included in the capital improvement program. The Measure A Special Revenue fund received additional funding this year from the New Measure A bond monies. A further discussion of the new Measure is included in the Financial Analysis of Non-Major Governmental Funds.



Overall, as shown in the table on page 12, Governmental Revenues are down almost 12% from the prior year. All categories of revenue, with the exception of Intergovernmental, are down from the prior year as a direct result of the current “Great Recession”. Taxes and assessments

revenues remain to be the largest revenue source at just under 50% of the total revenue. This year marks the first time in the City's history that revenues from property taxes declined. With the passage of Proposition 13 in 1976, annual increases in the assessed valuation of real property were limited to the lesser of actual value or 2%. As a result of the bursting of the housing bubble, which caused rapid and dramatic decline in property values, the County began systematic roll-backs of assessed valuations. This resulted in a 9.2% decline in the City's property tax revenue. While not a significant decline in terms of dollars, it does limit the City's ongoing revenue streams, as increases in assessed valuation are limited to 2% per year. Declines in other taxes, such as sales tax and utility user taxes, contributed to the overall decline in tax revenue of \$345 thousand. Licenses, permits & fee revenues had a significant decline of \$4.8 million from FY 2007/08. As in past years, this is due to the ongoing slowdown of construction and the resulting decrease in special revenue impact fees. Intergovernmental revenues increased by \$609 thousand largely due to capital improvement projects for improvements to Sunrise Boulevard funded in part by the new Measure A bond monies, as well as an increase in our Storm Water Utility Tax revenues received from the County as reimbursement for drainage improvements we made in the course of our road improvement projects. Additionally, we received \$517 thousand from Prop 142 which, due to state budgeting issues, hadn't been received in the prior year. These gains were offset by declines in motor vehicle license fee revenues, due to the recession, and declines in state and federal grant revenues. In the prior year, the City received \$720 thousand from Community Facility District 2004-1 as a contribution towards the Rancho Cordova Parkway Interchange Project. As this was a one-time transaction, it resulted in a decline in Other Revenues from the prior year.



In response to these significant revenue declines, the City managed its activities and was able to produce a corresponding decline in expenditures, largely out of the General Government category. The total cost of all programs and services was \$61.7 million which represented a decrease of \$5.2 million over the prior year. The General Government expenditures of \$15.1 million include the FY 2008/09 annual property tax obligation due to the County under the Revenue Neutrality Agreement (\$6 million this year). The Public Safety component, which includes both Police and Community Prosecutor, was \$16.0 million or 26.0% of total expenditures.

**GENERAL FUND FINANCIAL INFORMATION**

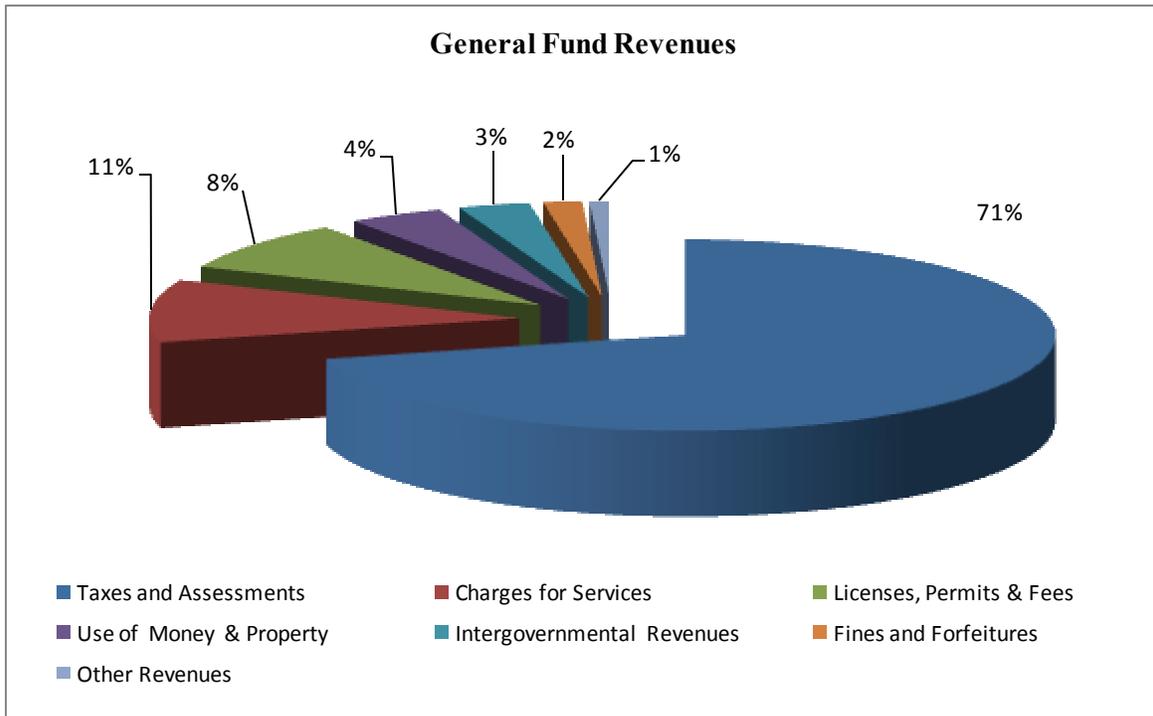
The General Fund is the chief operating fund of the City. At the end of FY 2008/09, the unreserved fund balance was \$22 million while the total fund balance was \$27.1 million. \$9.4 million of the unreserved fund balance is designated for economic uncertainty. While the reserve policy only requires a reservation of 20% of the next year's expenditures, and those expenditures have declined, management has declined to reduce the reservation in order to provide an additional cushion through these trying economic times. Total unreserved, and undesignated fund balance is \$11.9 million, up \$221 thousand from the prior year.

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

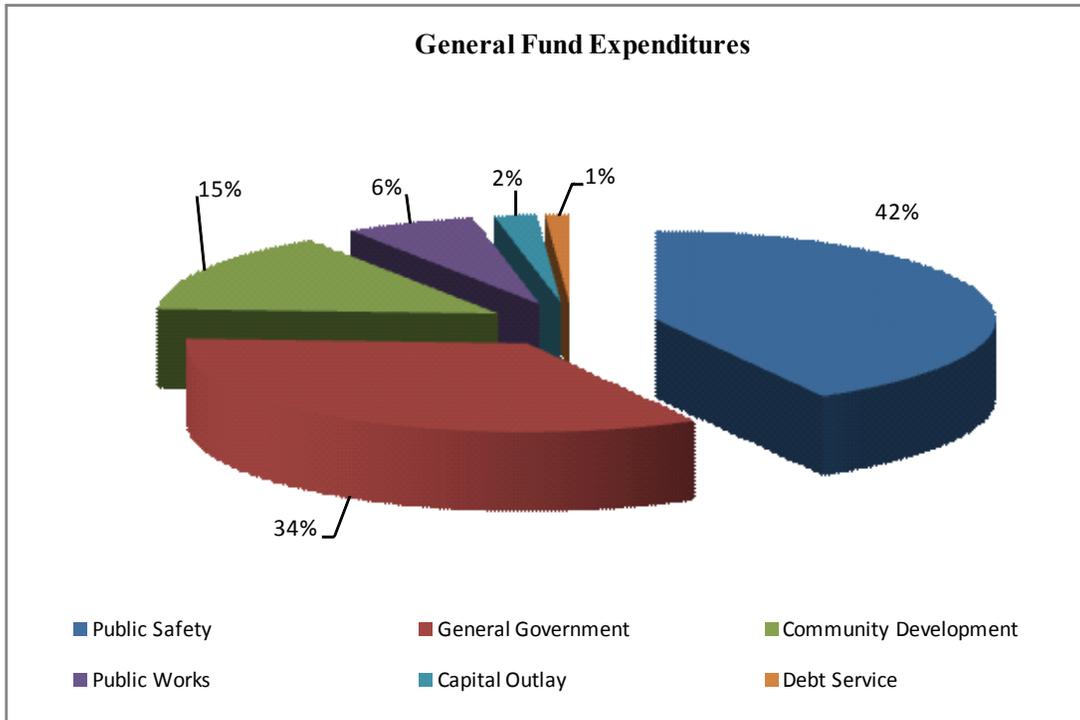
	<u>2008/09</u>	<u>2007/08</u>
Revenues:		
Taxes and Assessments	\$ 28,059,322	\$ 28,863,869
Licenses, Permits & Fees	3,393,123	3,791,783
Fines and Forfeitures	668,109	671,907
Use of Money & Property	1,641,311	2,593,488
Intergovernmental Revenues	1,237,574	1,364,640
Charges for Services	4,204,001	5,415,270
Other Revenues	<u>338,707</u>	<u>141,543</u>
Total Revenues	<u>39,542,147</u>	<u>42,842,500</u>
Expenditures:		
General Government	12,896,113	13,116,880
Community Development	5,628,342	7,022,819
Public Safety	15,868,172	15,229,329
Public Works	2,346,801	2,981,825
Debt Service	430,972	456,677
Capital Outlay	<u>763,375</u>	<u>797,580</u>
Total Expenditures	<u>37,933,775</u>	<u>39,605,110</u>
Excess (Deficiency) of Revenues over Expenditures	1,608,372	3,237,390
Other Financing Sources (Uses):		
Transfers In	662,853	152,734
Transfers Out	<u>(1,954,230)</u>	<u>(2,389,896)</u>
Total Other Financing Sources (Uses)	<u>(1,291,377)</u>	<u>(2,237,162)</u>
Net Change in Fund Balances	316,995	1,000,228
Fund Balances, beginning of year	<u>26,821,838</u>	<u>25,821,610</u>
Fund Balances, end of year	<u>\$ 27,138,833</u>	<u>\$ 26,821,838</u>

For the fiscal year ended June 30, 2009, cash and investments were \$20.3 million; other assets were \$10.9 million while overall assets were \$31.2 million. Liabilities included accounts payable

of \$2.8 million due mainly to contract service companies. Other liabilities include deposits payable of \$788 thousand which consists of deposits by developers to cover the cost of processing their development plans. The majority of General Fund Revenues comes from Taxes (71.0%). These Taxes consist of Property Tax, including Motor Vehicle in Lieu of Property Tax, Sales Tax, Transient Occupancy Tax, Utility Users Tax, Property Transfer Tax and Police Tax. As anticipated, this category experienced a slight decline due to the recession. Charges for Services (10.6%) consist primarily of cost recovery revenue for City provided services and declined by 22% from the prior year, due to less development activity. Licenses, Permits and Fees decreased to 10.5% of total general fund revenues, the largest share of which is Building Permits at \$1.1 million for FY 2008/09.



The most significant single cost to the General Fund is Public Safety at \$15.9 million. The City contracts with the Sacramento County Sheriff’s Department for law enforcement. There was a 4.2% increase in the service contract for law enforcement in the FY 2008/09 due primarily to salary increases as prescribed by the county’s bargaining contracts. Monthly payments equal to 1/12 of the contract amount are paid to the Sheriff’s Department. Reconciliations between the contract amount and actual amounts are made quarterly. General Government expenditures were \$12.9 million, and include the following departments: City Council, Advisory Boards, City Attorney, City Manager, City Clerk, Public Information Office (PIO), Human Resources, Administrative Support, Finance, and Information Technology. Community Development, consisting of Economic Development, Facilities Management, Planning, Building & Safety and Neighborhood Services expended \$5.6 million. Public Works General Fund expenditures were \$2.3 million, with the major expenditures out of Special Revenue funds. Other expenditures included \$431 thousand for debt service and \$763 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 BUDGETARY HIGHLIGHTS***

The City had two amendments to its budget during the year. Citywide, the budget was amended due to increased expenditures in many special revenue funds primarily from developer credit reimbursement activity. Also, during the fiscal year, the Council authorized the pass through of Park Renovation Impact Fees and Sunrise Douglas Park Impact Fees to the Park District. These transfers were not incorporated in the original budget as the contracts were not fully executed at the time the budget was created. The Redevelopment Agency budget was amended to reflect increased tax increment revenue and the resulting transfer out to the Administration and Low/Moderate Income Housing funds. The Agency Funds were also amended. In CFD 2003-1, the administrative expense paid to the City to administer the districts was not fully budgeted. The Road Maintenance CFD was new this year, added after approval of the original budget. The budget adjustment created the fund and transferred the pre-creation costs into the fund. The remaining funds incurred incidental expenses that were not fully anticipated in the adopted budget.

The General Fund budget was amended to allow for the expenditure of grant funds received for the purchase of a generator at City Hall. This generator is used to provide emergency power to the building and to our new Emergency Operations Center, located within City Hall. Other amendments to the General Fund include increasing transfers in, as a result of correcting the transfer out of other funds for administrative cost reimbursement to the General Fund and to adjust transfers out of 75% of the remaining General Fund surplus, as required by our budget policy.

### General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual	Variance	Percent Variance with Final Budget
<b>Revenues:</b>					
Taxes and Assessments	\$ 29,026,000	\$ 29,026,000	\$ 28,059,322	\$ (966,678)	-3.3%
Licenses, Permits & Fees	3,563,200	3,563,200	3,393,123	\$ (170,077)	-4.8%
Fines and Forfeitures	645,500	645,500	668,109	\$ 22,609	3.5%
Use of Money & Property	1,535,700	1,535,700	1,641,311	\$ 105,611	6.9%
Intergovernmental Revenues	1,230,000	1,230,000	1,237,574	\$ 7,574	0.6%
Charges for Services	6,594,900	6,594,900	4,204,001	\$ (2,390,899)	-36.3%
Other Revenues and Transfers In	969,585	1,359,070	1,001,560	\$ (357,510)	-26.3%
Total Revenues	<u>43,564,885</u>	<u>43,954,370</u>	<u>40,205,000</u>	<u>(3,749,370)</u>	-8.5%
<b>Expenditures</b>					
General Government	13,863,913	13,863,913	12,896,113	(967,800)	-7.0%
Community Development	6,856,470	6,856,470	5,628,342	(1,228,128)	-17.9%
Public Safety	15,908,669	15,908,669	15,868,172	(40,497)	-0.3%
Public Works	5,408,000	5,408,000	2,346,801	(3,061,199)	-56.6%
Debt Service	438,100	438,100	430,972	(7,128)	-1.6%
Capital Outlay	183,600	383,600	763,375	379,775	99.0%
Transfers Out	875,470	2,076,280	1,954,230	(122,050)	-5.9%
Total Expenditures	<u>43,534,222</u>	<u>44,935,032</u>	<u>39,888,005</u>	<u>(5,047,027)</u>	-11.2%
<b>Excess/(Deficiency) of</b>					
<b>Revenues over Expenditures</b>	<u>\$ 30,663</u>	<u>\$ (980,662)</u>	<u>\$ 316,995</u>		

Overall, General Fund actual revenues were 8.5% less than anticipated in the budget, a direct result of the current recession. In response, the City was able to manage its General Fund expenditure activity to produce actual expenditures that were 11.6% less than the budget. While the budget had anticipated a net increase of only \$30 thousand to net assets, due to trimming expenses more than the decline in revenues, the City experienced an actual increase in net assets of \$317 thousand. Significant cuts were achieved in Community Development and Public Works, both a result of development related, cost recoverable activities that were anticipated in the budget, but that did not occur.

#### ***FINANCIAL ANALYSIS OF MAJOR GOVERNMENTAL FUNDS***

Six major funds, in addition to the General Fund, were included in the City's governmental fund statements for FY 2008/09. An analysis of significant balances and transactions are as follows:

*Sunrise Douglas Special Revenue Fund* – These specific plan development impact fees are imposed on development in the Sunridge Specific Plan, which is part of the Sunrise Douglas Community Plan development area. It includes additional fees for roadway improvements, transit shuttles, supplemental offsite water facilities, interim sewer facilities, park development improvements, library facilities and fee program updates. The revenues consist of impact fees of \$3.0 million and interest earnings of \$421 thousand. The City's capital improvement projects, recorded in the Capital Improvements Project Fund, were funded by the transfers out of \$1.7 million.

*Traffic Mitigation Special Revenue Fund* – This development impact fee is a Citywide fee imposed on new development in the City to cover the fair share cost of traffic impacts resulting from new development. The funds collected are used for the construction of transportation improvements listed in the Transportation CIP Development Impact Fee Program. The revenues consist of impact fees totaling \$2.3 million and interest earnings of \$474 thousand. Expenditures this year included developer fee credits of \$1.0 million and a \$2.0 million transfer to the Capital Improvements Project Fund.

*Redevelopment Administration Fund* – The Redevelopment Agency received property tax increment for the second time in FY 2008/09. The increment is received in the Redevelopment Agency Debt Service Fund and then apportioned 80% to the Redevelopment Administration Fund and 20% to the Low/Moderate Income Housing Fund. The apportionment for FY 2008/09 totaled \$2.1 million, recorded as a transfer in. Expenditures in the fund include the general operating expenditures of the Agency (such as salaries, professional services and supplies) and interest payments to the general fund of \$493 thousand. The primary expenditures of the Agency this year were the continued projects relating to the demolishing of the Grandee Apartments for a future development project, in accordance with the Folsom Boulevard Specific Plan.

*General Plan Fund* – The General Plan impact fee is imposed on all new development to defray the costs of completing the City’s first General Plan and pay for the maintenance of that plan over the next ten years. Significant effort was expended this year to amend the zoning code inherited from Sacramento County upon incorporation to implement the vision established by the City’s General Plan, contributing to the Fund’s expenditures of \$208 thousand.

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

*Capital Improvements Projects Fund* – This fund accounts for the expenditures relating to capital improvements projects, receiving the funding for the projects from other City funds via a transfer in. In FY 2008/09, all of the projects tracked in this fund are public works infrastructure projects.

#### ***FINANCIAL ANALYSIS OF NON-MAJOR GOVERNMENTAL FUNDS***

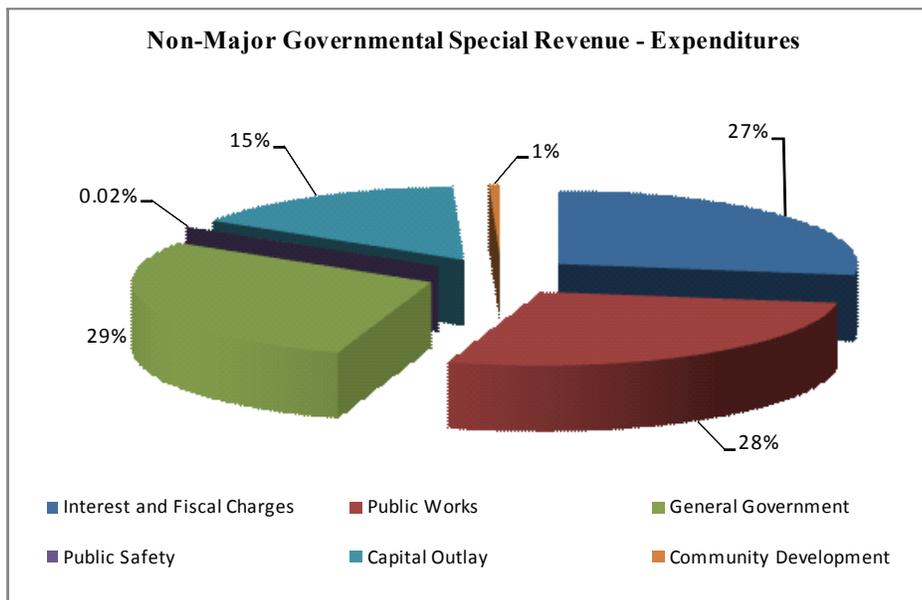
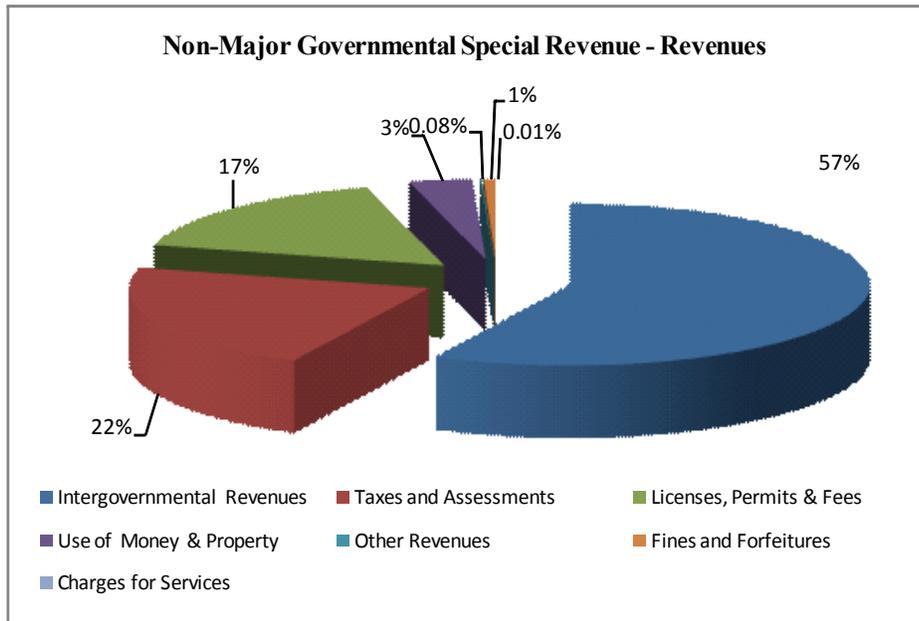
These funds, consisting mostly of Special Revenue Funds, were not of sufficient volume to warrant a “major-fund” designation. Special Revenue Funds highlights included:

*Measure A Special Revenue Fund* – Measure A is a voter approved, one-half percent sales tax in Sacramento County to be levied over a 20-year period (1989-2009). The proceeds of the tax are used to fund a comprehensive program of roadway and transit improvements. In 2004, voters approved a 30-year extension of this program that went into effect in April 2009. Once approved, bonds were sold to fund the New Measure A capital projects in addition to the monies available from the first Measure for maintenance and capital projects. This year the City received \$6.0 million in Measure A revenues, of which \$4.1 million was from the New Measure A funds. The City expended \$1 million on maintenance and \$7.6 million in capital improvement projects such as the widening of Sunrise Boulevard and various other improvement projects.

