

CITY OF RANCHO CORDOVA  
CITIZENS' FINANCIAL REPORT



FISCAL YEAR 2009-2010

**Rancho Cordova**



**All-America City**



®

**2010**

Dear Citizens of Rancho Cordova,

The 2010 All-America City of Rancho Cordova is pleased to present our fourth Citizens' Financial Report regarding the finances and fiscal condition of the City for the year ending June 30, 2010. This report is intended to present an understandable and easy-to-read analysis of where the City revenue comes from and how it's used, as well as our fiscal condition moving forward. The data was taken from the audited financial information appearing in the Comprehensive Annual Financial Report (CAFR) and demonstrates the City's strong financial position.

The Citizens' Financial Report is also an important component of the City's Annual Corporate Report, not a document but a *day-long event each year* that educates the public on the City's finances in the context of our national, state and regional economies.

In 2010, the City's Annual Corporate Report received the highly prestigious Helen Putnam Award for Excellence given by the League of California Cities, in recognition for our efforts to restore the public's trust in government by operating in a more businesslike manner, and showing our respect for transparency, prudent management of resources, efficiency and accountability. We are proud to share this honor with the citizens of Rancho Cordova.

On behalf of the Mayor and City Council, we thank you for taking a moment to read our Citizens' Financial Report. If you have questions or comments regarding the information in this document, or would like more information about the Annual Corporate Report, you may reach us at (916) 851-8700.

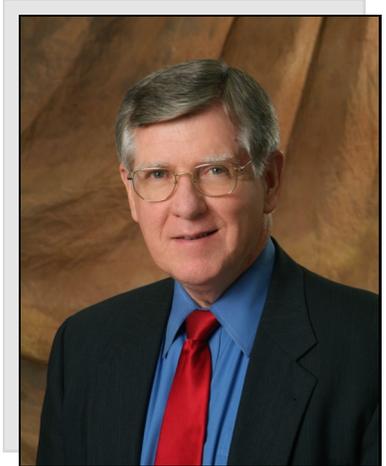


Ted A. Gaebler, City Manager  
City of Rancho Cordova



Donna Silva, Finance Director  
City of Rancho Cordova

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



City Manager, Ted Gaebler



Finance Director, Donna Silva

## Table of Contents

City Government .....	3
City Profile .....	4
City Financials .....	5
The General Fund Revenues .....	5
The General Fund Expenditures .....	5
General Government .....	6
Public Safety .....	6
Community Development.....	6
Public Works.....	6
Other Expenditures.....	6
Fiscal Condition.....	7
Other Funds .....	8
Contact Information .....	9

*The* City of Rancho Cordova operates under the council-manager form of government. The City Council is comprised of five members elected at large for staggered four-year terms of office. The Mayor and Vice Mayor are selected by the Council from among its members to serve one-year terms. The Council is responsible for establishing city policy and providing direction to the City Manager.



The Council serves as the legislative and policy making body of the City, enacting all local laws and directing such actions as required to provide for the general welfare of the community.

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

The City provides municipal services through contracts for street maintenance, legal services, street sweeping, planning and law enforcement. The contracts for street maintenance and law enforcement services are with the County of Sacramento. The City contracts with Allied Waste to provide residential garbage collection and recycling services. In addition, our residents are served by the Sacramento Metropolitan Fire District and the Cordova Recreation and Parks District. Sewer services are provided by Sacramento County and water by various other agencies and private companies.

Having incorporated on July 1, 2003, the City of Rancho Cordova is one California's newer cities. The City, located in Northern California, is part of the greater Sacramento region, which has been one of the fastest growing regions in the state. The City limits encompass 34.8 square miles on the Highway 50 corridor between the City of Sacramento and the City of Folsom. It is bound by the American River to the north.



The area which became the City of Rancho Cordova was initially built around two major industries - Mather Air Force Base and Aerojet Manufacturing. Mather Air Force Base supplied the air navigators for the Vietnam War while Aerojet was instrumental in the race to the moon and was a supplier of the Cold War defense systems. With the closure of Mather Air Force Base in 1992 and the decline in the Cold War, the area reinvented itself as the business park center of Sacramento County.

The City of Rancho Cordova is unique among new California cities in that it has about the same amount of jobs as residents. The City's population is estimated at 62,000 and accommodates approximately 60,000 employees. This large employment base will continue to drive both residential and commercial growth within the City.



Since incorporation in July of 2003, the City has welcomed 4,155 new single family homes and according to a study by the Sacramento Area Council of Governments its population may grow to more than 300,000 by 2050.