*Gas Tax Fund* – The Gas Tax revenue is generated from the per gallon state tax on fuel used to propel a motor vehicle or aircraft. These funds can be used for construction, improvements, studies and/or maintenance of public streets. The funds received in FY 2008/09 were \$1.2 million. Public Works capital improvement projects funded by the Gas Tax Fund expended \$510 thousand of the total Gas Tax monies available, resulting in a fund balance of \$3.8 million.

*Community Facilities Fees Fund* – There are several development impact fees that are collected by the City to cover the costs of municipal facilities required to serve an increased population as a result of new development. These facilities include a city hall, a police station, a community center, a corporation yard, a library, a city museum, a parking structure, animal services equipment, telecommunication and computer systems and a records management system. During FY 2008/09, \$1.2 million was collected in impact fees. Transfers out of \$1.4 million were made to support debt service payments on City Hall and the Kilgore building.

The accompanying graphs provide the makeup of the revenues and expenditures associated with all Non-Major Governmental Special Revenue Funds.



**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

**Capital Assets at End of Year**

	Governmental Activities		Business Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 8,113,183	\$ 7,720,792	\$ 225,000	\$ 225,000	\$ 8,338,183	\$ 7,945,792
Construction in progress	37,302,683	34,375,843	123,200	78,728	37,425,883	34,454,571
Infrastructure	280,342,009	251,016,380	-	-	280,342,009	251,016,380
Building & Improvements	21,141,187	21,032,952	1,197,003	1,197,003	22,338,190	22,229,955
Equipment	3,074,050	2,460,157	6,049	-	3,080,099	2,460,157
Accumulated Depreciation	(60,252,855)	(51,547,788)	(61,698)	(29,925)	(60,314,553)	(51,577,713)
Total	\$ 289,720,257	\$ 265,058,336	\$ 1,489,554	\$ 1,470,806	\$ 291,209,811	\$ 266,529,142

The City’s investment in capital assets includes land, infrastructure, building and improvements, equipment and construction in progress. The City completed 13 capital improvement projects this year, contributing to the increase in infrastructure assets of \$22 million, and removing \$7.1 million from construction in progress. Activities from new and ongoing projects resulted in the addition of \$10.1 million to construction in progress this year. Additional information on our capital assets and depreciation can be found in Note 6 of the financial statements.

**Debt**

The following schedule shows the changes in long-term debt for the year.

**Long-Term Debt**

	Governmental Activities		Business Activities		Total	
	2009	2008	2009	2008	2009	2008
Compensated Absences	\$ 525,624	\$ 516,632	\$ -	\$ -	\$ 525,624	\$ 516,632
County Debt	-	423,011	-	-	-	423,011
Certificates of Participation	25,590,000	26,285,000	-	-	25,590,000	26,285,000
Less deferred amount on refunding	(106,387)	(110,546)	-	-	(106,387)	(110,546)
Issuance discounts	(310,449)	(322,537)	-	-	(310,449)	(322,537)
Total	\$25,698,788	\$26,791,560	\$ -	\$ -	\$25,698,788	\$26,791,560

The City did not issue any additional debt this year. The County provided many of our general services in the first year of incorporation (such as street maintenance and animal services), receiving our Measure A apportionments and some sales tax as partial payment. At the end of FY 2003/04, a reconciliation of the County expenses on our behalf against the Rancho Cordova monies they received was conducted. The reconciliation resulted in an amount due to the County, to be paid over five years. The final payment of \$430 thousand was made this fiscal year.

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

At year end, there were four outstanding Mello Roos debt instruments. The City does not have liability for the payment of these bonds. The bonds are secured by the properties within the districts and the debt is paid from the payments received from the special assessments.

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

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City's primary revenue sources are all affected by the 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 bursting of the housing bubble and the resulting decline in property values, increasing foreclosure rates and tightening of the credit markets, combined with rising unemployment has led to one of the deepest recessions since the Great Depression in 1929. How long the recession will last and how deeply it will be felt is the topic of much discussion amongst professional economists and government leaders. The national recession officially started in December 2008 and the California recession probably started before that as we led the nation in the housing market crash. The rapid decline in the housing market in the Sacramento region has slowed and some are proclaiming the market to have stabilized. However, no one is predicting growth in the short term and most analysts are pegging the beginning of the recovery to occur in FY 2010/11.

In addition to direct impacts from economic conditions, the City's revenues can be greatly affected by state actions. Proposition 1A, passed by voters in November 2004, amends the state constitution in an effort to restore predictability and stability to local government budgets. In a 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 is not required to be consistent amongst the local agencies; therefore, an agency could potentially suffer a loss of revenues greater than 8%. Governor Schwarzenegger declared a fiscal emergency for the State of California on December 1, 2008 and the state proceeded to enact the borrowing under Proposition 1A for the 2009/10 fiscal year. The state is required to repay the property taxes to the City after three years. As an alternative, the state budget package permitted the establishment of a third-party securitization program for local governments to use to relieve the burden of loaning the state property tax revenues. California Communities was appointed by the California Legislature as the exclusive authority to offer such a program to purchase the receivables due to local government agencies from the state, allowing local government agencies to maintain their planned revenue streams and protect their budgets and critical services. The program was voluntary and all costs of issuance and interest incurred will be paid by the state, allowing local agencies to maintain 100% of their receivables. The City of Rancho Cordova participated in this program, so the state's borrowing of property tax revenues will have no effect on our current or future cash flows and revenues at this time. The state is only allowed to enact this type of borrowing once every 10 years.

The City of Rancho Cordova Community Redevelopment Agency, (the "Agency") intended to conduct its first bond issuance in FY 2008/09. However, due to the tightening of the credit markets the interest rates on such issuances were higher than they previously had been. While the projects in need of financing are vital to the mission of the Redevelopment Agency, the issuance was postponed and the Agency is currently exploring alternate methods of financing.

With the adoption of the state's FY 2008/09 budget came approval of AB 1389, which affects property tax revenues of redevelopment agencies. Specifically, it required redevelopment agencies to shift a total of \$350 million in property tax revenues to K-12 schools and community colleges during the 2008/09 fiscal year, thereby reducing the funding needed from the state's coffers. Because the Rancho Cordova Redevelopment Agency is a new agency, it was not required to make this one-time contribution. The same action was taken by the state to balance their 2009/10 budget. However, the state did not change the base year upon which the shift is calculated. As a result, our Redevelopment Agency was not required to participate and was able to retain all of its property tax increment revenue. However, given the state's ongoing fiscal emergency, it is likely that this contribution will be required in future years and we would then be required to participate. An estimate of this possible contribution will be factored into our calculations for any future bond issuances to ensure the Agency has adequate funding for operations, debt service and fulfilling this possible obligation to the state.

In December of 2009, the Sacramento Local Agency Formation Commission approved the annexation of 768 uninhabited, commercial, industrial and employment intensive acres. While the County will retain 100% of the Property Taxes generated in this area, the tax sharing agreement between the City and the County allows for the City to retain 25% of sales taxes, transient occupancy taxes, and utility users taxes, after first recovering the costs of providing services to this area. This is expected to provide an additional \$1 to \$1.5 million of net revenues to the City starting in FY 2010/11. These new revenues will completely offset the loss of our temporary seven year increase in vehicle license fees granted to us upon incorporation in FY 2003/04 and will provide additional revenues to help us improve the quality of life in Rancho Cordova.

In spite of the current severe recession, the City of Rancho Cordova remains fiscally strong. In March of 2009, Standard & Poor's upgraded the City's bond rating from A- to A+. We have a fully funded economic uncertainty reserve, in excess of the minimum level set by our City Council. We do not anticipate dipping into that reserve fund. Instead, we are proactively managing our activities and our expenses to match our available revenues. In the upcoming years, we anticipate additional declines in property tax revenues, decreased sales tax revenues, decreased transient occupancy revenue and decreased charges for services. That said, we have created an internal team focused on finding innovative ways of generating new revenues and are using the down turn in the economy as the opportune time to hone our administrative processes and revisit our comprehensive fee schedule to ensure that our fees are set at the proper cost recovery levels. This will ensure that we are well prepared to offer the best public service in the region, while maintaining fiscal strength, as the economy begins its cyclical recovery.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

The CAFR is intended to provide citizens, taxpayers, investors and creditors with a general overview of the City's finances. This report will also be provided on the City's website at: [www.cityofranhocordova.org](http://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.

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**CITY OF RANCHO CORDOVA**

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

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

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

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

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

CITY OF RANCHO CORDOVA  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments (Note 3)	\$89,838,580	\$9,216	\$89,847,796
Restricted cash and investments with fiscal agent (Note 3)	2,721,582		2,721,582
Receivables:			
Accounts, net (Note 4)	570,349		570,349
Interest	56,904	6	56,910
Due from other governments (Note 4)	4,270,982		4,270,982
Loans (Note 5)	358,876		358,876
Other (Note 4)	954,909		954,909
Internal balances (Note 5)	1,404,611	(1,404,611)	
Prepays	350,651		350,651
Bond issuance costs, net of amortization	701,563		701,563
Capital assets (Note 6):			
Nondepreciable	45,415,866	348,200	45,764,066
Depreciable, net	244,304,391	1,141,354	245,445,745
<b>Total Assets</b>	<b>390,949,264</b>	<b>94,165</b>	<b>391,043,429</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	5,259,737	6,436	5,266,173
Interest payable	488,613		488,613
Refundable deposits	812,098		812,098
Unearned revenue	621,577		621,577
Compensated absences (Note 1F):			
Due within one year	525,624		525,624
Due in more than one year	3,630		3,630
Long-term debt (Note 7):			
Due within one year	725,000		725,000
Due in more than one year	24,448,164		24,448,164
<b>Total Liabilities</b>	<b>32,884,443</b>	<b>6,436</b>	<b>32,890,879</b>
<b>NET ASSETS (Note 9)</b>			
Invested in capital assets, net of related debt	265,248,656	1,489,554	266,738,210
Restricted for:			
Debt service	2,697,672		2,697,672
Low and moderate income housing	920,162		920,162
Sunrise Douglas development	20,849,459		20,849,459
Traffic Mitigation	20,090,578		20,090,578
Community facilities	5,949,976		5,949,976
Park development	2,065,943		2,065,943
Environmental mitigation	6,209		6,209
Villages of Zinfandel development	443,473		443,473
Transit related services	98,893		98,893
Grant-funded projects	406,856		406,856
Drainage	329,020		329,020
Asset forfeiture	21,906		21,906
Community development	846,827		846,827
Road improvements	10,973,374		10,973,374
Landscape and lighting	1,778,754		1,778,754
Prop 42 funds	40,010		40,010
<b>Total Restricted Net Assets</b>	<b>67,519,112</b>		<b>67,519,112</b>
Unrestricted (Deficit)	25,297,053	(1,401,825)	23,895,228
<b>Total Net Assets</b>	<b>\$358,064,821</b>	<b>\$87,729</b>	<b>\$358,152,550</b>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

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
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$23,835,036	\$1,101,483	\$5,000	\$370,695	(\$22,357,858)		(\$22,357,858)
Community Development	6,972,540	2,997,656	1,779	251,672	(3,721,433)		(3,721,433)
Public Safety	16,027,526	1,560,634	515,360		(13,951,532)		(13,951,532)
Public Works	10,049,574	3,485,309	8,454,349	33,709,564	35,599,648		35,599,648
Interest on long-term debt	1,439,074				(1,439,074)		(1,439,074)
Total Governmental Activities	58,323,750	9,145,082	8,976,488	34,331,931	(5,870,249)		(5,870,249)
Business-type Activities:							
Cemetery	86,381	48,277				(\$38,104)	(38,104)
Total Business-type Activities	86,381	48,277				(38,104)	(38,104)
Total Primary Government	\$58,410,131	\$9,193,359	\$8,976,488	\$34,331,931	(5,870,249)	(38,104)	(5,908,353)
General revenues:							
Taxes:							
Property taxes					11,127,070		11,127,070
Sales taxes					9,040,890		9,040,890
Transient occupancy					2,183,506		2,183,506
Utility user taxes					1,953,249		1,953,249
Other taxes					1,616,520		1,616,520
Use of money and property					2,983,325	210	2,983,535
Vehicle license fees					5,097,792		5,097,792
Other					1,364,550		1,364,550
Total general revenues					35,366,902	210	35,367,112
Change in Net Assets					29,496,653	(37,894)	29,458,759
Net Assets-Beginning					328,568,168	125,623	328,693,791
Net Assets -Ending					\$358,064,821	\$87,729	\$358,152,550

See accompanying notes to financial statements

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## **GOVERNMENTAL FUND FINANCIAL STATEMENTS**

Major funds are defined generally as having significant activities or balances in the current year. The funds described below were determined to be Major Governmental Funds by the City for fiscal 2009. Individual non-major funds may be found in the Supplemental section.

### **GENERAL FUND**

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds, and the related expenditures. The major revenue sources for this Fund are property taxes, sales taxes, utility users tax, franchise fees, business licenses, unrestricted revenues from the State, fines and forfeitures and interest income. Expenditures are made for community development, public safety, public works, and the other services described above.

### **SUNRISE DOUGLAS SPECIAL REVENUE FUND**

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

### **TRAFFIC MITIGATION SPECIAL REVENUE FUND**

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

### **REDEVELOPMENT ADMINISTRATION SPECIAL REVENUE FUND**

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

### **GENERAL PLAN SPECIAL REVENUE FUND**

Established in 2004 to account for the fee imposed on new development to defray the costs of completing the City's first General Plan and pay for the maintenance of that plan over the next ten years.

### **GRANTS SPECIAL REVENUE FUND**

Accounts for grant monies awarded to the City.

### **CAPITAL IMPROVEMENT PROJECTS CAPITAL PROJECTS FUND**

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

CITY OF RANCHO CORDOVA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2009

	General Fund	Sunrise Douglas	Traffic Mitigation	Redevelopment Administration	General Plan
<b>ASSETS</b>					
Cash and investments	\$20,295,748	\$20,912,919	\$20,076,512	\$535,320	
Restricted cash and investments with fiscal agent					
Receivables:					
Accounts, net	514,014		43,152		
Interest	11,829	12,364	14,066	983	
Other	954,909				
Due from other governmental agencies	1,293,153				
Loans	228,969				
Due from other funds	2,898,208				
Advances to other funds	4,932,620				
Prepays	60,291			751	
	<u>31,189,741</u>	<u>20,925,283</u>	<u>20,133,730</u>	<u>537,054</u>	
Total Assets	<u>\$31,189,741</u>	<u>\$20,925,283</u>	<u>\$20,133,730</u>	<u>\$537,054</u>	
<b>LIABILITIES</b>					
Accounts payable	\$2,779,256	\$75,824		\$537,112	\$16,069
Accrued liabilities	223,464			6,847	
Refundable deposits	787,598				
Due to other funds					
Advances from other funds				1,335,141	2,192,868
Deferred revenue	260,590		\$43,152		
	<u>4,050,908</u>	<u>75,824</u>	<u>43,152</u>	<u>1,879,100</u>	<u>2,208,937</u>
Total Liabilities	<u>4,050,908</u>	<u>75,824</u>	<u>43,152</u>	<u>1,879,100</u>	<u>2,208,937</u>
<b>FUND BALANCES</b>					
Fund balance					
Reserved for:					
Advances to other funds	4,932,620				
Prepays	60,291			751	
Low and moderate income housing					
Debt service					
Loans receivable	228,969				
Unreserved, designated for:					
Economic uncertainties	9,419,717				
Unrealized gains	629,322				
Projects					
Unreserved, Undesignated, Reported in:					
General Fund	11,867,914				
Special Revenue Funds		20,849,459	20,090,578	(1,342,797)	(2,208,937)
Capital Projects Funds					
	<u>27,138,833</u>	<u>20,849,459</u>	<u>20,090,578</u>	<u>(1,342,046)</u>	<u>(2,208,937)</u>
Total Fund Balances (Deficits)	<u>27,138,833</u>	<u>20,849,459</u>	<u>20,090,578</u>	<u>(1,342,046)</u>	<u>(2,208,937)</u>
Total Liabilities and Fund Balances	<u>\$31,189,741</u>	<u>\$20,925,283</u>	<u>\$20,133,730</u>	<u>\$537,054</u>	

See accompanying notes to financial statements

<u>Grants</u>	<u>Capital Improvement Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$272,181	\$940,779	\$24,102,180	\$87,135,639
		2,721,582	2,721,582
		13,183	570,349
		16,734	55,976
			954,909
1,512,192		1,465,637	4,270,982
		129,907	358,876
			2,898,208
			4,932,620
	289,109	500	350,651
<u>\$1,784,373</u>	<u>\$1,229,888</u>	<u>\$28,449,723</u>	<u>\$104,249,792</u>
\$11,709	\$972,124	\$637,332	\$5,029,426
			230,311
		24,500	812,098
1,365,808		1,532,400	2,898,208
			3,528,009
		477,920	781,662
<u>1,377,517</u>	<u>972,124</u>	<u>2,672,152</u>	<u>13,279,714</u>
			4,932,620
		500	61,542
		920,162	920,162
		2,697,172	2,697,172
			228,969
			9,419,717
			629,322
		327,675	327,675
			11,867,914
406,856		21,832,062	59,627,221
	257,764		257,764
<u>406,856</u>	<u>257,764</u>	<u>25,777,571</u>	<u>90,970,078</u>
<u>\$1,784,373</u>	<u>\$1,229,888</u>	<u>\$28,449,723</u>	<u>\$104,249,792</u>

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CITY OF RANCHO CORDOVA  
 Reconciliation of the  
 GOVERNMENTAL FUNDS -- BALANCE SHEET  
 with the  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2009

Total fund balances reported on the governmental funds balance sheet	\$90,970,078
<p>Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:</p>	
<b>CAPITAL ASSETS</b>	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	289,720,257
<b>ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS</b>	
<p>Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance, vehicle and equipment replacement, and technology enhancement and replacement to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Assets.</p>	
Cash and investments	2,702,941
Interest receivable	928
<b>ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES</b>	
Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	160,085
<b>LONG TERM ASSETS AND LIABILITIES</b>	
<p>The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:</p>	
Bond issuance costs	701,563
Interest payable	(488,613)
Long-term debt	(25,173,164)
Governmental activities portion of compensated absences	(529,254)
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$358,064,821</u></u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Sunrise Douglas</u>	<u>Traffic Mitigation</u>	<u>Redevelopment Administration</u>	<u>General Plan</u>
<b>REVENUES</b>					
Property taxes	\$13,746,780				
Sales taxes	9,040,890				
Utility user taxes	1,953,249				
Other taxes	3,318,403				
Charges for services	4,204,001				
Licenses, permits and fees	3,393,123	\$2,974,211	\$2,267,207		\$76,672
Fines, forfeitures and penalties	668,109				
Intergovernmental	1,237,574				
Use of money and property	1,641,311	421,485	474,012	\$9,347	
Other	338,707				
	<u>39,542,147</u>	<u>3,395,696</u>	<u>2,741,219</u>	<u>9,347</u>	<u>76,672</u>
Total Revenues					
<b>EXPENDITURES</b>					
Current:					
General Government	12,896,113				
Community Development	5,628,342			989,545	207,939
Public Safety	15,868,172				
Public Works	2,346,801	151,318	56,592		
Capital outlay	763,375	542,992		144,865	
Debt service:					
Principal	423,011				
Interest and fiscal charges	7,961				
	<u>37,933,775</u>	<u>694,310</u>	<u>56,592</u>	<u>1,134,410</u>	<u>207,939</u>
Total Expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,608,372</u>	<u>2,701,386</u>	<u>2,684,627</u>	<u>(1,125,063)</u>	<u>(131,267)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	662,853	1,803,484		2,147,574	
Transfers (out)	(1,954,230)	(1,705,255)	(3,014,773)	(458,423)	
	<u>(1,291,377)</u>	<u>98,229</u>	<u>(3,014,773)</u>	<u>1,689,151</u>	
Total Other Financing Sources (Uses)					
NET CHANGE IN FUND BALANCES	316,995	2,799,615	(330,146)	564,088	(131,267)
BEGINNING FUND BALANCES (DEFICITS)	<u>26,821,838</u>	<u>18,049,844</u>	<u>20,420,724</u>	<u>(1,906,134)</u>	<u>(2,077,670)</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$27,138,833</u>	<u>\$20,849,459</u>	<u>\$20,090,578</u>	<u>(\$1,342,046)</u>	<u>(\$2,208,937)</u>

See accompanying notes to financial statements

<u>Grants</u>	<u>Capital Improvement Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$3,700,203	\$17,446,983
			9,040,890
			1,953,249
		36,165	3,354,568
	\$10,203	1,630	4,215,834
		2,895,489	11,606,702
		109,230	777,339
\$2,468,228	3,919	9,900,197	13,609,918
677		588,667	3,135,499
	3	14,384	353,094
<u>2,468,905</u>	<u>14,125</u>	<u>17,245,965</u>	<u>65,494,076</u>
		2,221,234	15,117,347
100,000		46,714	6,972,540
157,494		1,860	16,027,526
18,694		2,116,058	4,689,463
112,607	13,628,599	1,177,775	16,370,213
		695,000	1,118,011
		1,406,533	1,414,494
<u>388,795</u>	<u>13,628,599</u>	<u>7,665,174</u>	<u>61,709,594</u>
<u>2,080,110</u>	<u>(13,614,474)</u>	<u>9,580,791</u>	<u>3,784,482</u>
	14,864,644	2,810,420	22,288,975
<u>(2,177,675)</u>		<u>(14,226,100)</u>	<u>(23,536,456)</u>
<u>(2,177,675)</u>	<u>14,864,644</u>	<u>(11,415,680)</u>	<u>(1,247,481)</u>
(97,565)	1,250,170	(1,834,889)	2,537,001
504,421	(992,406)	27,612,460	88,433,077
<u>\$406,856</u>	<u>\$257,764</u>	<u>\$25,777,571</u>	<u>\$90,970,078</u>

CITY OF RANCHO CORDOVA  
 Reconciliation of the  
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  
 with the  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2009

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$2,537,001

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

CAPITAL ASSETS TRANSACTIONS

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

The capital outlay expenditures are therefore added back to fund balance 11,702,836

Retirements are deducted from the fund balance. (692,734)

Depreciation expense is deducted from the fund balance (8,705,067)

Contributions of infrastructure and improvements by Developers are capitalized in the Statement of Activities, but are not recorded in the Fund Statements because no cash changed hands 22,356,886

LONG TERM DEBT PROCEEDS AND PAYMENTS

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

Repayment of debt principal is added back to fund balance 1,118,011

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

ACCRUAL OF NON-CURRENT ITEMS

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

Bond issuance costs (27,269)

Interest payable 18,936

Deferred revenue (64,352)

Compensated absences (12,622)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Assets - All Internal Service Funds 1,281,274

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$29,496,653

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$13,996,000	\$13,996,000	\$13,746,780	(\$249,220)
Sales taxes	9,665,000	9,665,000	9,040,890	(624,110)
Transient occupancy taxes	2,300,000	2,300,000	2,183,506	(116,494)
Utility user fees	2,000,000	2,000,000	1,953,249	(46,751)
Other taxes	1,065,000	1,065,000	1,134,897	69,897
Charges for services	6,594,900	6,594,900	4,204,001	(2,390,899)
Licenses, permits and fees	3,563,200	3,563,200	3,393,123	(170,077)
Fines, forfeitures and penalties	645,500	645,500	668,109	22,609
Intergovernmental	1,230,000	1,230,000	1,237,574	7,574
Use of money and property	1,535,700	1,535,700	1,641,311	105,611
Other	1,700	1,700	338,707	337,007
<b>Total Revenues</b>	<b>42,597,000</b>	<b>42,597,000</b>	<b>39,542,147</b>	<b>(3,054,853)</b>
<b>EXPENDITURES:</b>				
Current				
General Government	13,863,913	13,863,913	12,896,113	967,800
Community Development	6,856,470	6,856,470	5,628,342	1,228,128
Public Safety	15,908,669	15,908,669	15,868,172	40,497
Public Works	5,408,000	5,408,000	2,346,801	3,061,199
Capital outlay	183,600	383,600	763,375	(379,775)
Debt service:				
Principal	423,100	423,100	423,011	89
Interest	15,000	15,000	7,961	7,039
<b>Total Expenditures</b>	<b>42,658,752</b>	<b>42,858,752</b>	<b>37,933,775</b>	<b>4,924,977</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(61,752)</b>	<b>(261,752)</b>	<b>1,608,372</b>	<b>1,870,124</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	967,885	1,357,370	662,853	(694,517)
Transfers (out)	(875,470)	(2,076,280)	(1,954,230)	122,050
<b>Total other financing sources (uses)</b>	<b>92,415</b>	<b>(718,910)</b>	<b>(1,291,377)</b>	<b>(572,467)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>30,663</b>	<b>(980,662)</b>	<b>316,995</b>	<b>1,297,657</b>
Fund balance, July 1	26,821,838	26,821,838	26,821,838	
Fund balance, June 30	<u>\$26,852,501</u>	<u>\$25,841,176</u>	<u>\$27,138,833</u>	<u>\$1,297,657</u>

CITY OF RANCHO CORDOVA  
SUNRISE DOUGLAS SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Licenses, permits and fees	\$1,905,000	\$1,905,000	\$2,974,211	\$1,069,211
Use of money and property	160,300	160,300	421,485	261,185
<b>Total Revenues</b>	<b>2,065,300</b>	<b>2,065,300</b>	<b>3,395,696</b>	<b>1,330,396</b>
<b>EXPENDITURES:</b>				
Current				
General Government	971,900	971,900		971,900
Public Works			151,318	(151,318)
Capital outlay	1,825,000	1,825,000	542,992	1,282,008
<b>Total Expenditures</b>	<b>2,796,900</b>	<b>2,796,900</b>	<b>694,310</b>	<b>2,102,590</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(731,600)</b>	<b>(731,600)</b>	<b>2,701,386</b>	<b>3,432,986</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			1,803,484	1,803,484
Transfers (out)	(4,222,400)	(4,222,400)	(1,705,255)	2,517,145
<b>Total other financing sources (uses)</b>	<b>(4,222,400)</b>	<b>(4,222,400)</b>	<b>98,229</b>	<b>4,320,629</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(4,954,000)</b>	<b>(4,954,000)</b>	<b>2,799,615</b>	<b>7,753,615</b>
Fund balance, July 1	18,049,844	18,049,844	18,049,844	
<b>Fund balance, June 30</b>	<b>\$13,095,844</b>	<b>\$13,095,844</b>	<b>\$20,849,459</b>	<b>\$7,753,615</b>

CITY OF RANCHO CORDOVA  
 TRAFFIC MITIGATION SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses, permits and fees	\$1,583,000	\$1,583,000	\$2,267,207	\$684,207
Use of money and property	153,000	153,000	474,012	321,012
 Total Revenues	 <u>1,736,000</u>	 <u>1,736,000</u>	 <u>2,741,219</u>	 <u>1,005,219</u>
EXPENDITURES:				
Current				
Public Works	1,197,500	1,197,500	56,592	1,140,908
Capital outlay	400,000	400,000		400,000
 Total Expenditures	 <u>1,597,500</u>	 <u>1,597,500</u>	 <u>56,592</u>	 <u>1,540,908</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 <u>138,500</u>	 <u>138,500</u>	 <u>2,684,627</u>	 <u>2,546,127</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(18,684,000)	(18,684,000)	(3,014,773)	15,669,227
 Total other financing sources (uses)	 <u>(18,684,000)</u>	 <u>(18,684,000)</u>	 <u>(3,014,773)</u>	 <u>15,669,227</u>
NET CHANGE IN FUND BALANCE	(18,545,500)	(18,545,500)	(330,146)	18,215,354
Fund balance, July 1	<u>20,420,724</u>	<u>20,420,724</u>	<u>20,420,724</u>	
Fund balance, June 30	<u><u>\$1,875,224</u></u>	<u><u>\$1,875,224</u></u>	<u><u>\$20,090,578</u></u>	<u><u>\$18,215,354</u></u>

CITY OF RANCHO CORDOVA  
REDEVELOPMENT AGENCY ADMINISTRATION SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property			\$9,347	\$9,347
Total Revenues			9,347	9,347
EXPENDITURES				
Current:				
General Government	\$75,000	\$75,000		75,000
Community Development	1,047,200	1,047,200	989,545	57,655
Capital outlay			144,865	(144,865)
Total Expenditures	1,122,200	1,122,200	1,134,410	(12,210)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,122,200)	(1,122,200)	(1,125,063)	(2,863)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,243,000	2,083,000	2,147,574	64,574
Transfers (out)	(1,011,900)	(1,011,900)	(458,423)	553,477
Total other financing sources (uses)	231,100	1,071,100	1,689,151	618,051
NET CHANGE IN FUND BALANCE	(891,100)	(51,100)	564,088	615,188
Fund balance (deficit), July 1	(1,906,134)	(1,906,134)	(1,906,134)	
Fund balance (deficit), June 30	<u>(\$2,797,234)</u>	<u>(\$1,957,234)</u>	<u>(\$1,342,046)</u>	<u>\$615,188</u>

CITY OF RANCHO CORDOVA  
GENERAL PLAN SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses, permits and fees	\$114,000	\$114,000	\$76,672	(\$37,328)
Total Revenues	<u>114,000</u>	<u>114,000</u>	<u>76,672</u>	<u>(37,328)</u>
EXPENDITURES				
Current:				
Community Development	240,570	240,570	207,939	32,631
Total Expenditures	<u>240,570</u>	<u>240,570</u>	<u>207,939</u>	<u>32,631</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(126,570)</u>	<u>(126,570)</u>	<u>(131,267)</u>	<u>(4,697)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	126,570	126,570		(126,570)
Total other financing sources (uses)	<u>126,570</u>	<u>126,570</u>		<u>(126,570)</u>
NET CHANGE IN FUND BALANCE			(131,267)	(131,267)
Fund balance (deficit), July 1	<u>(2,077,670)</u>	<u>(2,077,670)</u>	<u>(2,077,670)</u>	
Fund balance (deficit), June 30	<u><u>(\$2,077,670)</u></u>	<u><u>(\$2,077,670)</u></u>	<u><u>(\$2,208,937)</u></u>	<u><u>(\$131,267)</u></u>

CITY OF RANCHO CORDOVA  
GRANTS SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$13,943,015	\$13,943,015	\$2,468,228	(\$11,474,787)
Use of money and property			677	677
Total Revenues	<u>13,943,015</u>	<u>13,943,015</u>	<u>2,468,905</u>	<u>(11,474,110)</u>
EXPENDITURES				
Current:				
General Government	73,000	73,000		73,000
Community Development			100,000	(100,000)
Public Safety	307,900	307,900	157,494	150,406
Public Works	39,666	39,666	18,694	20,972
Capital outlay	<u>25,195</u>	<u>25,195</u>	<u>112,607</u>	<u>(87,412)</u>
Total Expenditures	<u>445,761</u>	<u>445,761</u>	<u>388,795</u>	<u>56,966</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>13,497,254</u>	<u>13,497,254</u>	<u>2,080,110</u>	<u>(11,417,144)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(12,106,805)</u>	<u>(12,106,805)</u>	<u>(2,177,675)</u>	<u>9,929,130</u>
Total other financing sources (uses)	<u>(12,106,805)</u>	<u>(12,106,805)</u>	<u>(2,177,675)</u>	<u>9,929,130</u>
NET CHANGE IN FUND BALANCE	1,390,449	1,390,449	(97,565)	(1,488,014)
Fund balance, July 1	<u>504,421</u>	<u>504,421</u>	<u>504,421</u>	
Fund balance, June 30	<u><u>\$1,894,870</u></u>	<u><u>\$1,894,870</u></u>	<u><u>\$406,856</u></u>	<u><u>(\$1,488,014)</u></u>

<b>MAJOR PROPRIETARY FUND</b>
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Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City has only one enterprise fund, the Kilgore Cemetery Fund, which is presented as a major fund and is described below.

**KILGORE CEMETERY**

The Kilgore Cemetery Fund is used to account for the operations of the historic Kilgore Cemetery, rededicated and opened in fiscal year 2006-2007.

CITY OF RANCHO CORDOVA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2009

	<u>Business-type Activities- Enterprise Fund</u>	<u>Governmental Activities- Internal Service Funds</u>
	<u>Kilgore Cemetery</u>	
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$9,216	\$2,702,941
Receivables:		
Interest	<u>6</u>	<u>928</u>
Total current assets	<u>9,222</u>	<u>2,703,869</u>
Noncurrent assets:		
Capital assets:		
Nondepreciable	348,200	
Depreciable, net	<u>1,141,354</u>	
Total noncurrent assets	<u>1,489,554</u>	
Total Assets	<u>1,498,776</u>	<u>2,703,869</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	<u>6,436</u>	
Total current liabilities	<u>6,436</u>	
Noncurrent liabilities:		
Advance from other funds	<u>1,404,611</u>	
Total noncurrent liabilities	<u>1,404,611</u>	
Total Liabilities	<u>1,411,047</u>	
<b>NET ASSETS</b>		
Invested in capital assets	1,489,554	
Unrestricted	<u>(1,401,825)</u>	<u>2,703,869</u>
Total Net Assets	<u>\$87,729</u>	<u>\$2,703,869</u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2009

	Business-type Activities- Enterprise Fund	Governmental Activities -
	Kilgore Cemetery	Internal Service Funds
OPERATING REVENUES		
Service charges	\$48,277	
Total Operating Revenues	48,277	
OPERATING EXPENSES		
Administration	54,608	
Depreciation	31,773	
Total Operating Expenses	86,381	
Operating Income (Loss)	(38,104)	
NONOPERATING REVENUES (EXPENSES)		
Interest income	210	\$33,793
Total Nonoperating Revenues (Expenses)	210	33,793
Income (Loss) Before Transfers	(37,894)	33,793
TRANSFERS		
Transfers in		1,247,481
Net transfers		1,247,481
Change in net assets	(37,894)	1,281,274
BEGINNING NET ASSETS	125,623	1,422,595
ENDING NET ASSETS	\$87,729	\$2,703,869

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Business-type Activities- Enterprise Fund</u>	<u>Governmental Activities- Internal Service Funds</u>
	<u>Kilgore Cemetery</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$48,277	
Payments to suppliers	<u>(51,777)</u>	
Cash Flows from Operating Activities	<u>(3,500)</u>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interfund receipts	62,728	
Transfers in		<u>\$1,247,481</u>
Cash Flows from Noncapital Financing Activities	<u>62,728</u>	<u>1,247,481</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	<u>(50,521)</u>	
Cash Flows from Capital and Related Financing Activities	<u>(50,521)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest	<u>204</u>	<u>34,314</u>
Cash Flows from Investing Activities	<u>204</u>	<u>34,314</u>
Net Cash Flows	8,911	1,281,795
Cash and investments at beginning of period	<u>305</u>	<u>1,421,146</u>
Cash and investments at end of period	<u><u>\$9,216</u></u>	<u><u>\$2,702,941</u></u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:		
Operating income (loss)	(\$38,104)	
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	31,773	
Change in assets and liabilities:		
Accounts payable	<u>2,831</u>	
Cash Flows from Operating Activities	<u><u>(\$3,500)</u></u>	

See accompanying notes to financial statements

<b>FIDUCIARY FUNDS</b>
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**FIDUCIARY FUNDS**

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

CITY OF RANCHO CORDOVA  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2009

	<u>Total Agency Funds</u>
<b>ASSETS</b>	
Cash and investments (Note 3)	\$5,390,564
Restricted cash and investments (Note 3)	14,869,371
Accounts receivable	32,949
Due from other governmental agencies	373,008
Interest receivable	<u>12,809</u>
Total Assets	<u><u>\$20,678,701</u></u>
 <b>LIABILITIES</b>	
Accounts payable	\$2,934
Refundable deposits payable	100,211
Due to assessment district bondholders	20,525,141
Due to assessment holders	<u>50,415</u>
Total Liabilities	<u><u>\$20,678,701</u></u>

See accompanying notes to financial statements

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

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

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**B. Basis of Presentation**

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

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

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

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

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**C. Major Funds**

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

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

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

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

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

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

**General Plan Special Revenue Fund** - Established in 2004 to account for the fee imposed on new development to defray the costs of completing the City's first General Plan and pay for the maintenance of that plan over the next ten years.

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

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

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

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City also reports the following fund types:

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

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

**D. Basis of Accounting**

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

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

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

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

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

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**E. Property Tax**

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

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

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

**F. Compensated Absences**

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

The changes in compensated absences were as follows:

	Governmental Activities
Beginning Balance	\$516,632
Additions	707,541
Payments	(694,919)
Ending Balance	\$529,254
Current Portion	\$525,624

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

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. *Prepaid Costs***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements. 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.

**H. *Refundable Deposits Payable***

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

**I. *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.

**J. *Future GASB Statement Implementation***

In July of 2004, the GASB issued GASB Statement 45 (GASB 45), Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, with required implementation for the City during the June 30, 2010 fiscal year-end. The new statement will significantly change the way state and local governments report their "other postemployment benefits" to the public. As a result of GASB 45, state and local governments will be required to (1) recognize the cost of these benefits in periods when the related services were rendered to the employer, (2) provide information about the actuarial accrued liabilities for promised benefits associated with past services and to what extent those benefits have been funded, and (3) provide information useful in assessing potential demands on the employer's cash flow.

**K. *New and Closed Funds***

The Capital Facility Internal Service Fund was established to account for the accumulation of resources and the acquisition, construction, maintenance and/or remodeling of City owned buildings and facilities.

The Infrastructure Internal Service Fund was established to accumulate and account for funds to pay for the ongoing maintenance of infrastructure facilities such as roads, sidewalks and intersection improvements.

The Employee Benefits Internal Service Fund was established to account for funds accumulated to pay for employees' future post-retirement medical benefits.

The Cap Village Landscape Community Facilities District Agency Fund was closed as of June 30, 2009.

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING**

**A. *Budgeting Procedures***

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

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

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

**B. *Excess of Expenditures over Appropriations***

During fiscal 2009, the following funds had expenditures in excess of budget, as follows:

Fund	Excess of Expenditures Over Appropriations
<b><i>Major Funds:</i></b>	
Redevelopment Agency Administration	\$12,210
<b><i>Non Major Funds:</i></b>	
<b>Special Revenue Funds</b>	
Transit-Related Services Tax	26,680
Community Development Block Grant	202,302
Rental Code Compliance Program	200
Prop 42	533,173
Landscaping and Lighting	50,880
<b>Debt Service Fund</b>	
Financing Corporation	4,948

The funds had sufficient resources to finance these expenditures.

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 3 – CASH AND INVESTMENTS**

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

**A. Policies**

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

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

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

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

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

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>	<u>Minimum Credit Quality</u>
Local Agency Investment Fund	N/A	None	\$40 Million	None
California Asset Management Program	N/A	None	\$40 Million	None
Certificates of Deposit	360 Days	20%	None	None
Negotiable Certificates of Deposit	5 years	30%	None	AA
Banker's Acceptances	180 Days	40%	30%	None
U. S. Treasury Bonds, Notes and Bills	5 years	None	None	None
U.S. Federal Agency Securities	5 years	None	None	None
Repurchase Agreements	30 Days	20%	None	A-1
Commercial Paper	270 Days	25%	10%	Highest Rating
Money Market Mutual Funds	N/A	20%	None	Highest Rating
Local Agency Bonds	5 years	None	None	None

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**C. Investments Authorized by Debt Agreements**

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum investment in one issuer	Minimum Credit Quality
Local Agency Bonds	None	None	None	None
U.S. Treasury Obligations	None	None	None	None
U.S. Agency Securities	None	None	None	None
Municipal Obligations	None	None	None	Aaa
Bankers Acceptances or Federal Funds	360 days	None	None	A-1+
Commercial Paper	270 days	None	None	A-1+
Certificates of Deposits	360 days	None	None	None
Money Market Funds	None	None	None	AAAm or AAAm-G
Investment Agreements *	None	None	None	None
Other Investments (including repurchase agreements)*	None	None	None	None

\* Approved in writing by Insurer.

**D. Classification**

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Cash and investments as of June 30, 2009 consist of the following:

City cash and investments:	
Cash and investments	\$89,847,796
Restricted cash and investments with fiscal agents	2,721,582
Total City cash and investments	92,569,378
Cash and investments in Fiduciary Funds (Separate Statement):	
Cash and investments	5,390,564
Restricted cash and investments with fiscal agents	14,869,371
Total cash and investments	\$112,829,313

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

As of June 30, 2009, the City's cash and investments consisted of the following:

Cash on hand	\$1,450
Deposits with financial institutions	5,050,174
Investments	107,777,689
Total cash and investments	<u>\$112,829,313</u>

**E. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	More than 36 Months	Total
<i>Cash and Investments in City Treasury:</i>					
U.S. Federal Agency Securities	\$11,804,036	\$7,601,736	\$5,333,285	\$922,003	\$25,661,060
U.S. Treasury Notes	1,266,055	1,714,303	4,520,948	821,938	8,323,244
Municipal Bond	674,489				674,489
California Local Agency Investment Fund	18,821,277				18,821,277
California Asset Management Program	35,930,425				35,930,425
Money Market Mutual Funds (U.S. Securities)	705,988				705,988
Certificate of Deposit	64,589				64,589
Financing Corporation Bonds				5,664	5,664
<i>Held by Fiscal Agents:</i>					
California Asset Management Program	1,396,857				1,396,857
Money Market Mutual Funds (U.S. Securities)	13,895,834				13,895,834
Guaranteed Investment Agreements				2,298,262	2,298,262
Total Investments	<u>\$84,559,550</u>	<u>\$9,316,039</u>	<u>\$9,854,233</u>	<u>\$4,047,867</u>	<u>\$107,777,689</u>

Money market funds are available for withdrawal on demand and at June 30, 2009 have an average maturity of 46 days for the First American Treasury Obligation Money Market Fund, 44 days for the First American Prime Obligation Money Market Funds, and 28 days for the Wells Fargo Advantage Treasury Plus Money Market Fund.

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**F. Credit Risk**

Credit risk is the risk that an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2009 for the investment types provided by Standard and Poor's investment rating system.

Investments	AAA	AAAm	A+	A	Total
U.S. Federal Agency Securities	\$25,661,060				\$25,661,060
Municipal Bond				\$674,489	674,489
California Asset Management Program		\$37,327,282			37,327,282
Money Market Mutual Funds (U.S. Securities)		14,601,822			14,601,822
Financing Corporation Bonds			\$5,664		5,664
Total rated	<u>\$25,661,060</u>	<u>\$51,929,104</u>	<u>\$5,664</u>	<u>\$674,489</u>	<u>78,270,317</u>
<i>Not rated:</i>					
California Local Agency Investment Fund					18,821,277
Guaranteed Investment Agreements					2,298,262
<i>Exempt from credit rating:</i>					
U.S. Treasury Notes					8,323,244
Certificate of Deposit					64,589
Total Investments					<u>107,777,689</u>
Cash in Banks and Petty Cash					<u>5,051,624</u>
Total Cash and Investments					<u>\$112,829,313</u>

**G. Concentration of Credit Risk**

Investments in the securities of any individual issuers, other than U.S. Treasury securities, mutual funds, the California Local Agency Investment Fund and the California Asset Management Program, that represent 5% or more of total Government-wide investments, are as follows at June 30, 2009:

Issuer	Investment Type	Amount
Federal National Mortgage Association	Federal Agency Securities	\$7,510,220
Federal Home Loan Bank	Federal Agency Securities	8,474,028
Federal Farm Credit Bank	Federal Agency Securities	7,147,829

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

***H. Investments in LAIF***

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2009 these investments matured in an average of 235 days.

***I. Investments in CAMP***

The City is a participant in the California Asset Management Program (CAMP). Oversight of CAMP is provided by a Board of Trustees, which consists of seven trustees. The trustees are appointed to the Board of Trustees from members of the governing body, officers, or full-time employees of a public agency that is a participant in the trust and approved annually by the participants. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis. There are no CAMP funds invested in derivatives as of June 30, 2009.

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 4 – RECEIVABLES**

Accounts receivable and other receivables consisted of the following at June 30, 2009:

Developer deposits	\$954,909
Transient occupancy taxes	206,285
Utility taxes	118,929
Vendor	62,130
Franchise fees	80,068
Fines	15,978
Other	217,287
Less: allowance for bad debt	<u>(130,328)</u>
	<u><u>\$1,525,258</u></u>

Due from other governments consisted of the following at June 30, 2009:

Measure A funds	\$468,765
Grants	1,934,178
Property and related tax	726,844
Sales tax	410,400
Gas tax	83,588
Other	192,016
Transportation Development Act funds	240,073
Fines	101,339
Motor vehicle fees	<u>113,779</u>
	<u><u>\$4,270,982</u></u>

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 5 – INTERFUND TRANSACTIONS**

**A. Transfers Between Funds**

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the fiscal year ended June 30, 2009 were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
<b>General Fund</b>	Grants Fund	\$139,444 (A)
	Non-Major Governmental Funds	523,409 (A)
<b>Sunrise Douglas Fund</b>	Non-Major Governmental Funds	1,803,484 (B)
<b>Redevelopment Administration Fund</b>	Non-Major Governmental Funds	2,147,574 (C)
<b>Capital Improvement Fund</b>	General Fund	3,043 (D)
	Sunrise Douglas Fund	1,705,255 (D)
	Traffic Mitigation Fund	3,014,773 (D)
	Redevelopment Administration Fund	143,452 (D)
	Grants Fund	2,038,231 (D)
	Non-Major Governmental Funds	7,959,890 (D)
	General Fund	703,706 (E)
<b>Non-Major Governmental Funds</b>	Redevelopment Administration Fund	314,971 (E) (F)
	Non-Major Governmental Funds	1,791,743 (D) (E) (G)
<b>Internal Service Funds</b>	General Fund	<u>1,247,481 (H)</u>
Total Interfund Transfers		<u><u>\$23,536,456</u></u>

The reasons for these transfers are set forth below:

- |   |   |
|---|---|
| (A) To fund administrative & equipment costs      | (F) To reimburse the Fund for prior year expenditures   |
| (B) To fund capital projects                      | (G) State-required set-aside of Low and Moderate Income Housing portion of property tax increment |
| (C) To transfer property taxes to fund operations | (H) To establish new funds  |
| (D) To fund capital projects                      |   |
| (E) To fund debt service                          |   |

**B. Long-Term Advances**

At June 30, 2009, the General Fund had made advances which were not expected to be repaid within the next fiscal year. The balance in the General fund is offset with a reservation of fund balance.

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 5 – INTERFUND TRANSACTIONS (Continued)**

Interfund advances are long-term loans and consisted of the following at June 30, 2009:

Advances from General Fund to:	
Redevelopment Administration Special Revenue Fund	\$1,335,141
General Plan Special Revenue Fund	2,192,868
Kilgore Cemetery Enterprise Fund	<u>1,404,611</u>
Total	<u><u>\$4,932,620</u></u>

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

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

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

**C. Current Interfund Balances**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2009, the Grants Special Revenue Fund and Non-Major Governmental Funds owed the General Fund \$1,365,808 and \$1,532,400, respectively.

**NOTE 6 – CAPITAL ASSETS**

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

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

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 6 – CAPITAL ASSETS (Continued)**

Depreciation is provided using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City's general capitalization threshold is \$5,000. The City has assigned the useful lives below to capital assets:

	Useful Lives Years
Roads	20
Drainage System	40
Buildings and Improvements	30-40
Office Equipment and Furniture	3-5
Software	3
Vehicles	5

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 6 – CAPITAL ASSETS (Continued)**

**A. Capital Asset Additions and Retirements**

Capital assets at June 30 comprise:

	Balance at June 30, 2008	Additions	Retirements	Transfers	Balance at June 30, 2009
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$7,720,792	\$144,865			\$7,865,657
Easements		247,526			247,526
Construction in progress	<u>34,375,843</u>	<u>10,813,964</u>	<u>(\$692,734)</u>	<u>(\$7,194,390)</u>	<u>37,302,683</u>
Total capital assets not being depreciated	<u>42,096,635</u>	<u>11,206,355</u>	<u>(692,734)</u>	<u>(7,194,390)</u>	<u>45,415,866</u>
Capital assets being depreciated:					
Infrastructure	251,016,380	22,146,239		7,179,390	280,342,009
Buildings and improvements	21,032,952	108,235			21,141,187
Office equipment and furniture	382,637	409,097		15,000	806,734
Software	1,733,179	180,935			1,914,114
Vehicles	<u>344,341</u>	<u>8,861</u>			<u>353,202</u>
Total capital assets being depreciated	<u>274,509,489</u>	<u>22,853,367</u>		<u>7,194,390</u>	<u>304,557,246</u>
Less accumulated depreciation for:					
Infrastructure	(48,387,432)	(7,495,348)			(55,882,780)
Buildings and improvements	(1,809,664)	(737,635)			(2,547,299)
Office equipment and furniture	(171,899)	(121,143)			(293,042)
Software	(1,053,319)	(280,744)			(1,334,063)
Vehicles	<u>(125,474)</u>	<u>(70,197)</u>			<u>(195,671)</u>
Total accumulated depreciation	<u>(51,547,788)</u>	<u>(8,705,067)</u>			<u>(60,252,855)</u>
Net capital assets being depreciated	<u>222,961,701</u>	<u>14,148,300</u>			<u>244,304,391</u>
Governmental activity capital assets, net	<u>\$265,058,336</u>	<u>\$25,354,655</u>			<u>\$289,720,257</u>
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$225,000				\$225,000
Construction in progress	<u>78,728</u>	<u>\$44,472</u>			<u>123,200</u>
Total capital assets not being depreciated	<u>303,728</u>	<u>44,472</u>			<u>348,200</u>
Capital assets being depreciated:					
Buildings	1,197,003				1,197,003
Software		<u>6,049</u>			<u>6,049</u>
Total capital assets being depreciated	<u>1,197,003</u>	<u>6,049</u>			<u>1,203,052</u>
Less accumulated depreciation for:					
Buildings	(29,925)	(29,925)			(59,850)
Software		<u>(1,848)</u>			<u>(1,848)</u>
Total accumulated depreciation	<u>(29,925)</u>	<u>(31,773)</u>			<u>(61,698)</u>
Net capital assets being depreciated	<u>1,167,078</u>	<u>(25,724)</u>			<u>1,141,354</u>
Business-type activity capital assets, net	<u>\$1,470,806</u>	<u>\$18,748</u>			<u>\$1,489,554</u>

During the year ended June 30, 2009, depreciation of \$8,705,067 was charged to the general government function, and \$31,773 was charged to the Kilgore Cemetery Enterprise Fund.

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 6 – CAPITAL ASSETS (Continued)**

**B. Capital Asset Contributions**

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

**NOTE 7 – LONG-TERM DEBT**

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

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

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

**A. Current Year Transactions and Balances**

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

	Original Issue Amount	Balance June 30, 2008	Retirements	Balance June 30, 2009	Due within one year
<b>Governmental Activity Debt</b>					
Certificates of Participation:					
2005 Series A 3.00-5.00%, due 9/1/2035	\$3,695,000	\$3,695,000	\$75,000	\$3,620,000	\$75,000
2005 Series B 3.00-5.00%, due 9/1/2015	3,010,000	2,520,000	265,000	2,255,000	280,000
2007 Series A 4.43% to 5.65%, due on 8/1/2035	12,100,000	12,100,000		12,100,000	
2007 Series B 4.43% to 5.65%, due on 8/1/2024	8,300,000	7,970,000	355,000	7,615,000	370,000
Less Deferred amount on refunding Issuance discounts		(110,546) (322,537)	(4,159) (12,088)	(106,387) (310,449)	
County Debt	846,023	423,011	423,011		
Total Governmental Activity Debt		<u>\$26,274,928</u>	<u>\$1,101,764</u>	<u>\$25,173,164</u>	<u>\$725,000</u>

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 7 – LONG-TERM DEBT (Continued)**

**B. 2005 Series A & B Certificates of Participation**

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

**C. 2007 Series A & B Refunding Certificates of Participation**

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

**D. Prior Year Defeasance**

The 2007 Certificates of Participation advance refunded the 2005 Certificates of Participation totaling \$19,465,000. Proceeds from the 2007 Certificates were used to purchase U.S. Treasury securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 Certificates. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. As of June 30, 2009, \$18,675,000 of the 2005 Certificates of Participation were outstanding.

**E. 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. The City was required to make quarterly principal payments of \$105,753 through June 2009, plus simple interest at the County Treasury pool rate. The City made its final payment to the County in fiscal 2009.

**F. Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. At June 30, 2009, the City does not expect to incur a liability.

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 7 – LONG-TERM DEBT (Continued)**

**G. Debt Service Requirements**

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

For the Year Ending June 30	Certification of Participation	
	Principal	Interest
2010	\$725,000	\$1,217,912
2011	765,000	1,180,877
2012	805,000	1,141,642
2013	840,000	1,100,477
2014	885,000	1,057,286
2015-2019	3,925,000	4,637,935
2020-2024	4,160,000	3,636,568
2025-2029	5,260,000	2,539,303
2030-2034	6,520,000	1,267,166
2035-2036	1,705,000	76,950
Total payments due	25,590,000	\$17,856,116
Reconciliation of Long Term Debt:		
Deferred amount on refunding	(106,387)	
Issuance discounts	(310,449)	
	<u>\$25,173,164</u>	

**NOTE 8 – ASSESSMENT DEBT WITHOUT CITY COMMITMENT**

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

As of June 30, 2009, Special Tax Bonds outstanding were as follows:

Sunridge Anatolia CFD 2003 - 1 - Series 2003	\$23,320,000
Sunridge Anatolia CFD 2003 - 1 - Series 2005	14,660,000
Sunridge Anatolia CFD 2003 - 1 - Series 2007	20,665,000
Sunridge Park CFD 2004 - 1 - Series 2007	13,455,000
	<u>\$72,100,000</u>

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 9 – NET ASSETS AND FUND BALANCE**

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

**A. Net Assets**

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

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

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

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

**B. Fund Balances, Reserves and Designations**

In the Fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditures.

**C. Reserves**

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

Reserved for **Prepays** is used to indicate the balance of prepaid costs that benefit future periods and are not available for appropriation.

Reserve for **low and moderate income housing** is the portion of fund balance legally restricted for operating the City's Low Income Housing program.

Reserve for **debt service** is the portion of fund balance legally restricted for the payment of principal and interest on long-term liabilities.

Reserved for **loans receivable** is the portion of fund balance set aside to indicate these items do not represent available, spendable resources, even though they are a component of assets.

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 9 – NET ASSETS AND FUND BALANCES (Continued)**

**D. Designations**

Designations are imposed by City Council to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Council action. Such plans are subject to change and may or may not be legally authorized or result in expenditures. At June 30, 2009, designations included:

Designated for **economic uncertainty** represents the minimum fund balance reserve in the General Fund to be maintained at all times. The minimal, optimal level required is 20% of the General Fund operating budget.

Designated for **unrealized gains** represents the unrealized gains in the current market value of investments will not be realized as it is the City’s policy to hold the securities on a long-term basis.

Designated for **projects** represents fund balance to be used for future redevelopment agency projects.

**E. Fund Equity Deficits**

The following funds have a fund deficit at June 30, 2009:

Fund	Amount
Redevelopment Administration Fund	\$1,342,046
General Plan Fund	2,208,937
Measure A	354,602
Mather Field Traffic Impact Fees Fund	152,866
Community Development Block Grant Fund	214,855

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

**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

**A. CalPERS Miscellaneous Employees Plan**

The City contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. All permanent full and part time City employees working at least 1,000 hours per year are eligible to participate in CalPERS. Under CalPERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor times their 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.

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

The Plan's provisions and benefits in effect at June 30, 2009 are summarized as follows:

	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefit factors, as a % of annual salary	2.0% - 2.7%
Required employee contribution rates	8%
Required employer contribution rates	12.210%

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the last three fiscal years were as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2007	\$744,010	100%	\$0
June 30, 2008	885,150	100%	0
June 30, 2009	985,966	100%	0

CALPERS uses the market related value method of valuing the Plan's assets. For the most recent actuarial report, as of June 30, 2007, an investment rate of return of 7.75% is assumed, including inflation at 3.00%. Annual salary increases are assumed to vary by duration of service. Changes in the liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over sixteen years for the Miscellaneous Plan. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

As required by State law, effective July 1, 2005, the City’s Miscellaneous Plan was terminated, and the employees in the plan were required by CALPERS to join a State-wide pool. One of the conditions of entry to the pool was that the City true-up any unfunded liabilities in the former Plan, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The City satisfied its Miscellaneous Plan’s unfunded liability at July 1, 2005 by agreeing to contribute to the Side Fund through an addition to its normal contribution rates. The balance of the Side Fund was \$347,787 at June 30, 2009, which will be repaid over the next 14 years.

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

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2005	\$872,346,612	\$729,556,809	\$142,789,803	83.6%	\$203,995,039	70.0%
2006	1,280,157,040	1,069,546,974	210,610,066	83.5%	304,898,179	69.1%
2007	1,627,025,950	1,362,059,317	264,966,633	83.7%	376,292,121	70.4%

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

**B. Post-Retirement Benefits**

In addition to the pension benefits, the City allows retired employees to purchase certain health care benefits through PERS at the City’s rate. The City’s full-time employees may become eligible for those benefits if they reach normal retirement age while working. At June 30, 2009, 1 retired employee met those eligibility requirements. The City pays on a pay-as-you-go basis and recognizes the cost of providing such benefits to retirees by expensing the related annual insurance premiums, which were approximately \$262.

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 11 - RISK MANAGEMENT**

**A. California State Association of Counties Excess Insurance Authority (CSAC EIA)**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the California State Association of Counties Excess Insurance Authority (CSAC EIA), a public entity risk pool of cities and counties within Northern California, for general liability and worker's compensation insurance. Loss contingency reserves established by the CSAC EIA are funded by contributions from member agencies. The City pays an annual contribution to the CSAC EIA, which includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the risk pool. The City paid premiums of \$280,208 for the year ended June 30, 2009. CSAC EIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained. CSAC EIA has never made an additional assessment and is currently fully funded. No provision has been made on these financial statements for liabilities related to possible additional assessments. The City also purchases commercial insurance through CSAC EIA for other risks of loss.

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

	<u>Pool Coverage</u>	<u>Self-Insured Retention</u>
General liability	\$20,000,000	\$10,000
Workers compensation	Statutory	0
Property - all risk and flood	600,000,000	5,000

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

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

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

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

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

**CITY OF RANCHO CORDOVA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2009**

**NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)**

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, 2009, property taxes retained by the County in accordance with the revenue neutrality agreement totaled \$6,029,814.

The City has an agreement with the County to provide law enforcement services to the City commencing July 1, 2007 and continuing until June 30, 2010. The cost of providing this service will be outlined in a service plan, which will be provided to the City annually. The service plan for fiscal year 2009/2010 projected total costs of \$15,430,061.

The City has an agreement with the County to provide maintenance services beginning July 1, 2004 and continuing through June 30, 2007. The agreement is renewable annually through June 30, 2014. Under the agreement, the City is required to budget \$1,000,000 annually for these services and is required to expend a minimum of \$750,000 each year of the contract. For the fiscal year ended June 30, 2009, actual costs totaled \$1,111,646, 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 \$14,631,230 and outstanding contracts for construction in the amount of \$4,971,601 at June 30, 2009.

**NOTE 13 – OPERATING LEASES**

The City has entered into various operating leases for buildings and equipment with lease terms in excess of one year. Future minimum lease payments under these agreements as of June 30, 2009, are as follows:

Year ending June 30,	Lease Payments
2010	\$124,540
2011	53,509
2012	35,670
2013	17,669
Total	<u>\$231,388</u>

Total Costs of such leases were \$126,303 for the fiscal year ended June 30, 2009.

<b>NON-MAJOR SPECIAL REVENUE FUNDS</b>
--

**MEASURE A FUND**

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

**LOW/MODERATE INCOME HOUSING FUND**

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

**ASSET FORFEITURE FUND**

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

**VILLAGES OF ZINFANDEL FUND**

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

**COMMUNITY FACILITIES FEES FUND**

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

**PARK DEVELOPMENT FUND**

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

**GAS TAX FUND**

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

**STREET CUT FEES FUND**

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

**MATHER FIELD TRAFFIC IMPACT FEES FUND**

Accounts for developer impact fees that are imposed on certain development.

**CAP VILL PARK DEVELOPMENT FEES FUND**

The funds will be used to fund park construction in new development areas.

**TRANSPORTATION DEVELOPMENT ACT FUND**

Accounts for revenues and the associated expenditures of appropriated Transportation Development Act funds, which are restricted for public transit services or streets and roads projects.

<b>NON-MAJOR SPECIAL REVENUE FUNDS (Continued)</b>
--

**VERY LOW INCOME HOUSING FUND**

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

**TRANSIT-RELATED SERVICES TAX FUND**

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

**ROAD MAINTENANCE FUND**

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

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND**

Established to account for the federal grants received under the Housing and Community Development Act of 1974.

**RENTAL CODE COMPLIANCE PROGRAM FUND**

The City of Rancho Cordova assesses a \$10 per door fee on all rental properties in the City. These monies are used to fund the Rental Inspection Program, seeking to improve the quality of rental housing.

**ROADWAY IMPROVEMENT FUND**

The Public Works Department has obtained certain additional contributions related to supplemental roadway fees. The negotiations are non-nexus based and are not directly associated with the existing traffic fees. These funds may be used at the City's discretion for a variety of roadway improvement projects.

**STORM WATER UTILITY TAX FUND**

The Public Works Department has negotiated the annual transfer of funds from utility taxes collected by the County of Sacramento for storm water utility. These funds may be used at the Public Works Director's discretion for any drainage-related expenses, including staff costs.

**PROP 42 FUND**

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

**ENVIRONMENTAL MITIGATION FUND**

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

**LANDSCAPING AND LIGHTING FUND**

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

<b>NON-MAJOR DEBT SERVICE FUNDS</b>
-------------------------------------

**REDEVELOPMENT DEBT SERVICE FUND**

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

**FINANCING CORPORATION DEBT SERVICE FUND**

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

<b>NON-MAJOR CAPITAL PROJECTS FUND</b>
--

**REDEVELOPMENT CAPITAL PROJECTS FUND**

This fund accounts for expenditures relating to capital improvements.

CITY OF RANCHO CORDOVA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2009

SPECIAL REVENUE FUNDS					
	Measure A	Low/Moderate Income Housing	Asset Forfeiture	Villages of Zinfandel	Community Facilities Fees
<b>ASSETS</b>					
Cash and investments		\$920,723	\$22,414	\$443,170	\$6,010,949
Restricted cash and investments					
Receivables:					
Accounts				3,092	5,882
Interest		630	14	303	3,982
Due from other governmental agencies	\$468,765				
Loans					
Prepays					
Total Assets	\$468,765	\$921,353	\$22,428	\$446,565	\$6,020,813
<b>LIABILITIES</b>					
Accounts payable	\$113,558	\$1,191	\$522		\$2,954
Refundable deposits					
Due to other funds	709,809				62,001
Deferred revenue				\$3,092	5,882
Total Liabilities	823,367	1,191	522	3,092	70,837
<b>FUND EQUITY</b>					
Fund balances (deficits)					
Reserved for prepaids					
Reserved for low and moderate income housing		920,162			
Reserved for debt service					
Unreserved, designated for projects					
Unreserved, undesignated	(354,602)		21,906	443,473	5,949,976
Total Fund Balances (Deficits)	(354,602)	920,162	21,906	443,473	5,949,976
Total Liabilities and Fund Balances	\$468,765	\$921,353	\$22,428	\$446,565	\$6,020,813

SPECIAL REVENUE FUNDS

Park Development	Gas Tax	Street Cut Fees	Mather Field Traffic Impact Fees	Cap Vill Park Development Fees	Transportation Development Act	Very Low Income Housing	Transit- Related Services Tax
\$2,027,808	\$3,706,802	\$124,783		\$36,794		\$846,459	\$99,563
4,209							
1,318	2,688			23		549	58
	83,588				\$240,073		318
<u>\$2,033,335</u>	<u>\$3,793,078</u>	<u>\$124,783</u>		<u>\$36,817</u>	<u>\$240,073</u>	<u>\$847,008</u>	<u>\$99,939</u>
						\$181	\$1,046
\$4,209			\$152,866		\$240,073		
4,209			152,866		240,073	181	1,046
<u>2,029,126</u>	<u>3,793,078</u>	<u>124,783</u>	<u>(152,866)</u>	<u>\$36,817</u>		<u>846,827</u>	<u>98,893</u>
<u>2,029,126</u>	<u>3,793,078</u>	<u>124,783</u>	<u>(152,866)</u>	<u>36,817</u>		<u>846,827</u>	<u>98,893</u>
<u>\$2,033,335</u>	<u>\$3,793,078</u>	<u>\$124,783</u>		<u>\$36,817</u>	<u>\$240,073</u>	<u>\$847,008</u>	<u>\$99,939</u>

(Continued)

CITY OF RANCHO CORDOVA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2009

	SPECIAL REVENUE FUNDS				
	Road Maintenance	Community Development Block Grant	Rental Code Compliance Program	Roadway Improvement	Storm Water Utility Tax
<b>ASSETS</b>					
Cash and investments	\$750,724			\$6,336,829	\$347,173
Restricted cash and investments					
Receivables:					
Accounts					
Interest	479		\$23	4,288	454
Due from other governmental agencies	1,451	\$421,986			
Loans		129,907			
Prepays					
Total Assets	\$752,654	\$551,893	\$23	\$6,341,117	\$347,627
<b>LIABILITIES</b>					
Accounts payable	\$2,854	\$67,796			\$18,607
Refundable deposits					
Due to other funds	35,404	569,045	\$23		
Deferred revenue		129,907			
Total Liabilities	38,258	766,748	23		18,607
<b>FUND EQUITY</b>					
Fund balances (deficits)					
Reserved for prepaids					
Reserved for low and moderate income housing					
Reserved for debt service					
Unreserved, designated for projects					
Unreserved, undesignated	714,396	(214,855)		\$6,341,117	329,020
Total Fund Balances (Deficits)	714,396	(214,855)		6,341,117	329,020
Total Liabilities and Fund Balances	\$752,654	\$551,893	\$23	\$6,341,117	\$347,627

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		CAPITAL PROJECTS FUND	Total Nonmajor Governmental Funds
Prop 42	Environmental Mitigation	Landscaping and Lighting	Redevelopment Debt Service	Financing Corporation Debt Service	Redevelopment Capital Projects	
\$322,776	\$6,205	\$1,771,440		\$2,721,582	\$327,568	\$24,102,180 2,721,582
503	4	1,221		90	107	13,183
124,573		26,874	\$98,009			16,734
				500		1,465,637
						129,907
						500
<u>\$447,852</u>	<u>\$6,209</u>	<u>\$1,799,535</u>	<u>\$98,009</u>	<u>\$2,722,172</u>	<u>\$327,675</u>	<u>\$28,449,723</u>
\$407,842		\$20,781		\$24,500		\$637,332
			\$3,252			24,500
			94,757			1,532,400
						477,920
<u>407,842</u>		<u>20,781</u>	<u>98,009</u>	<u>24,500</u>		<u>2,672,152</u>
				500		500
				2,697,172		920,162
					\$327,675	2,697,172
40,010	6,209	1,778,754				327,675
						21,832,062
<u>40,010</u>	<u>6,209</u>	<u>1,778,754</u>		<u>2,697,672</u>	<u>327,675</u>	<u>25,777,571</u>
<u>\$447,852</u>	<u>\$6,209</u>	<u>\$1,799,535</u>	<u>\$98,009</u>	<u>\$2,722,172</u>	<u>\$327,675</u>	<u>\$28,449,723</u>

CITY OF RANCHO CORDOVA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS				
	Measure A	Low/Moderate Income Housing	Asset Forfeiture	Villages of Zinfandel	Community Facilities Fees
REVENUES					
Property taxes and assessments					
Other taxes					
Charges for services					
Licenses, permits and fees				\$2,640	\$1,185,373
Fines, forfeitures and penalties			\$5,754		
Intergovernmental	\$6,012,539				
Use of money and property		\$12,936	637	9,083	130,490
Other					
<b>Total Revenues</b>	<b>6,012,539</b>	<b>12,936</b>	<b>6,391</b>	<b>11,723</b>	<b>1,315,863</b>
EXPENDITURES					
Current:					
General Government					19,678
Community Development		13,830			
Public Safety			1,860		
Public Works	1,027,983			1,144	
Capital outlay			14,777		
Debt Service:					
Principal					
Interest and fiscal charges					
<b>Total Expenditures</b>	<b>1,027,983</b>	<b>13,830</b>	<b>16,637</b>	<b>1,144</b>	<b>19,678</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>4,984,556</b>	<b>(894)</b>	<b>(10,246)</b>	<b>10,579</b>	<b>1,296,185</b>
OTHER FINANCING SOURCES (USES)					
Transfers in		543,470			
Transfers (out)	(7,571,922)	(75,124)		(32,586)	(1,423,358)
<b>Total Other Financing Sources (Uses)</b>	<b>(7,571,922)</b>	<b>468,346</b>		<b>(32,586)</b>	<b>(1,423,358)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,587,366)</b>	<b>467,452</b>	<b>(10,246)</b>	<b>(22,007)</b>	<b>(127,173)</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<b>2,232,764</b>	<b>452,710</b>	<b>32,152</b>	<b>465,480</b>	<b>6,077,149</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>(\$354,602)</b>	<b>\$920,162</b>	<b>\$21,906</b>	<b>\$443,473</b>	<b>\$5,949,976</b>

SPECIAL REVENUE FUNDS

Park Development	Gas Tax	Street Cut Fees	Mather Field Traffic Impact Fees	Cap Vill Park Development Fees	Transportation Development Act	Very Low Income Housing	Transit- Related Services Tax
							\$91,693 3,000
\$233,549		\$47,740		\$1,162,998		\$185,604	
47,307	\$1,160,175 76,324			28,452		18,473	(347)
280,856	1,236,499	47,740		1,191,450		204,077	94,346
313,939				1,435,800		1,955	
	5,793			1,162,998			46,680
313,939	5,793			2,598,798		1,955	46,680
(33,083)	1,230,706	47,740		(1,407,348)		202,122	47,666
(39,881)	(509,602)					(14,100)	38,888
(39,881)	(509,602)					(14,100)	38,888
(72,964)	721,104	47,740		(1,407,348)		188,022	86,554
2,102,090	3,071,974	77,043	(\$152,866)	1,444,165		658,805	12,339
\$2,029,126	\$3,793,078	\$124,783	(\$152,866)	\$36,817		\$846,827	\$98,893

(Continued)

CITY OF RANCHO CORDOVA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS				
	Road Maintenance	Community Development Block Grant	Rental Code Compliance Program	Roadway Improvement	Storm Water Utility Tax
<b>REVENUES</b>					
Property taxes and assessments	\$351,898				
Other taxes					
Charges for services	1,500				
Licenses, permits and fees			\$36,390	\$41,195	
Fines, forfeitures and penalties		\$103,476			
Intergovernmental		770,695		877,947	\$561,221
Use of money and property	11,545		449	141,333	9,814
Other		2,986			
<b>Total Revenues</b>	<b>364,943</b>	<b>877,157</b>	<b>36,839</b>	<b>1,060,475</b>	<b>571,035</b>
<b>EXPENDITURES</b>					
Current:					
General Government		447,507	200		
Community Development					
Public Safety					
Public Works	65,214				170,446
Capital outlay					
Debt Service:					
Principal					
Interest and fiscal charges					
<b>Total Expenditures</b>	<b>65,214</b>	<b>447,507</b>	<b>200</b>		<b>170,446</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>299,729</b>	<b>429,650</b>	<b>36,639</b>	<b>1,060,475</b>	<b>400,589</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
Transfers (out)		(582,746)	(36,639)	(390,069)	(364,961)
<b>Total Other Financing Sources (Uses)</b>		<b>(582,746)</b>	<b>(36,639)</b>	<b>(390,069)</b>	<b>(364,961)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>299,729</b>	<b>(153,096)</b>		<b>670,406</b>	<b>35,628</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<b>414,667</b>	<b>(61,759)</b>		<b>5,670,711</b>	<b>293,392</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>\$714,396</b>	<b>(\$214,855)</b>		<b>\$6,341,117</b>	<b>\$329,020</b>

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		CAPITAL PROJECTS FUND	Total Nonmajor Governmental Funds
Prop 42	Environmental Mitigation	Landscaping and Lighting	Redevelopment Debt Service	Financing Corporation Debt Service	Redevelopment Capital Projects	
		\$581,966	\$2,674,646			\$3,700,203
		130	33,165			36,165
						1,630
						2,895,489
						109,230
\$517,620						9,900,197
16,368	\$136	36,775	9,540	\$35,077	\$4,275	588,667
		11,398				14,384
533,988	136	630,269	2,717,351	35,077	4,275	17,245,965
		2,155				2,221,234
			32,884			46,714
533,173		265,625				1,860
						2,116,058
						1,177,775
				695,000		695,000
			148,355	1,258,178		1,406,533
533,173		267,780	181,239	1,953,178		7,665,174
815	136	362,489	2,536,112	(1,918,101)	4,275	9,580,791
		12,604	148,355	1,907,064	160,039	2,810,420
(466,862)		(32,841)	(2,684,467)		(942)	(14,226,100)
(466,862)		(20,237)	(2,536,112)	1,907,064	159,097	(11,415,680)
(466,047)	136	342,252		(11,037)	163,372	(1,834,889)
506,057	6,073	1,436,502		2,708,709	164,303	27,612,460
\$40,010	\$6,209	\$1,778,754		\$2,697,672	\$327,675	\$25,777,571

CITY OF RANCHO CORDOVA  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	MEASURE A			LOW/MODERATE INCOME HOUSING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes						
Other taxes						
Licenses, permits and fees						
Fines, forfeitures and penalties						
Intergovernmental	\$13,424,820	\$6,012,539	(\$7,412,281)			
Charges for services						
Use of money and property					\$12,936	\$12,936
Other						
Total Revenues	13,424,820	6,012,539	(7,412,281)		12,936	12,936
<b>EXPENDITURES</b>						
Current:						
General Government						
Community Development				\$197,200	13,830	183,370
Public Safety						
Public Works	1,088,720	1,027,983	60,737			
Capital outlay				170,000		170,000
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	1,088,720	1,027,983	60,737	367,200	13,830	353,370
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>12,336,100</b>	<b>4,984,556</b>	<b>(7,351,544)</b>	<b>(367,200)</b>	<b>(894)</b>	<b>366,306</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in				537,000	543,470	6,470
Transfers (out)	(12,336,100)	(7,571,922)	4,764,178	(100,100)	(75,124)	24,976
Total Other Financing Sources (Uses)	(12,336,100)	(7,571,922)	4,764,178	436,900	468,346	31,446
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,587,366)</b>	<b>(2,587,366)</b>	<b>(\$2,587,366)</b>	<b>\$69,700</b>	<b>467,452</b>	<b>\$397,752</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<b>2,232,764</b>	<b>2,232,764</b>	<b>2,232,764</b>	<b>2,232,764</b>	<b>452,710</b>	<b>452,710</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>(\$354,602)</b>	<b>(\$354,602)</b>	<b>(\$354,602)</b>	<b>(\$354,602)</b>	<b>\$920,162</b>	<b>\$920,162</b>

ASSET FORFEITURE			VILLAGES OF ZINFANDEL			COMMUNITY FACILITIES FEES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$13,000	\$5,754	(\$7,246)	\$6,300	\$2,640	(\$3,660)	\$838,700	\$1,185,373	\$346,673
	637	637	10,125	9,083	(1,042)		130,490	130,490
<u>13,000</u>	<u>6,391</u>	<u>(6,609)</u>	<u>16,425</u>	<u>11,723</u>	<u>(4,702)</u>	<u>838,700</u>	<u>1,315,863</u>	<u>477,163</u>
			6,400		6,400	20,000	19,678	322
13,000	1,860	11,140		1,144	(1,144)			
7,000	14,777	(7,777)				700,000		700,000
<u>20,000</u>	<u>16,637</u>	<u>3,363</u>	<u>6,400</u>	<u>1,144</u>	<u>5,256</u>	<u>720,000</u>	<u>19,678</u>	<u>700,322</u>
<u>(7,000)</u>	<u>(10,246)</u>	<u>(3,246)</u>	<u>10,025</u>	<u>10,579</u>	<u>554</u>	<u>118,700</u>	<u>1,296,185</u>	<u>1,177,485</u>
			<u>(220,000)</u>	<u>(32,586)</u>	<u>187,414</u>	<u>(1,449,330)</u>	<u>(1,423,358)</u>	<u>25,972</u>
			<u>(220,000)</u>	<u>(32,586)</u>	<u>187,414</u>	<u>(1,449,330)</u>	<u>(1,423,358)</u>	<u>25,972</u>
<u>(\$7,000)</u>	<u>(10,246)</u>	<u>(\$3,246)</u>	<u>(\$209,975)</u>	<u>(22,007)</u>	<u>\$187,968</u>	<u>(\$1,330,630)</u>	<u>(127,173)</u>	<u>\$1,203,457</u>
	<u>32,152</u>			<u>465,480</u>			<u>6,077,149</u>	
	<u>\$21,906</u>			<u>\$443,473</u>			<u>\$5,949,976</u>	

(Continued)

CITY OF RANCHO CORDOVA  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	PARK DEVELOPMENT			GAS TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Licenses, permits and fees	\$95,000	\$233,549	\$138,549			
Fines, forfeitures and penalties						
Intergovernmental				\$1,280,500	\$1,160,175	(\$120,325)
Charges for services						
Use of money and property		47,307	47,307	10,500	76,324	65,824
Other						
Total Revenues	95,000	280,856	185,856	1,291,000	1,236,499	(54,501)
EXPENDITURES						
Current:						
General Government	450,000	313,939	136,061			
Community Development						
Public Safety						
Public Works				15,000	5,793	9,207
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	450,000	313,939	136,061	15,000	5,793	9,207
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(355,000)	(33,083)	321,917	1,276,000	1,230,706	(45,294)
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(155,600)	(39,881)	115,719	(4,118,500)	(509,602)	3,608,898
Total Other Financing Sources (Uses)	(155,600)	(39,881)	115,719	(4,118,500)	(509,602)	3,608,898
NET CHANGE IN FUND BALANCES	(\$510,600)	(72,964)	\$437,636	(\$2,842,500)	721,104	\$3,563,604
BEGINNING FUND BALANCES (DEFICITS)		2,102,090			3,071,974	
ENDING FUND BALANCES (DEFICITS)		\$2,029,126			\$3,793,078	

STREET CUT FEES			MATHER FIELD IMPACT FEES			CAP VILL PARK DEVELOPMENT FEES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$15,000	\$47,740	\$32,740					\$1,162,998	\$1,162,998
							28,452	28,452
<u>15,000</u>	<u>47,740</u>	<u>32,740</u>					<u>1,191,450</u>	<u>1,191,450</u>
						\$1,450,000	1,435,800	14,200
						1,500,000	1,162,998	337,002
						<u>2,950,000</u>	<u>2,598,798</u>	<u>351,202</u>
<u>15,000</u>	<u>47,740</u>	<u>32,740</u>				<u>(2,950,000)</u>	<u>(1,407,348)</u>	<u>1,542,652</u>
			\$489,700 (489,700)		(\$489,700) 489,700			
<u>\$15,000</u>	<u>47,740</u>	<u>\$32,740</u>				<u>(\$2,950,000)</u>	<u>(1,407,348)</u>	<u>\$1,542,652</u>
	<u>77,043</u>			<u>(\$152,866)</u>			<u>1,444,165</u>	
	<u>\$124,783</u>			<u>(\$152,866)</u>			<u>\$36,817</u>	

(Continued)

CITY OF RANCHO CORDOVA  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	TRANSPORTATION DEVELOPMENT ACT			VERY LOW INCOME HOUSING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Licenses, permits and fees				\$178,648	\$185,604	\$6,956
Fines, forfeitures and penalties						
Intergovernmental	\$248,000		(\$248,000)			
Charges for services						
Use of money and property					18,473	18,473
Other						
Total Revenues	248,000		(248,000)	178,648	204,077	25,429
EXPENDITURES						
Current:						
General government				162,500	1,955	160,545
Community development						
Public safety						
Public works						
Capital outlay				50,000		50,000
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures				212,500	1,955	210,545
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	248,000		(248,000)	(33,852)	202,122	235,974
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(245,000)		245,000	(14,100)	(14,100)	
Total Other Financing Sources (Uses)	(245,000)		245,000	(14,100)	(14,100)	
NET CHANGE IN FUND BALANCES	\$3,000		(\$3,000)	(\$47,952)	188,022	\$235,974
BEGINNING FUND BALANCES (DEFICITS)					658,805	
ENDING FUND BALANCES (DEFICITS)					\$846,827	

TRANSIT-RELATED SERVICES TAX			ROAD MAINTENANCE			COMMUNITY DEVELOPMENT BLOCK GRANT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$20,000	\$91,693 3,000	\$91,693 (17,000)	\$390,000	\$351,898	(\$38,102)			
						\$78,000	\$103,476	\$25,476
				1,500	1,500	970,805	770,695	(200,110)
	(347)	(347)	3,000	11,545	8,545			
							2,986	2,986
20,000	94,346	74,346	393,000	364,943	(28,057)	1,048,805	877,157	(171,648)
						209,905	447,507	(237,602)
20,000	46,680	(26,680)	534,300	65,214	469,086			
						35,300		35,300
20,000	46,680	(26,680)	534,300	65,214	469,086	245,205	447,507	(202,302)
	47,666	47,666	(141,300)	299,729	441,029	803,600	429,650	(373,950)
(3,000)	38,888	38,888 3,000				(834,100)	(582,746)	251,354
(3,000)	38,888	41,888				(834,100)	(582,746)	251,354
(\$3,000)	86,554	\$89,554	(\$141,300)	299,729	\$441,029	(\$30,500)	(153,096)	(\$122,596)
	12,339			414,667			(61,759)	
	\$98,893			\$714,396			(\$214,855)	

(Continued)

CITY OF RANCHO CORDOVA  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	RENTAL CODE COMPLIANCE PROGRAM			ROADWAY IMPROVEMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes						
Other taxes						
Licenses, permits and fees	\$70,000	\$36,390	(\$33,610)		\$41,195	\$41,195
Fines, forfeitures and penalties						
Intergovernmental				\$850,000	877,947	27,947
Charges for services						
Use of money and property		449	449		141,333	141,333
Other						
<b>Total Revenues</b>	<b>70,000</b>	<b>36,839</b>	<b>(33,161)</b>	<b>850,000</b>	<b>1,060,475</b>	<b>210,475</b>
<b>EXPENDITURES</b>						
Current:						
General government		200	(200)			
Community development						
Public safety						
Public works						
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>		<b>200</b>	<b>(200)</b>			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>70,000</b>	<b>36,639</b>	<b>(33,361)</b>	<b>850,000</b>	<b>1,060,475</b>	<b>210,475</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers (out)	(70,000)	(36,639)	33,361	(949,900)	(390,069)	559,831
<b>Total Other Financing Sources (Uses)</b>	<b>(70,000)</b>	<b>(36,639)</b>	<b>33,361</b>	<b>(949,900)</b>	<b>(390,069)</b>	<b>559,831</b>
<b>NET CHANGE IN FUND BALANCES</b>				<b>(\$99,900)</b>	<b>670,406</b>	<b>\$770,306</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>					<b>5,670,711</b>	
<b>ENDING FUND BALANCES (DEFICITS)</b>					<b>\$6,341,117</b>	

STORM WATER UTILITY TAX			PROP 42			LANDSCAPING AND LIGHTING		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$537,000	\$581,966	\$44,966
\$726,700	\$561,221	(\$165,479)	\$568,500	\$517,620	(\$50,880)		130	130
	9,814	9,814	2,000	16,368	14,368	14,000	36,775	22,775
							11,398	11,398
<u>726,700</u>	<u>571,035</u>	<u>(155,665)</u>	<u>570,500</u>	<u>533,988</u>	<u>(36,512)</u>	<u>551,000</u>	<u>630,269</u>	<u>79,269</u>
							2,155	(2,155)
656,000	170,446	485,554		533,173	(533,173)	216,900	265,625	(48,725)
<u>656,000</u>	<u>170,446</u>	<u>485,554</u>		<u>533,173</u>	<u>(533,173)</u>	<u>216,900</u>	<u>267,780</u>	<u>(50,880)</u>
70,700	400,589	329,889	570,500	815	(569,685)	334,100	362,489	28,389
(366,000)	(364,961)	1,039	(568,600)	(466,862)	101,738	12,000	12,604	604
						(300,000)	(32,841)	267,159
<u>(366,000)</u>	<u>(364,961)</u>	<u>1,039</u>	<u>(568,600)</u>	<u>(466,862)</u>	<u>101,738</u>	<u>(288,000)</u>	<u>(20,237)</u>	<u>267,763</u>
<u>(\$295,300)</u>	35,628	<u>\$330,928</u>	<u>\$1,900</u>	(466,047)	<u>(\$467,947)</u>	<u>\$46,100</u>	342,252	<u>\$296,152</u>
	<u>293,392</u>			<u>506,057</u>			<u>1,436,502</u>	
	<u>\$329,020</u>			<u>\$40,010</u>			<u>\$1,778,754</u>	

(Continued)

CITY OF RANCHO CORDOVA  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2009

	REDEVELOPMENT DEBT SERVICE			FINANCING CORPORATION DEBT SERVICE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$1,885,000	\$2,674,646	\$789,646			
Other taxes		33,165	33,165			
Licenses, permits and fees						
Fines, forfeitures and penalties						
Intergovernmental						
Charges for services						
Use of money and property		9,540	9,540		\$35,077	\$35,077
Other						
Total Revenues	1,885,000	2,717,351	832,351		35,077	35,077
EXPENDITURES						
Current:						
General government						
Community development		32,884	(32,884)			
Public safety						
Public works						
Capital outlay						
Debt Service:						
Principal				\$695,000	695,000	
Interest and fiscal charges	265,000	148,355	116,645	1,253,230	1,258,178	(4,948)
Total Expenditures	265,000	181,239	83,761	1,948,230	1,953,178	(4,948)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,620,000	2,536,112	916,112	(1,948,230)	(1,918,101)	30,129
OTHER FINANCING SOURCES (USES)						
Transfers in		148,355	148,355	1,948,230	1,907,064	(41,166)
Transfers (out)	(2,620,000)	(2,684,467)	(64,467)			
Total Other Financing Sources (Uses)	(2,620,000)	(2,536,112)	83,888	1,948,230	1,907,064	(41,166)
NET CHANGE IN FUND BALANCES	(\$1,000,000)		\$1,000,000		(11,037)	(\$11,037)
BEGINNING FUND BALANCES (DEFICITS)					2,708,709	
ENDING FUND BALANCES (DEFICITS)					\$2,697,672	

**SUBCOMBINING FUND SCHEDULES**

CITY OF RANCHO CORDOVA  
SUBCOMBINING BALANCE SHEET  
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS  
JUNE 30, 2009

	Sunrise Douglas Program Updates Fund	Sunrise Douglas Interim Sewer Fund	Sunrise Douglas Library Fund	Sunrise Douglas Park Fund	Sunrise Douglas Offsite Water Fund
<b>ASSETS</b>					
Cash and investments	\$64,163	\$381,333	\$1,472,189	\$6,143,471	\$510,991
Receivables:					
Interest	41	243	938	3,916	326
Total Assets	<u>\$64,204</u>	<u>\$381,576</u>	<u>\$1,473,127</u>	<u>\$6,147,387</u>	<u>\$511,317</u>
<b>LIABILITIES</b>					
Accounts payable		\$75,824			
Total Liabilities		<u>75,824</u>			
<b>FUND BALANCES</b>					
Fund balance					
Unreserved, Undesignated	<u>\$64,204</u>	<u>305,752</u>	<u>\$1,473,127</u>	<u>\$6,147,387</u>	<u>\$511,317</u>
Total Fund Balances	<u>64,204</u>	<u>305,752</u>	<u>1,473,127</u>	<u>6,147,387</u>	<u>511,317</u>
Total Liabilities and Fund Balances	<u>\$64,204</u>	<u>\$381,576</u>	<u>\$1,473,127</u>	<u>\$6,147,387</u>	<u>\$511,317</u>

Sunrise Douglas Traffic Impact Fund	Sunrise Douglas Transit Shuttle Fund	Sunrise Douglas Admin Fund	Total Sunrise Douglas Special Revenue Fund
\$10,996,991	\$370,979	\$972,802	\$20,912,919
<u>6,044</u>	<u>236</u>	<u>620</u>	<u>12,364</u>
<u>\$11,003,035</u>	<u>\$371,215</u>	<u>\$973,422</u>	<u>\$20,925,283</u>
			<u>\$75,824</u>
			<u>75,824</u>
<u>\$11,003,035</u>	<u>\$371,215</u>	<u>\$973,422</u>	<u>20,849,459</u>
<u>11,003,035</u>	<u>371,215</u>	<u>973,422</u>	<u>20,849,459</u>
<u>\$11,003,035</u>	<u>\$371,215</u>	<u>\$973,422</u>	<u>\$20,925,283</u>

CITY OF RANCHO CORDOVA  
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Sunrise Douglas Program Updates Fund	Sunrise Douglas Interim Sewer Fund	Sunrise Douglas Library Fund	Sunrise Douglas Park Fund	Sunrise Douglas Offsite Water Fund
<b>REVENUES</b>					
Licenses, permits and fees	\$8,902	\$83,020	\$66,950	\$299,377	\$219,609
Use of money and property	1,313	12,458	31,645	131,522	20,065
<b>Total Revenues</b>	<b>10,215</b>	<b>95,478</b>	<b>98,595</b>	<b>430,899</b>	<b>239,674</b>
<b>EXPENDITURES</b>					
Current:					
Public Works	58				
Capital outlay		330,339		(145,172)	357,825
<b>Total Expenditures</b>	<b>58</b>	<b>330,339</b>		<b>(145,172)</b>	<b>357,825</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>10,157</b>	<b>(234,861)</b>	<b>98,595</b>	<b>576,071</b>	<b>(118,151)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
Transfers (out)					
<b>Total Other Financing Sources (Uses)</b>					
<b>NET CHANGE IN FUND BALANCES</b>	<b>10,157</b>	<b>(234,861)</b>	<b>98,595</b>	<b>576,071</b>	<b>(118,151)</b>
<b>BEGINNING FUND BALANCES</b>	<b>54,047</b>	<b>540,613</b>	<b>1,374,532</b>	<b>5,571,316</b>	<b>629,468</b>
<b>ENDING FUND BALANCES</b>	<b>\$64,204</b>	<b>\$305,752</b>	<b>\$1,473,127</b>	<b>\$6,147,387</b>	<b>\$511,317</b>

Sunrise Douglas Traffic Impact Fund	Sunrise Douglas Transit Shuttle Fund	Sunrise Douglas Admin Fund	Total Sunrise Douglas Special Revenue Fund
\$2,201,633	\$14,596	\$80,124	2,974,211
<u>194,717</u>	<u>7,955</u>	<u>21,810</u>	<u>421,485</u>
<u>2,396,350</u>	<u>22,551</u>	<u>101,934</u>	<u>3,395,696</u>
13,449		137,811	151,318
<u>13,449</u>		<u>137,811</u>	<u>542,992</u>
<u>13,449</u>		<u>137,811</u>	<u>694,310</u>
2,382,901	22,551	(35,877)	2,701,386
<u>2,382,901</u>	<u>22,551</u>	<u>(35,877)</u>	<u>2,701,386</u>
1,803,484			1,803,484
<u>(1,705,255)</u>			<u>(1,705,255)</u>
<u>98,229</u>			<u>98,229</u>
2,481,130	22,551	(35,877)	2,799,615
<u>2,481,130</u>	<u>22,551</u>	<u>(35,877)</u>	<u>2,799,615</u>
8,521,905	348,664	1,009,299	18,049,844
<u>8,521,905</u>	<u>348,664</u>	<u>1,009,299</u>	<u>18,049,844</u>
<u>\$11,003,035</u>	<u>\$371,215</u>	<u>\$973,422</u>	<u>\$20,849,459</u>

CITY OF RANCHO CORDOVA  
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Sunrise Douglas Program Updates Fund			Sunrise Douglas Interim Sewer Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Licenses, permits and fees	\$19,000	\$8,902	(\$10,098)		\$83,020	\$83,020
Use of money and property	1,000	1,313	313	\$15,000	12,458	(2,542)
<b>Total Revenues</b>	<b>20,000</b>	<b>10,215</b>	<b>(9,785)</b>	<b>15,000</b>	<b>95,478</b>	<b>80,478</b>
<b>EXPENDITURES</b>						
Current:						
General Government	15,300		15,300			
Public Works		58	(58)			
Capital outlay				350,000	330,339	19,661
<b>Total Expenditures</b>	<b>15,300</b>	<b>58</b>	<b>15,242</b>	<b>350,000</b>	<b>330,339</b>	<b>19,661</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,700</b>	<b>10,157</b>	<b>5,457</b>	<b>(335,000)</b>	<b>(234,861)</b>	<b>100,139</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Transfers (out)						
<b>Total Other Financing Sources (Uses)</b>						
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,700</b>	<b>10,157</b>	<b>5,457</b>	<b>(335,000)</b>	<b>(234,861)</b>	<b>100,139</b>
<b>BEGINNING FUND BALANCES</b>	<b>54,047</b>	<b>54,047</b>		<b>540,613</b>	<b>540,613</b>	
<b>ENDING FUND BALANCES</b>	<b>\$58,747</b>	<b>\$64,204</b>	<b>\$5,457</b>	<b>\$205,613</b>	<b>\$305,752</b>	<b>\$100,139</b>

Sunrise Douglas Library Fund			Sunrise Douglas Park Fund			Sunrise Douglas Offsite Water Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$30,000	\$66,950	\$36,950	\$350,000	\$299,377	(\$50,623)	\$78,000	\$219,609	\$141,609
	31,645	31,645		131,522	131,522	7,300	20,065	12,765
30,000	98,595	68,595	350,000	430,899	80,899	85,300	239,674	154,374
			400,000	(145,172)	545,172	415,000	357,825	57,175
			400,000	(145,172)	545,172	415,000	357,825	57,175
30,000	98,595	68,595	(50,000)	576,071	626,071	(329,700)	(118,151)	211,549
30,000	98,595	68,595	(50,000)	576,071	626,071	(329,700)	(118,151)	211,549
1,374,532	1,374,532		5,571,316	5,571,316		629,468	629,468	
\$1,404,532	\$1,473,127	\$68,595	\$5,521,316	\$6,147,387	\$626,071	\$299,768	\$511,317	\$211,549

(Continued)

CITY OF RANCHO CORDOVA  
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Sunrise Douglas Traffic Impact Fund			Sunrise Douglas Transit Shuttle fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$1,360,000	\$2,201,633	\$841,633	\$8,000	\$14,596	\$6,596
Use of money and property	125,000	194,717	69,717	2,000	7,955	5,955
Total Revenues	<u>1,485,000</u>	<u>2,396,350</u>	<u>911,350</u>	<u>10,000</u>	<u>22,551</u>	<u>12,551</u>
EXPENDITURES						
Current:						
General Government	154,600		154,600			
Public Works		13,449	(13,449)			
Capital outlay	660,000		660,000			
Total Expenditures	<u>814,600</u>	<u>13,449</u>	<u>801,151</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>670,400</u>	<u>2,382,901</u>	<u>1,712,501</u>	<u>10,000</u>	<u>22,551</u>	<u>12,551</u>
OTHER FINANCING SOURCES (USES)						
Transfers in		1,803,484	1,803,484			
Transfers (out)	(4,032,400)	(1,705,255)	2,327,145	(190,000)		190,000
Total Other Financing Sources (Uses)	<u>(4,032,400)</u>	<u>98,229</u>	<u>4,130,629</u>	<u>(190,000)</u>		<u>190,000</u>
NET CHANGE IN FUND BALANCES	(3,362,000)	2,481,130	5,843,130	(180,000)	22,551	202,551
BEGINNING FUND BALANCES	<u>8,521,905</u>	<u>8,521,905</u>		<u>348,664</u>	<u>348,664</u>	
ENDING FUND BALANCES	<u><u>\$5,159,905</u></u>	<u><u>\$11,003,035</u></u>	<u><u>\$5,843,130</u></u>	<u><u>\$168,664</u></u>	<u><u>\$371,215</u></u>	<u><u>\$202,551</u></u>

Sunrise Douglas Admin Fund			Total Sunrise Douglas Special Revenue Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$60,000	\$80,124	\$20,124	\$1,905,000	\$2,974,211	\$1,069,211
10,000	21,810	11,810	160,300	421,485	261,185
70,000	101,934	31,934	2,065,300	3,395,696	1,330,396
802,000	137,811	802,000 (137,811)	971,900	151,318	971,900 (151,318)
			1,825,000	542,992	1,282,008
802,000	137,811	664,189	2,796,900	694,310	2,102,590
(732,000)	(35,877)	696,123	(731,600)	2,701,386	3,432,986
				1,803,484	1,803,484
			(4,222,400)	(1,705,255)	2,517,145
			(4,222,400)	98,229	4,320,629
(732,000)	(35,877)	696,123	(4,954,000)	2,799,615	7,753,615
1,009,299	1,009,299		18,049,844	18,049,844	
\$277,299	\$973,422	\$696,123	\$13,095,844	\$20,849,459	\$7,753,615

CITY OF RANCHO CORDOVA  
SUBCOMBINING BALANCE SHEET  
TRAFFIC MITIGATION SPECIAL REVENUE FUNDS  
JUNE 30, 2009

	<u>Traffic Mitigation Fund</u>	<u>Traffic Mitigation Admin Fund</u>	<u>Total Traffic Mitigation Special Revenue Fund</u>
<b>ASSETS</b>			
Cash and investments	\$19,790,001	\$286,511	\$20,076,512
Receivables:			
Accounts, net	43,152		43,152
Interest	<u>13,871</u>	<u>195</u>	<u>14,066</u>
Total Assets	<u>\$19,847,024</u>	<u>\$286,706</u>	<u>\$20,133,730</u>
<b>LIABILITIES</b>			
Deferred revenue	<u>\$43,152</u>		<u>\$43,152</u>
Total Liabilities	<u>43,152</u>		<u>43,152</u>
<b>FUND BALANCES</b>			
Fund balance			
Unreserved, Undesignated	<u>19,803,872</u>	<u>\$286,706</u>	<u>20,090,578</u>
Total Fund Balances	<u>19,803,872</u>	<u>286,706</u>	<u>20,090,578</u>
Total Liabilities and Fund Balances	<u>\$19,847,024</u>	<u>\$286,706</u>	<u>\$20,133,730</u>

CITY OF RANCHO CORDOVA  
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
TRAFFIC MITIGATION SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Traffic Mitigation Fund	Traffic Mitigation Admin Fund	Total Traffic Mitigation Special Revenue Fund
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUES			
Licenses, permits and fees	\$2,224,825	\$42,382	\$2,267,207
Use of money and property	467,448	6,564	474,012
	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	2,692,273	48,946	2,741,219
	<u>          </u>	<u>          </u>	<u>          </u>
EXPENDITURES			
Current:			
Public Works	20,368	36,224	56,592
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	20,368	36,224	56,592
	<u>          </u>	<u>          </u>	<u>          </u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,671,905	12,722	2,684,627
	<u>          </u>	<u>          </u>	<u>          </u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(2,994,902)	(19,871)	(3,014,773)
	<u>          </u>	<u>          </u>	<u>          </u>
Total Other Financing Sources (Uses)	(2,994,902)	(19,871)	(3,014,773)
	<u>          </u>	<u>          </u>	<u>          </u>
NET CHANGE IN FUND BALANCES	(322,997)	(7,149)	(330,146)
BEGINNING FUND BALANCES	20,126,869	293,855	20,420,724
	<u>          </u>	<u>          </u>	<u>          </u>
ENDING FUND BALANCES	\$19,803,872	\$286,706	\$20,090,578
	<u>          </u>	<u>          </u>	<u>          </u>

CITY OF RANCHO CORDOVA  
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
TRAFFIC MITIGATION SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Traffic Mitigation Fund			Traffic Mitigation Admin Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$1,552,000	\$2,224,825	\$672,825	\$31,000	\$42,382	\$11,382
Use of money and property	150,000	467,448	317,448	3,000	6,564	3,564
Total Revenues	1,702,000	2,692,273	990,273	34,000	48,946	14,946
EXPENDITURES						
Current:						
Public Works	1,110,400	20,368	1,090,032	87,100	36,224	50,876
Capital outlay	400,000		400,000			
Total Expenditures	1,510,400	20,368	1,490,032	87,100	36,224	50,876
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	191,600	2,671,905	2,480,305	(53,100)	12,722	65,822
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(18,578,000)	(2,994,902)	15,583,098	(106,000)	(19,871)	86,129
Total Other Financing Sources (Uses)	(18,578,000)	(2,994,902)	15,583,098	(106,000)	(19,871)	86,129
NET CHANGE IN FUND BALANCES	(18,386,400)	(322,997)	18,063,403	(159,100)	(7,149)	151,951
BEGINNING FUND BALANCES	20,126,869	20,126,869		293,855	293,855	
ENDING FUND BALANCES	\$1,740,469	\$19,803,872	\$18,063,403	\$134,755	\$286,706	\$151,951

<u>Total Traffic Mitigation Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$1,583,000	\$2,267,207	\$684,207
<u>153,000</u>	<u>474,012</u>	<u>321,012</u>
<u>1,736,000</u>	<u>2,741,219</u>	<u>1,005,219</u>
1,197,500	56,592	1,140,908
<u>400,000</u>		<u>400,000</u>
<u>1,597,500</u>	<u>56,592</u>	<u>1,540,908</u>
138,500	2,684,627	2,546,127
<u>(18,684,000)</u>	<u>(3,014,773)</u>	<u>15,669,227</u>
<u>(18,684,000)</u>	<u>(3,014,773)</u>	<u>15,669,227</u>
(18,545,500)	(330,146)	18,215,354
<u>20,420,724</u>	<u>20,420,724</u>	
<u>\$1,875,224</u>	<u>\$20,090,578</u>	<u>\$18,215,354</u>

CITY OF RANCHO CORDOVA  
SUBCOMBINING BALANCE SHEET  
GRANT REVENUE SPECIAL REVENUE FUNDS  
JUNE 30, 2009

	<u>State Grant Fund</u>	<u>Federal Grant Fund</u>	<u>Other Grant Fund</u>	<u>Total Grant Special Revenue Fund</u>
<b>ASSETS</b>				
Cash and investments	\$210,311		\$61,870	\$272,181
Receivables:				
Due from other governmental agencies	<u>167,653</u>	<u>\$1,344,539</u>		<u>1,512,192</u>
Total Assets	<u>\$377,964</u>	<u>\$1,344,539</u>	<u>\$61,870</u>	<u>\$1,784,373</u>
<b>LIABILITIES</b>				
Accounts payable	\$1,155	\$10,554		\$11,709
Due to other funds		<u>1,365,808</u>		<u>1,365,808</u>
Total Liabilities	<u>1,155</u>	<u>1,376,362</u>		<u>1,377,517</u>
<b>FUND BALANCES</b>				
Fund balance				
Unreserved, Undesignated	<u>376,809</u>	<u>(31,823)</u>	<u>\$61,870</u>	<u>406,856</u>
Total Fund Balances	<u>376,809</u>	<u>(31,823)</u>	<u>61,870</u>	<u>406,856</u>
Total Liabilities and Fund Balances	<u>\$377,964</u>	<u>\$1,344,539</u>	<u>\$61,870</u>	<u>\$1,784,373</u>

CITY OF RANCHO CORDOVA  
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GRANT REVENUE SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>State Grant Fund</u>	<u>Federal Grant Fund</u>	<u>Other Grant Fund</u>	<u>Total Grant Special Revenue Fund</u>
<b>REVENUES</b>				
Intergovernmental	\$222,828	\$2,245,400		2,468,228
Use of money and property	677			677
<b>Total Revenues</b>	<u>223,505</u>	<u>2,245,400</u>		<u>2,468,905</u>
<b>EXPENDITURES</b>				
Current:				
General Government				
Community Development		100,000		100,000
Public Safety	99,467	58,027		157,494
Public Works	18,694			18,694
Capital outlay	50,164	62,443		112,607
<b>Total Expenditures</b>	<u>168,325</u>	<u>220,470</u>		<u>388,795</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>55,180</u>	<u>2,024,930</u>		<u>2,080,110</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	(126,091)	(2,051,584)		(2,177,675)
<b>Total Other Financing Sources (Uses)</b>	<u>(126,091)</u>	<u>(2,051,584)</u>		<u>(2,177,675)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(70,911)	(26,654)		(97,565)
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<u>447,720</u>	<u>(5,169)</u>	<u>\$61,870</u>	<u>504,421</u>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<u>\$376,809</u>	<u>(\$31,823)</u>	<u>\$61,870</u>	<u>\$406,856</u>

CITY OF RANCHO CORDOVA  
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GRANT REVENUE SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	State Grant Fund			Federal Grant Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Intergovernmental	\$1,696,280	\$222,828	(\$1,473,452)	\$12,246,735	\$2,245,400	(\$10,001,335)
Use of money and property		677	677			
Total Revenues	<u>1,696,280</u>	<u>223,505</u>	<u>(1,472,775)</u>	<u>12,246,735</u>	<u>2,245,400</u>	<u>(10,001,335)</u>
EXPENDITURES						
Current:						
General Government				73,000		73,000
Community Development					100,000	(100,000)
Public Safety	157,900	99,467	58,433	150,000	58,027	91,973
Public Works	39,666	18,694	20,972			
Capital outlay	25,195	50,164	(24,969)		62,443	(62,443)
Total Expenditures	<u>222,761</u>	<u>168,325</u>	<u>54,436</u>	<u>223,000</u>	<u>220,470</u>	<u>2,530</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,473,519</u>	<u>55,180</u>	<u>(1,418,339)</u>	<u>12,023,735</u>	<u>2,024,930</u>	<u>(9,998,805)</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)	<u>(1,634,070)</u>	<u>(126,091)</u>	<u>1,507,979</u>	<u>(10,233,735)</u>	<u>(2,051,584)</u>	<u>8,182,151</u>
Total Other Financing Sources (Uses)	<u>(1,634,070)</u>	<u>(126,091)</u>	<u>1,507,979</u>	<u>(10,233,735)</u>	<u>(2,051,584)</u>	<u>8,182,151</u>
NET CHANGE IN FUND BALANCES	(160,551)	(70,911)	89,640	1,790,000	(26,654)	(1,816,654)
BEGINNING FUND BALANCES (DEFICITS)	<u>447,720</u>	<u>447,720</u>		<u>(5,169)</u>	<u>(5,169)</u>	
ENDING FUND BALANCES (DEFICITS)	<u>\$287,169</u>	<u>\$376,809</u>	<u>\$89,640</u>	<u>\$1,784,831</u>	<u>(\$31,823)</u>	<u>(\$1,816,654)</u>

Other Grant Fund			Totals		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$13,943,015	\$2,468,228 677	(\$11,474,787) 677
			13,943,015	2,468,905	(11,474,110)
			73,000		73,000
				100,000	(100,000)
			307,900	157,494	150,406
			39,666	18,694	20,972
			25,195	112,607	(87,412)
			445,761	388,795	56,966
			13,497,254	2,080,110	(11,417,144)
(\$239,000)		\$239,000	(12,106,805)	(2,177,675)	9,929,130
(239,000)		239,000	(12,106,805)	(2,177,675)	9,929,130
(239,000)		239,000	1,390,449	(97,565)	(1,488,014)
61,870	\$61,870		504,421	504,421	
(\$177,130)	\$61,870	\$239,000	\$1,894,870	\$406,856	(\$1,488,014)

CITY OF RANCHO CORDOVA  
SUBCOMBINING BALANCE SHEET  
VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS  
JUNE 30, 2009

	Villages of Zinfandel Roadway Fund	Villages of Zinfandel Admin Fund	Villages of Zinfandel Library Fund	Total Villages of Zinfandel Special Revenue Fund
<b>ASSETS</b>				
Cash and investments	\$264,568	\$4,862	\$173,740	\$443,170
Receivables:				
Accounts, net	1,345		1,747	3,092
Interest	189	3	111	303
Total Assets	<u>\$266,102</u>	<u>\$4,865</u>	<u>\$175,598</u>	<u>\$446,565</u>
<b>LIABILITIES</b>				
Deferred revenue	\$1,345		\$1,747	3,092
Total Liabilities	<u>1,345</u>		<u>1,747</u>	<u>3,092</u>
<b>FUND BALANCES</b>				
Fund balance				
Unreserved, Undesignated	264,757	\$4,865	173,851	443,473
Total Fund Balances	<u>264,757</u>	<u>4,865</u>	<u>173,851</u>	<u>443,473</u>
Total Liabilities and Fund Balances	<u>\$266,102</u>	<u>\$4,865</u>	<u>\$175,598</u>	<u>\$446,565</u>

CITY OF RANCHO CORDOVA  
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Villages of Zinfandel Roadway Fund	Villages of Zinfandel Admin Fund	Villages of Zinfandel Library Fund	Total Villages of Zinfandel Special Revenue Fund
<b>REVENUES</b>				
Licenses, permits and fees	\$1,076	\$167	\$1,397	2,640
Use of money and property	5,439	109	3,535	9,083
<b>Total Revenues</b>	<b>6,515</b>	<b>276</b>	<b>4,932</b>	<b>11,723</b>
<b>EXPENDITURES</b>				
Current:				
Public Works		1,144		1,144
<b>Total Expenditures</b>		<b>1,144</b>		<b>1,144</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>6,515</b>	<b>(868)</b>	<b>4,932</b>	<b>10,579</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	(32,586)			(32,586)
<b>Total Other Financing Sources (Uses)</b>	<b>(32,586)</b>			<b>(32,586)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(26,071)</b>	<b>(868)</b>	<b>4,932</b>	<b>(22,007)</b>
<b>BEGINNING FUND BALANCES</b>	<b>290,828</b>	<b>5,733</b>	<b>168,919</b>	<b>465,480</b>
<b>ENDING FUND BALANCES</b>	<b>\$264,757</b>	<b>\$4,865</b>	<b>\$173,851</b>	<b>\$443,473</b>

CITY OF RANCHO CORDOVA  
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Villages of Zinfandel Roadway Fund			Villages of Zinfandel Admin Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Licenses, permits and fees	\$4,500	\$1,076	(\$3,424)	\$1,000	\$167	(\$833)
Use of money and property	10,000	5,439	(4,561)	125	109	(16)
<b>Total Revenues</b>	<b>14,500</b>	<b>6,515</b>	<b>(7,985)</b>	<b>1,125</b>	<b>276</b>	<b>(849)</b>
<b>EXPENDITURES</b>						
Current:						
General Government				6,400		6,400
Public Works					1,144	(1,144)
<b>Total Expenditures</b>				<b>6,400</b>	<b>1,144</b>	<b>5,256</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>14,500</b>	<b>6,515</b>	<b>(7,985)</b>	<b>(5,275)</b>	<b>(868)</b>	<b>4,407</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers (out)	(220,000)	(32,586)	187,414			
<b>Total Other Financing Sources (Uses)</b>	<b>(220,000)</b>	<b>(32,586)</b>	<b>187,414</b>			
<b>NET CHANGE IN FUND BALANCES</b>	<b>(205,500)</b>	<b>(26,071)</b>	<b>179,429</b>	<b>(5,275)</b>	<b>(868)</b>	<b>4,407</b>
<b>BEGINNING FUND BALANCES</b>	<b>290,828</b>	<b>290,828</b>		<b>5,733</b>	<b>5,733</b>	
<b>ENDING FUND BALANCES</b>	<b>\$85,328</b>	<b>\$264,757</b>	<b>\$179,429</b>	<b>\$458</b>	<b>\$4,865</b>	<b>\$4,407</b>

Villages of Zinfandel Library Fund			Totals		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$800	\$1,397	\$597	\$6,300	\$2,640	(\$3,660)
	3,535	3,535	10,125	9,083	(1,042)
800	4,932	4,132	16,425	11,723	(4,702)
			6,400		6,400
				1,144	(1,144)
			6,400	1,144	5,256
800	4,932	4,132	10,025	10,579	554
			(220,000)	(32,586)	187,414
			(220,000)	(32,586)	187,414
800	4,932	4,132	(209,975)	(22,007)	187,968
168,919	168,919		465,480	465,480	
\$169,719	\$173,851	\$4,132	\$255,505	\$443,473	\$187,968

CITY OF RANCHO CORDOVA  
SUBCOMBINING BALANCE SHEET  
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS  
JUNE 30, 2009

	CFF Library Impact Fund	CFF Museum Impact Fund	CFF Parking Facility Fund	CFF City Hall Fund	CFF Police Fund
<b>ASSETS</b>					
Cash and investments	\$534,989	\$929,254	\$1,003,830	\$378,653	\$1,696,641
Receivables:					
Accounts, net	1,374	1,363	1,395		
Interest	341	592	640	242	1,081
Total Assets	<u>\$536,704</u>	<u>\$931,209</u>	<u>\$1,005,865</u>	<u>\$378,895</u>	<u>\$1,697,722</u>
<b>LIABILITIES</b>					
Accounts payable					
Due to other funds					
Deferred revenue	\$1,374	\$1,363	\$1,395		
Total Liabilities	<u>1,374</u>	<u>1,363</u>	<u>1,395</u>		
<b>FUND BALANCES</b>					
Fund balance					
Unreserved, Undesignated	535,330	929,846	1,004,470	\$378,895	\$1,697,722
Total Fund Balances	<u>535,330</u>	<u>929,846</u>	<u>1,004,470</u>	<u>378,895</u>	<u>1,697,722</u>
Total Liabilities and Fund Balances	<u>\$536,704</u>	<u>\$931,209</u>	<u>\$1,005,865</u>	<u>\$378,895</u>	<u>\$1,697,722</u>

CFF Community Center Fund	CFF Corporate Yard Fund	CFF Admin Fund	CFF Animal Services Fund	CFF Records Management Fund	CFF Tele- communication Impact Fund	Total CFF Special Revenue Fund
\$455,371	\$824,986	\$91,984	\$89,540	\$5,701		\$6,010,949
	1,197		314		\$239	5,882
290	526	199	57	4	10	3,982
<u>\$455,661</u>	<u>\$826,709</u>	<u>\$92,183</u>	<u>\$89,911</u>	<u>\$5,705</u>	<u>\$249</u>	<u>\$6,020,813</u>
		\$2,954				\$2,954
	\$1,197		\$314		\$62,001	62,001
					239	5,882
	1,197	2,954	314		62,240	70,837
<u>\$455,661</u>	<u>825,512</u>	<u>89,229</u>	<u>89,597</u>	<u>\$5,705</u>	<u>(61,991)</u>	<u>5,949,976</u>
<u>455,661</u>	<u>825,512</u>	<u>89,229</u>	<u>89,597</u>	<u>5,705</u>	<u>(61,991)</u>	<u>5,949,976</u>
<u>\$455,661</u>	<u>\$826,709</u>	<u>\$92,183</u>	<u>\$89,911</u>	<u>\$5,705</u>	<u>\$249</u>	<u>\$6,020,813</u>

CITY OF RANCHO CORDOVA  
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	CFF Library Impact Fund	CFF Museum Impact Fund	CFF Parking Facility Fund	CFF City Hall Fund	CFF Police Fund
<b>REVENUES</b>					
Licenses, permits and fees	\$100,386	\$77,771	\$89,702	\$216,727	\$283,432
Use of money and property	10,625	18,515	21,191	8,401	36,042
<b>Total Revenues</b>	<b>111,011</b>	<b>96,286</b>	<b>110,893</b>	<b>225,128</b>	<b>319,474</b>
<b>EXPENDITURES</b>					
Current:					
General Government					
Capital outlay					
<b>Total Expenditures</b>					
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>111,011</b>	<b>96,286</b>	<b>110,893</b>	<b>225,128</b>	<b>319,474</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
Transfers (out)				(370,966)	(378,989)
<b>Total Other Financing Sources (Uses)</b>				<b>(370,966)</b>	<b>(378,989)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>111,011</b>	<b>96,286</b>	<b>110,893</b>	<b>(145,838)</b>	<b>(59,515)</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<b>424,319</b>	<b>833,560</b>	<b>893,577</b>	<b>524,733</b>	<b>1,757,237</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>\$535,330</b>	<b>\$929,846</b>	<b>\$1,004,470</b>	<b>\$378,895</b>	<b>\$1,697,722</b>

CFF Community Center Fund	CFF Corporate Yard Fund	CFF Admin Fund	CFF Animal Services Fund	CFF Records Management Fund	CFF Tele- communication Impact Fund	Total CFF Special Revenue Fund
\$261,793	\$76,785	\$44,513	\$17,887	\$1,171	\$15,206	\$1,185,373
10,136	17,384	6,339	1,781	114	(38)	130,490
<u>271,929</u>	<u>94,169</u>	<u>50,852</u>	<u>19,668</u>	<u>1,285</u>	<u>15,168</u>	<u>1,315,863</u>
		19,678				19,678
		<u>19,678</u>				<u>19,678</u>
<u>271,929</u>	<u>94,169</u>	<u>31,174</u>	<u>19,668</u>	<u>1,285</u>	<u>15,168</u>	<u>1,296,185</u>
<u>(453,403)</u>		<u>(220,000)</u>				<u>(1,423,358)</u>
<u>(453,403)</u>		<u>(220,000)</u>				<u>(1,423,358)</u>
(181,474)	94,169	(188,826)	19,668	1,285	15,168	(127,173)
<u>637,135</u>	<u>731,343</u>	<u>278,055</u>	<u>69,929</u>	<u>4,420</u>	<u>(77,159)</u>	<u>6,077,149</u>
<u>\$455,661</u>	<u>\$825,512</u>	<u>\$89,229</u>	<u>\$89,597</u>	<u>\$5,705</u>	<u>(\$61,991)</u>	<u>\$5,949,976</u>

CITY OF RANCHO CORDOVA  
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Community Facility Fees Library Impact Fund			Community Facility Fees Museum Impact Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$130,000	\$100,386	(\$29,614)	\$57,000	\$77,771	\$20,771
Use of money and property		10,625	10,625		18,515	18,515
Total Revenues	<u>130,000</u>	<u>111,011</u>	<u>(18,989)</u>	<u>57,000</u>	<u>96,286</u>	<u>39,286</u>
EXPENDITURES						
Current:						
General Government						
Capital outlay						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>130,000</u>	<u>111,011</u>	<u>(18,989)</u>	<u>57,000</u>	<u>96,286</u>	<u>39,286</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	130,000	111,011	(18,989)	57,000	96,286	39,286
BEGINNING FUND BALANCES (DEFICITS)	<u>424,319</u>	<u>424,319</u>		<u>833,560</u>	<u>833,560</u>	
ENDING FUND BALANCES (DEFICITS)	<u>\$554,319</u>	<u>\$535,330</u>	<u>(\$18,989)</u>	<u>\$890,560</u>	<u>\$929,846</u>	<u>\$39,286</u>

Community Facility Fees Parking Facility Fund			Community Facility Fees City Hall Fund			Community Facility Fees Police Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$58,000	\$89,702	\$31,702	\$139,000	\$216,727	\$77,727	\$183,000	\$283,432	\$100,432
	21,191	21,191		8,401	8,401		36,042	36,042
58,000	110,893	52,893	139,000	225,128	86,128	183,000	319,474	136,474
58,000	110,893	52,893	139,000	225,128	86,128	183,000	319,474	136,474
			(378,555)	(370,966)	7,589	(388,100)	(378,989)	9,111
			(378,555)	(370,966)	7,589	(388,100)	(378,989)	9,111
58,000	110,893	52,893	(239,555)	(145,838)	93,717	(205,100)	(59,515)	145,585
893,577	893,577		524,733	524,733		1,757,237	1,757,237	
\$951,577	\$1,004,470	\$52,893	\$285,178	\$378,895	\$93,717	\$1,552,137	\$1,697,722	\$145,585

(Continued)

CITY OF RANCHO CORDOVA  
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Community Facility Fees Community Center Fund			Community Facility Fees Corporate Yard Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$168,000	\$261,793	\$93,793	\$50,000	\$76,785	\$26,785
Use of money and property		10,136	10,136		17,384	17,384
Total Revenues	168,000	271,929	103,929	50,000	94,169	44,169
EXPENDITURES						
Current:						
General Government						
Capital outlay				700,000		(700,000)
Total Expenditures				700,000		(700,000)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	168,000	271,929	103,929	(650,000)	94,169	744,169
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(462,675)	(453,403)	9,272			
Total Other Financing Sources (Uses)	(462,675)	(453,403)	9,272			
NET CHANGE IN FUND BALANCES	(294,675)	(181,474)	113,201	(650,000)	94,169	744,169
BEGINNING FUND BALANCES (DEFICITS)	637,135	637,135		731,343	731,343	
ENDING FUND BALANCES (DEFICITS)	\$342,460	\$455,661	\$113,201	\$81,343	\$825,512	\$744,169

Community Facility Fees Admin Fund			Community Facility Fees Animal Services Fund			Community Facility Fees Records Management Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$30,000	\$44,513	\$14,513	\$13,000	\$17,887	\$4,887	\$700	\$1,171	\$471
	6,339	6,339		1,781	1,781		114	114
30,000	50,852	20,852	13,000	19,668	6,668	700	1,285	585
20,000	19,678	(322)						
20,000	19,678	(322)						
10,000	31,174	21,174	13,000	19,668	6,668	700	1,285	585
(220,000)	(220,000)							
(220,000)	(220,000)							
(210,000)	(188,826)	21,174	13,000	19,668	6,668	700	1,285	585
278,055	278,055		69,929	69,929		4,420	4,420	
\$68,055	\$89,229	\$21,174	\$82,929	\$89,597	\$6,668	\$5,120	\$5,705	\$585

(Continued)

CITY OF RANCHO CORDOVA  
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	Community Facility Fees Telecommunication Impact Fund			Totals		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$10,000	\$15,206	\$5,206	\$838,700	\$1,185,373	\$346,673
Use of money and property		(38)	(38)		130,490	130,490
Total Revenues	<u>10,000</u>	<u>15,168</u>	<u>5,168</u>	<u>838,700</u>	<u>1,315,863</u>	<u>477,163</u>
EXPENDITURES						
Current:						
General government				20,000	19,678	(322)
Capital outlay				<u>700,000</u>		<u>(700,000)</u>
Total Expenditures				<u>720,000</u>	<u>19,678</u>	<u>(700,322)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,000</u>	<u>15,168</u>	<u>5,168</u>	<u>118,700</u>	<u>1,296,185</u>	<u>1,177,485</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)				<u>(1,449,330)</u>	<u>(1,423,358)</u>	<u>25,972</u>
Total Other Financing Sources (Uses)				<u>(1,449,330)</u>	<u>(1,423,358)</u>	<u>25,972</u>
NET CHANGE IN FUND BALANCES	10,000	15,168	5,168	(1,330,630)	(127,173)	1,203,457
BEGINNING FUND BALANCES (DEFICITS)	<u>(77,159)</u>	<u>(77,159)</u>		<u>6,077,149</u>	<u>6,077,149</u>	
ENDING FUND BALANCES (DEFICITS)	<u><u>(\$67,159)</u></u>	<u><u>(\$61,991)</u></u>	<u><u>\$5,168</u></u>	<u><u>\$4,746,519</u></u>	<u><u>\$5,949,976</u></u>	<u><u>\$1,203,457</u></u>

## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

CITY OF RANCHO CORDOVA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2009

	<u>Insurance</u>	<u>Vehicle &amp; Equipment Replacement</u>	<u>Technology Enhancement &amp; Replacement</u>	<u>Capital Facility</u>	<u>Infrastructure</u>
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$523,420	\$365,636	\$596,404	\$633,992	\$316,996
Receivables:					
Interest	<u>327</u>	<u>227</u>	<u>374</u>		
Total Assets	<u>523,747</u>	<u>365,863</u>	<u>596,778</u>	<u>633,992</u>	<u>316,996</u>
<b>NET ASSETS</b>					
Invested in capital assets					
Unrestricted	<u>523,747</u>	<u>365,863</u>	<u>596,778</u>	<u>633,992</u>	<u>316,996</u>
Total Net Assets	<u><u>\$523,747</u></u>	<u><u>\$365,863</u></u>	<u><u>\$596,778</u></u>	<u><u>\$633,992</u></u>	<u><u>\$316,996</u></u>

<u>Employee Benefits</u>	<u>Total</u>
\$266,493	\$2,702,941
<u>                    </u>	<u>          928</u>
<u>266,493</u>	<u>2,703,869</u>
<u>266,493</u>	<u>2,703,869</u>
<u><u>\$266,493</u></u>	<u><u>\$2,703,869</u></u>

CITY OF RANCHO CORDOVA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Insurance</u>	<u>Vehicle &amp; Equipment Replacement</u>	<u>Technology Enhancement &amp; Replacement</u>	<u>Capital Facility</u>	<u>Infrastructure</u>
NONOPERATING REVENUES					
Interest income	\$12,741	\$7,815	\$13,237		
Total Nonoperating Revenues	12,741	7,815	13,237		
Income Before Transfers	12,741	7,815	13,237		
Transfers in	10,000	10,000	10,000	\$633,992	\$316,996
Net Transfers	10,000	10,000	10,000	633,992	316,996
Change in Net Assets	22,741	17,815	23,237	633,992	316,996
BEGINNING NET ASSETS	501,006	348,048	573,541		
ENDING NET ASSETS	<u>\$523,747</u>	<u>\$365,863</u>	<u>\$596,778</u>	<u>\$633,992</u>	<u>\$316,996</u>

<u>Employee Benefits</u>	<u>Total</u>
	<u>\$33,793</u>
	<u>33,793</u>
	<u>33,793</u>
<u>\$266,493</u>	<u>1,247,481</u>
<u>266,493</u>	<u>1,247,481</u>
266,493	1,281,274
	<u>1,422,595</u>
<u>\$266,493</u>	<u>\$2,703,869</u>

CITY OF RANCHO CORDOVA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Insurance</u>	<u>Vehicle &amp; Equipment Replacement</u>	<u>Technology Enhancement &amp; Replacement</u>	<u>Capital Facility</u>	<u>Infrastructure</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	\$10,000	\$10,000	\$10,000	\$633,992	\$316,996
Cash Flows from Noncapital Financing Activities	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>633,992</u>	<u>316,996</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	12,542	8,148	13,624		
Cash Flows from Investing Activities	<u>12,542</u>	<u>8,148</u>	<u>13,624</u>		
Net Cash Flows	22,542	18,148	23,624	633,992	316,996
Cash and investments at beginning of period	<u>500,878</u>	<u>347,488</u>	<u>572,780</u>		
Cash and investments at end of period	<u><u>\$523,420</u></u>	<u><u>\$365,636</u></u>	<u><u>\$596,404</u></u>	<u><u>\$633,992</u></u>	<u><u>\$316,996</u></u>

<u>Employee Benefits</u>	<u>Total</u>
<u>\$266,493</u>	<u>\$1,247,481</u>
<u>266,493</u>	<u>1,247,481</u>
<u>                    </u>	<u>34,314</u>
<u>                    </u>	<u>34,314</u>
<u>266,493</u>	<u>1,281,795</u>
<u>                    </u>	<u>1,421,146</u>
<u><u>\$266,493</u></u>	<u><u>\$2,702,941</u></u>

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<b>AGENCY FUNDS</b>
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Agency Funds account for assets held by the City as an agent for individuals, governmental entities and non-public organizations.

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

**SUNRIDGE PARK COMMUNITY FACILITIES DISTRICT 2004-1** – 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 2005- 1** – to account for assessment revenues and associated expenditures for billing and collections related to a future bond issuance to finance infrastructure improvements.

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

**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  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2009

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009
<u>Sunridge Anatolia CFD 2003-1</u>				
Cash and investments	\$3,740,292	\$4,446,155	\$4,489,174	\$3,697,273
Restricted cash and investments	5,427,748	141,326	172,043	5,397,031
Accounts receivable		32,949		32,949
Due from other governmental agencies	547,949	168,436	547,949	168,436
Interest receivable	<u>6,103</u>	<u>5,852</u>	<u>6,103</u>	<u>5,852</u>
Total Assets	<u>\$9,722,092</u>	<u>\$4,794,718</u>	<u>\$5,215,269</u>	<u>\$9,301,541</u>
Accounts Payable	\$4,469	\$1,500	\$4,469	\$1,500
Due to assessment district bondholders	<u>9,717,623</u>	<u>4,793,218</u>	<u>5,210,800</u>	<u>9,300,041</u>
Total Liabilities	<u>\$9,722,092</u>	<u>\$4,794,718</u>	<u>\$5,215,269</u>	<u>\$9,301,541</u>
<u>Sunridge Park CFD 2004-1</u>				
Cash and investments	\$793,299	\$1,278,522	\$529,060	\$1,542,761
Restricted cash and investments	9,368,844	143,045	39,549	9,472,340
Due from other governmental agencies	57,093	204,572	57,093	204,572
Interest receivable	<u>2,459</u>	<u>6,861</u>	<u>2,459</u>	<u>6,861</u>
Total Assets	<u>\$10,221,695</u>	<u>\$1,633,000</u>	<u>\$628,161</u>	<u>\$11,226,534</u>
Accounts payable	\$1,597	\$1,434	\$1,597	\$1,434
Due to assessment district bondholders	<u>10,220,098</u>	<u>\$1,631,566</u>	<u>626,564</u>	<u>\$11,225,100</u>
Total Liabilities	<u>\$10,221,695</u>	<u>\$1,633,000</u>	<u>\$628,161</u>	<u>\$11,226,534</u>
<u>Sunridge North Douglas CFD 2005-1</u>				
Cash and investments	\$43,483	\$1,007	\$822	\$43,668
Interest receivable	<u>70</u>	<u>28</u>	<u>70</u>	<u>28</u>
Total Assets	<u>\$43,553</u>	<u>\$1,035</u>	<u>\$892</u>	<u>\$43,696</u>
Due to assessment holders	<u>\$43,553</u>	<u>\$1,035</u>	<u>\$892</u>	<u>\$43,696</u>
<u>Montelena CFD</u>				
Cash and investments	\$104,414	\$2,448		\$106,862
Interest receivable	<u>168</u>	<u>68</u>	<u>\$168</u>	<u>68</u>
Total Assets	<u>\$104,582</u>	<u>\$2,516</u>	<u>\$168</u>	<u>\$106,930</u>
Deposits	\$100,211			\$100,211
Due to assessment holders	<u>4,371</u>	<u>2,516</u>	<u>168</u>	<u>6,719</u>
Total Liabilities	<u>\$104,582</u>	<u>\$2,516</u>	<u>\$168</u>	<u>\$106,930</u>

(Continued)

CITY OF RANCHO CORDOVA  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2009

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009
<u>City Landscape CFD</u>				
Due from other governmental agencies	\$107		\$107	
Total Assets	<u>\$107</u>		<u>\$107</u>	
Accounts Payable	\$3,240		\$3,240	
Due to assessment holders	<u>(3,133)</u>		<u>(3,133)</u>	
Total Liabilities	<u>\$107</u>		<u>\$107</u>	
<u>CAP Village Landscape CFD</u>				
Cash and investments	\$11,134	\$264	\$11,398	
Interest receivable	<u>28</u>		<u>28</u>	
Total Assets	<u>\$11,162</u>	<u>\$264</u>	<u>\$11,426</u>	
Due to assessment holders	<u>\$11,162</u>	<u>\$264</u>	<u>\$11,426</u>	
<u>Total Agency Funds</u>				
Cash and investments	\$4,692,622	\$5,728,396	\$5,030,454	\$5,390,564
Restricted cash and investments	14,796,592	284,371	211,592	14,869,371
Accounts receivable		32,949		32,949
Due from other governmental agencies	605,149	373,008	605,149	373,008
Interest receivable	<u>8,828</u>	<u>12,809</u>	<u>8,828</u>	<u>12,809</u>
Total Assets	<u>\$20,103,191</u>	<u>\$6,431,533</u>	<u>\$5,856,023</u>	<u>\$20,678,701</u>
Accounts payable	\$9,306	\$2,934	\$9,306	\$2,934
Deposits	100,211			100,211
Due to assessment district bondholders	19,937,721	6,424,784	5,837,364	20,525,141
Due to assessment holders	<u>55,953</u>	<u>3,815</u>	<u>9,353</u>	<u>50,415</u>
Total Liabilities	<u>\$20,103,191</u>	<u>\$6,431,533</u>	<u>\$5,856,023</u>	<u>\$20,678,701</u>

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## STATISTICAL SECTION

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

### ***Financial Trends***

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

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

### ***Revenue Capacity***

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

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

### ***Debt Capacity***

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

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

### ***Demographic and Economic Information***

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

1. Demographic and Economic Statistics
2. Principal Employers

### ***Operating Information***

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

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

### ***Sources***

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

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

	Fiscal Year *					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$ 25,944	\$ 329,107	\$ 8,357,941	\$ 228,382,846	\$ 242,668,370	\$ 265,248,656
Restricted	2,321,085	30,963,342	40,513,083	53,397,757	66,637,771	67,519,112
Unrestricted	<u>4,804,309</u>	<u>861,598</u>	<u>6,501,698</u>	<u>24,791,160</u>	<u>19,262,027</u>	<u>25,297,053</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>	<u>328,568,168</u>	<u>358,064,821</u>
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	-	-	-	1,422,003	1,470,806	1,489,554
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,224,820)</u>	<u>(1,345,183)</u>	<u>(1,401,825)</u>
Total business-type activities net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,183</u>	<u>125,623</u>	<u>87,729</u>
<b>Primary government</b>						
Invested in capital assets, net of related debt	25,944	329,107	8,357,941	229,804,849	244,139,176	266,738,210
Restricted	2,321,085	30,963,342	40,513,083	53,397,757	66,637,771	67,519,112
Unrestricted	<u>4,804,309</u>	<u>861,598</u>	<u>6,501,698</u>	<u>23,566,340</u>	<u>17,916,844</u>	<u>23,895,228</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>	<u>\$ 328,693,791</u>	<u>\$ 358,152,550</u>

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

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

Expenses	Fiscal Year *					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities:						
General government	\$ 3,143,679	\$ 5,159,815	\$ 17,939,297	\$ 22,055,441	\$ 28,454,471	\$ 23,835,036
Public Safety	8,978,634	12,935,511	13,446,239	13,778,468	15,614,787	16,027,526
Community Development	2,285,042	4,055,329	6,812,844	6,447,185	7,353,683	6,972,540
Public Works	1,503,252	2,782,143	2,630,097	4,121,579	4,950,568	10,049,574
Interest on long term debt	-	60,676	881,467	1,359,131	1,563,374	1,439,074
Total governmental activities expenses	<u>15,910,607</u>	<u>24,993,474</u>	<u>41,709,944</u>	<u>47,761,804</u>	<u>57,936,883</u>	<u>58,323,750</u>
Business-type activities:						
Cemetery	-	-	-	9,988	71,680	86,381
Total business-type activities expenses	-	-	-	9,988	71,680	86,381
Total primary government expenses	<u>15,910,607</u>	<u>24,993,474</u>	<u>41,709,944</u>	<u>47,771,792</u>	<u>58,008,563</u>	<u>58,410,131</u>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services	2,326,721	25,932,561	26,142,639	33,364,367		
General government					12,500,088	1,101,483
Public Safety					878,827	1,560,634
Community Development					3,555,238	2,997,656
Public Works					5,651,648	3,485,309
Operating grants and contributions	21,442	2,378,060	3,322,801	6,718,186	3,578,050	8,976,488
Capital grants and contributions	-	39,142	1,803,132	3,820,997	9,461,811	34,331,931
Total governmental activities program revenues	<u>2,348,163</u>	<u>28,349,763</u>	<u>31,268,572</u>	<u>43,903,550</u>	<u>35,625,662</u>	<u>52,453,501</u>
Business-type activities:						
Charges for services						48,277
Capital grants and contributions	-	-	-	225,000	-	-
Total business-type activities program revenues	-	-	-	225,000	-	48,277
Total primary government program revenues	<u>2,348,163</u>	<u>28,349,763</u>	<u>31,268,572</u>	<u>44,128,550</u>	<u>35,625,662</u>	<u>52,501,778</u>
<b>Net (expense)/revenue</b>						
Governmental activities	(13,562,444)	3,356,289	(10,441,372)	(3,858,254)	(22,311,221)	(5,870,249)
Business-type activities	-	-	-	215,012	(71,680)	(38,104)
Total primary government net (expense)/revenue	<u>(13,562,444)</u>	<u>3,356,289</u>	<u>(10,441,372)</u>	<u>(3,643,242)</u>	<u>(22,382,901)</u>	<u>(5,908,353)</u>

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

	Fiscal Year *					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Taxes						
Property	132,796	717,685	7,739,207	8,544,439	12,252,371	11,127,070
Sales and use	9,427,805	9,603,899	10,418,318	10,095,717	9,304,724	9,040,890
Utility users	1,338,854	1,389,613	1,721,736	2,236,887	1,930,878	1,953,249
Gas	1,219,435	1,340,863				
Transient occupancy	2,257,596	2,494,012	2,581,424	2,528,209	2,518,771	2,183,506
Other	1,606,250	138,817	982,636	1,028,478	1,371,957	402,924
Franchise fees	538,311	794,876				1,213,596
Vehicle license fees	3,863,040	4,606,840	4,518,669	4,482,885	5,118,290	5,097,792
Use of money and property	16,056	187,954	1,950,149	4,402,877	5,188,665	2,983,325
Transfers and miscellaneous	313,639	245,978	3,747,908	5,250,865	6,621,970	1,364,550
Total governmental activities	<u>20,713,782</u>	<u>21,520,537</u>	<u>33,660,047</u>	<u>38,570,357</u>	<u>44,307,626</u>	<u>35,366,902</u>
Business-type activities:						
Use of money and property	-	-	-	320	120	210
Transfers and miscellaneous	-	-	-	(18,149)	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,829)</u>	<u>120</u>	<u>210</u>
Total primary government	<u>20,713,782</u>	<u>21,520,537</u>	<u>33,660,047</u>	<u>38,552,528</u>	<u>44,307,746</u>	<u>35,367,112</u>
<b>Change in Net Assets</b>						
Governmental activities	7,151,338	24,876,826	23,218,675	34,712,103	21,996,405	29,496,653
Business-type activities	-	-	-	197,183	(71,560)	(37,894)
Total primary government	<u>\$ 7,151,338</u>	<u>\$ 24,876,826</u>	<u>\$ 23,218,675</u>	<u>\$ 34,909,286</u>	<u>\$ 21,924,845</u>	<u>\$ 29,458,759</u>

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

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

	Fiscal Year *					
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund						
Reserved	\$ 2,155,607	\$ 4,213,346	\$ 2,723,441	\$ 3,934,363	\$ 5,109,382	\$ 5,221,880
Unreserved, designated for economic uncertainty				9,419,717	9,419,717	9,419,717
Unreserved, designated for unrealized gains						629,322
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>	<u>12,292,739</u>	<u>11,867,914</u>
Total General Fund	<u>\$ 6,867,849</u>	<u>\$ 11,944,128</u>	<u>\$ 15,403,685</u>	<u>\$ 25,821,610</u>	<u>\$ 26,821,838</u>	<u>\$ 27,138,833</u>
All Other Governmental Funds						
Reserved	\$ -	\$ -	\$ 10,072,454	\$ 2,479,587	\$ 3,161,629	\$ 3,618,585
Unreserved, reported in:						
Special Revenue Funds	2,225,410	21,607,914	41,121,009	54,335,848	59,277,713	59,627,221
Capital Projects Funds	<u>-</u>	<u>(38,922)</u>	<u>(9,465,478)</u>	<u>(1,230,432)</u>	<u>(828,103)</u>	<u>585,439</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>	<u>\$ 61,611,239</u>	<u>\$ 63,831,245</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>	<u>2008</u>	<u>2009</u>
<b>Revenues</b>						
Taxes and assessments	\$ 14,626,557	\$ 15,270,080	\$ 27,961,990	\$ 28,916,615	\$ 32,140,342	\$ 31,795,690
Licenses, fees and permits	1,838,107	23,045,059	35,670,026	26,554,572	16,406,734	11,606,702
Fines and forfeitures	36,041	388,859	464,745	567,078	735,999	777,339
Intergovernmental	5,108,526	8,499,891	5,011,087	10,492,415	13,000,346	13,609,918
Use of money and property	16,055	204,677	1,950,149	4,254,559	5,095,186	3,135,499
Charges for services	1,185,736	2,459,677	3,526,782	6,242,718	5,443,068	4,215,834
Miscellaneous	47,922	205,057	3,747,908	4,547,716	1,581,394	353,094
Total revenues	<u>\$ 22,858,944</u>	<u>\$ 50,073,300</u>	<u>\$ 78,332,687</u>	<u>\$ 81,575,673</u>	<u>\$ 74,403,069</u>	<u>\$ 65,494,076</u>
<b>Expenditures</b>						
General government	\$ 3,082,683	\$ 5,097,357	\$ 16,041,144	\$ 17,594,828	\$ 20,729,058	\$ 15,117,347
Public Safety	8,978,634	12,916,961	13,446,239	13,778,468	15,614,787	16,027,526
Community Development	2,285,042	4,051,342	6,812,844	6,447,185	7,353,683	6,972,540
Public Works	1,503,252	2,782,143	2,630,097	4,121,579	4,950,568	4,689,463
Debt service:						
Principal retirement	-	423,012	1,143,012	1,043,044	1,003,012	1,118,011
Interest and fiscal charges	-	628,765	1,157,641	1,295,270	1,528,116	1,414,494
Bond issuance costs	-	-	-	498,787	-	-
Capital outlay	31,133	13,061,880	28,223,470	11,840,393	15,697,381	16,370,213
Total expenditures	<u>\$ 15,880,744</u>	<u>\$ 38,961,460</u>	<u>\$ 69,454,447</u>	<u>\$ 56,619,554</u>	<u>\$ 66,876,605</u>	<u>\$ 61,709,594</u>
Excess of revenues over (under) expenditures	\$ 6,978,200	\$ 11,111,840	\$ 8,878,240	\$ 24,956,119	\$ 7,526,464	\$ 3,784,482
<b>Other financing sources (uses)</b>						
Transfers in	-	719,634	3,921,921	20,710,051	18,212,921	22,288,975
Transfers out	-	(719,634)	(3,921,921)	(21,812,102)	(18,712,921)	(23,536,456)
Proceeds from long term debt	2,115,059	21,217,448	6,705,000	-	-	-
Proceeds from issuance of refunding debt	-	-	-	20,400,000	-	-
Payment to refunded bond escrow agent	-	-	-	(19,637,790)	-	-
Discount on refunding debt	-	-	-	(341,335)	-	-
Total other financing sources (uses)	<u>2,115,059</u>	<u>21,217,448</u>	<u>6,705,000</u>	<u>(681,176)</u>	<u>(500,000)</u>	<u>(1,247,481)</u>
Net change in fund balances	<u>\$ 9,093,259</u>	<u>\$ 32,329,288</u>	<u>\$ 15,583,240</u>	<u>\$ 24,274,943</u>	<u>\$ 7,026,464</u>	<u>\$ 2,537,001</u>
Debt services as a percentage of non-capital expenditures	-	4.2%	5.9%	6.8%	5.2%	5.1%

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

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

Fiscal Year *	Property Tax (1)	Sales Tax	Franchise Tax	Utility Users Tax	Transient Occup. Tax	Property Transfer Tax	Other	Total
2003/04	\$ 132,796	\$ 9,427,805	\$ 538,311	\$ 1,338,854	\$ 2,257,596	\$ 278,694	\$ 855,501	\$ 14,829,557
2004/05	258,352	9,603,899	794,876	1,389,613	2,494,012	459,334	66,994	15,067,080
2005/06	12,257,876	10,418,318	981,518	1,721,736	2,581,424	776,568	206,068	28,943,508
2006/07	13,027,324	10,095,717	1,065,660	2,236,887	2,528,209	479,885	548,593	29,982,275
2007/08	17,370,661	9,304,724	1,332,257	1,930,878	2,518,771	297,122	1,074,835	33,829,248
2008/09	16,224,862	9,040,890	1,213,596	1,953,249	2,183,506	257,019	145,905	31,019,027
<b>TOTAL</b>	<u>\$ 59,271,871</u>	<u>\$ 57,891,353</u>	<u>\$ 5,926,218</u>	<u>\$ 10,571,217</u>	<u>\$ 14,563,518</u>	<u>\$ 2,548,622</u>	<u>\$ 2,751,991</u>	<u>\$ 122,651,668</u>

Includes the General Fund and Special Revenue Funds.

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

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

Source: Annual financial reports

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

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

\* 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  
Last Ten Fiscal Years  
(Unaudited)

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

\* 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%. California cities do not set their own direct tax rate.

Source: Sacramento County Auditor-Controller

CITY OF RANCHO CORDOVA  
Principal Taxpayers  
Last Ten Fiscal Years  
As of June 30, 2009  
(Unaudited)

Taxpayer	Land Use	2008/2009 Assessed Valuation		Percentage of Total Assessed Valuation **	2004 * Assessed Valuation		Percentage of Total Assessed Valuation
PGOCC LLC	Office Building	\$ 107,062,225	1	1.69%			
DL Capital Center, LP	Office Building	95,543,060	2	1.50%			
Rreef America Reit Corp	Office Building	75,523,077	3	1.19%			
Altair Holding Company	Office Building	72,902,410	4	1.15%	\$ 61,929,830	2	1.73%
Franklin Resources Inc	Office Building	60,106,587	5	0.95%	47,931,162	4	1.34%
Montelena Douglas LLC	Residential Development	59,600,824	6	0.94%			
JB Management LP	Commercial	40,656,018	7	0.64%	25,973,468	10	0.72%
Wasatch Pool Holdings LLC	Apartments	39,213,386	8	0.62%	34,916,838	7	0.97%
Cordova LLC	Office Building	36,875,116	9	0.58%	33,442,539	8	0.93%
Lennar Renaissance Inc.	Residential Development	36,850,274	10	0.58%			
Prospect Green Partners	Office Building				72,278,299	1	2.02%
Trizechahn TBI Sacramento I LLC	Office Building				54,215,453	3	1.51%
Salvatore A. Rubino Decl. of Trust	Office Building				37,386,099	5	1.04%
Evergreen & Zinfandel	Office Building				36,664,670	6	1.02%
Elliott Whiterock LLC	Industrial				28,424,850	9	0.79%
		<b>\$ 624,332,977</b>			<b>\$ 433,163,208</b>		

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

\*\* 2008/09 Local Secured Assessed Valuation: \$6,349,138,912

Source: California Municipal Statistics, Inc.

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

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

\* 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
2007/08	423,011	26,285,000	26,708,011	1.14%	438
2008/09	-	25,590,000	25,590,000	1.07%	416

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

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

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

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

2008/2009 Assessed Valuation:	\$ 6,811,428,675
Redevelopment Incremental Valuation:	<u>640,895,678</u>
Adjusted Assessed Valuation:	\$ 6,170,532,997

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<b>Total Debt 6/30/09</b>	<b>% Applicable (1)</b>	<b>City's share of Debt 6/30/09</b>
Los Rios Community College District	\$ 149,310,000	4.10%	\$ 6,121,710
Folsom-Cordova Unified School District Facilities Improvement District No. 1	46,051,054	77.10%	35,504,442
Folsom-Cordova Unified School District Facilities Improvement District No. 3	249,986,320	24.82%	6,203,660
Folsom-Cordova Unified School District Facilities Improvement District No. 4	38,210,205	95.65%	36,546,151
Sacramento Unified School District	373,162,966	3.07%	11,459,835
San Juan Unified School District	273,716,182	7.60%	208,024
Elk Grove Unified School District Facilities Improvement District No. 1	159,734,810	3.38%	5,403,829
City of Rancho Cordova Community Facilities District No. 2003-1	58,740,000	100.00%	58,740,000
City of Rancho Cordova Community Facilities District No. 2004-1	13,455,000	100.00%	13,455,000
Sac Area Flood Control District Consolidated Capital Assessment District	170,830,000	2.92%	4,995,069
Sac Area Flood Control District Operation & Maintenance Assessment District	4,165,000	5.86%	<u>244,111</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b><u>178,881,831</u></b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Sacramento County General Fund Obligations	\$ 375,109,528	4.88%	\$ 17,506,589
Sacramento County Pension Obligations	934,025,232	4.88%	45,533,730
Sacramento County Office of Education Certificates of Participation	11,150,000	4.88%	543,563
Los Rios Community College District Certificates of Participation	6,695,000	4.10%	274,495
Folsom-Cordova Unified School District Certificates of Participation	33,885,000	28.18%	9,548,454
Sacramento Unified School District Certificates of Participation	85,600,000	3.07%	2,628,776
Sacramento Unified School District Pension Obligations	4,035,000	3.07%	123,915
San Juan Unified School District General Fund Obligations	2,209,911	0.08%	1,680
<b>City of Rancho Cordova</b>	25,590,000	100.00%	25,590,000
Sacramento Metropolitan Fire District Pension Obligations	66,648,975	11.20%	<u>7,466,685</u>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b><u>109,217,887</u></b>
Less: Sacramento County self-supporting obligations			<u>362,700</u>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b><u>108,855,187</u></b>
 <b>GROSS COMBINED TOTAL DEBT</b>			 <b>\$ 288,099,718 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$ 287,737,018</b>

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

Ratios to 2008/09 Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt 2.63%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$25,590,000) 41.00%  
Gross Combined Total Debt 4.67%  
Net Combined Total Debt 4.66%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09 \$ -

Source: California Municipal Statistics, Inc.

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

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

Legal Debt Margin Calculation for Fiscal Year 2008	
Assessed value	6,811,428,675
Less: Exemptions	(69,531,303)
<i>Total assessed value</i>	6,741,897,372
Debt limit (15% of total assessed value)	1,011,284,606
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>\$ 1,011,284,606</u>

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

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

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

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

(1) Source: Department of Finance, as of January 1, 2009

(2) Source: County of Sacramento

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

(4) Source: U.S. Census Bureau

(5) Source: [www.labormarketinfo.edd.ca.gov](http://www.labormarketinfo.edd.ca.gov) (October 2009)

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

<u>Employer</u>	2009		2004*	
	Number of Employees (1)	Percentage of Total City Employment	Number of Employees (2)	Percentage of Total City Employment
Vision Service Plan	1750	3.89%		n.a.
GenCorp, Inc. (Aerojet)	1600	3.56%	1387	n.a.
Franklin Templeton Investments	1000	2.22%		n.a.
Delta Dental	1000	2.22%	1500	n.a.
Verizon Wireless	1100	2.44%		
EDS Corporation	1000	2.22%	675	n.a.
Health Net Federal Services	1000	2.22%		
Sutter Health/Sutter Connect	800	1.78%		
Catholic Healthcare West	700	1.56%		
CA Employment Development Dept. (EDD)	700	1.56%		
Cedar Valley Concrete			926	n.a.
Pacific Building Products			534	n.a.
Motion Control Engineering			360	n.a.
Wal-Mart			329	n.a.
Volcano Therapeutics			309	n.a.
Sunworld Landscape			300	n.a.
Automotive Importing			191	n.a.

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

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

(2) Source: Sacramento County Auditor-Controller

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

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

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

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

Source: Human Resources department, City of Rancho Cordova

CITY OF RANCHO CORDOVA  
Miscellaneous Statistics  
(Unaudited)

	Fiscal Year *	
	2009	2008
Date of Incorporation	July 1, 2003	July 1, 2003
Form of Government	General Law	General Law
Number of Employees		
Full-time	77	76
Part-time	-	-
Number of contract employees (excludes public safety - shown on next page)	17	17
Area in square miles	33	33
Facilities and services not included in the reporting entity		
Culture and Recreation:		
Parks	31	31
Park acreage	304	304
Swimming pools	2	2
Tennis courts	27	27
Community centers	3	3
Senior centers	1	1
Ball and soccer fields	20	20
Fire Protection:		
Number of stations	5	5
Education:		
Number of districts	4	4
Number of elementary schools	13	13
Number of secondary schools	4	4
Number of community colleges	2	2
County Library:		
City branches	1	1

\* The City of Rancho Cordova incorporated on July 1, 2003 and began preparing a Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008.

Source: *Departments within the City of Rancho Cordova*

CITY OF RANCHO CORDOVA  
 Capital Asset and Infrastructure Statistics by Function/Program  
 Last Ten Fiscal Years  
 (Unaudited)

Function/Program	Fiscal Year *					
	2004	2005	2006	2007	2008	2009
Public Safety						
Police:						
Stations	1	1	1	1	1	1
Sworn personnel	72	67	67	69	68	64
Non sworn personnel	16	13	13	13	13	16
Highways and Streets						
Streets (miles)	208	220	220	220	295	526
Streetlights	2,715	3,000	3,000	3,000	4,435	4435
Traffic Signals	46	70	70	70	76	76

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

Source: *Departments within the City of Rancho Cordova*