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

**In "Building a City", Rancho Cordova will:**

Have a place in the region as a vibrant destination;

Control its destiny, including the establishment of meaningful boundaries;

Become a catalyst for change and an example to other cities nationwide of excellence and innovation in government;

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

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

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

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

The City maintains 83 individual funds. For the purpose of this report they are reported and grouped as follows:

- General Fund
- Other Funds

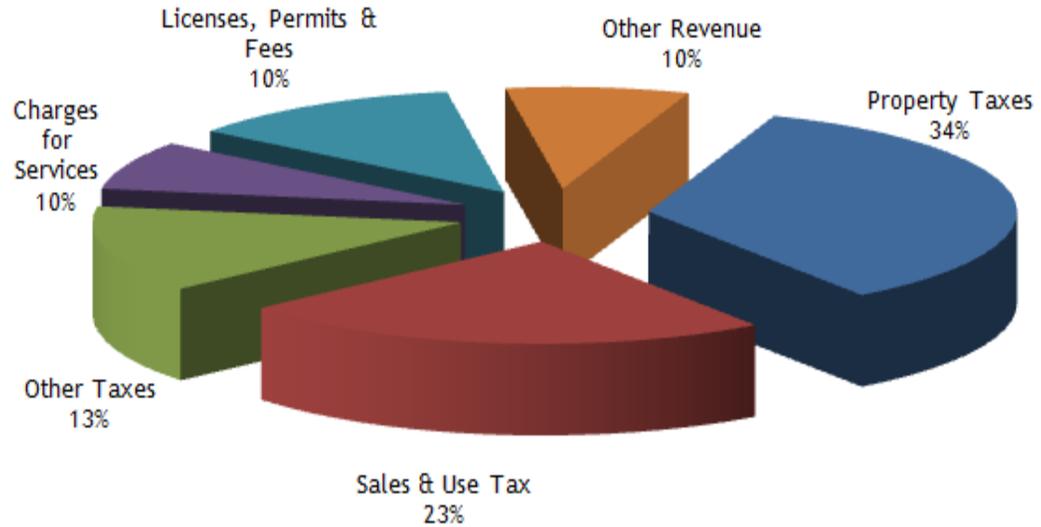
The General Fund provides both funding and expenditure sources for the majority of services delivered to the citizens of the City. Other funds include the Special Revenue funds which are used to track revenues and expenditures that have a specific use, either constrained by law or otherwise needing individualized treatment to properly identify and relate expenditures to specific revenues. Some examples of the City's Special Revenue funds are for the Redevelopment Agency, Maintenance Districts, Capital Facilities Fees, Development Impact Fees, Gas Tax, Prop 42, Measure A and Grants. Other funds also include the Capital Outlay Fund, Debt Service Fund, Internal Services Funds and the Kilgore Cemetery.

## THE GENERAL FUND

### Revenues

For fiscal year ending June 30, 2010, General Fund revenues totaled \$37.5 million. The majority of the revenue comes from taxes; Property, Sales, Transient Occupancy, Utility Users,

2009-10 General Fund Revenues—\$37.5 Million



Property Transfer and Police Tax. As anticipated, this category experienced a slight decline due to the recession. Property tax revenues continues to decline due to lower assessed value and the lack of growth. The County continues to process roll backs of assessed valuation under Prop. 8 and until this process in complete, the City expects to continue to see declining property tax revenues. Sales tax revenues are down again as a result of the recent recession and the slow recovery of the economy. Sales tax revenues are believed to have hit their low point in this fiscal year and the City expects to see, at a minimum, stabilization and modest growth in the next year.

### Expenditures

For fiscal year ending June 30, 2010, the General Fund expenditures totaled \$37.3 million. Total expenditures did not exceed total revenues, meaning in fiscal year 2009-10 the City government operated within its means and was able to generate a small surplus which was used to bolster our reserves. The total General Fund expenditures of \$37.3 million represents a decrease from the prior year of \$2.6 million or 7%.

The City's five major categories of General Fund expenditures are:

### **General Government**

Expenditures in this category are incurred for the administrative offices including among others, City Manager, Finance, Legal, Human Resources and City Clerk. Expenses in this category were relatively stable, decreasing by almost 7% from the prior year. In general, the services provided by these departments do not flow with the economy. However, the departments continually seek ways to innovate and deliver efficiencies.

### **Public Safety**

This category represents the expenditures associated with providing police operations for the City. The majority of the expenses are paid to the Sacramento County Sheriff's Department as they serve under contract as the Rancho Cordova Police Department. Current year expenses decreased by 4.8 % from the prior year, largely due to lower than expected insurance premiums and the consolidation of services provided by the City and the County's Sheriff's office. Also, savings were seen as a result of the vacancy in the Police Chief and a lieutenant position in the year.

### **Community Development**

This category represents expenditures associated with Economic Development, Housing, Neighborhood Services (which includes Code Enforcement and Animal Control), Planning, Building and Safety, and Facilities Management. Current year expenses decreased by 13% from the prior year, again, in response to the recessed economy causing a slowdown in the processing of development projects.

### **Public Works**

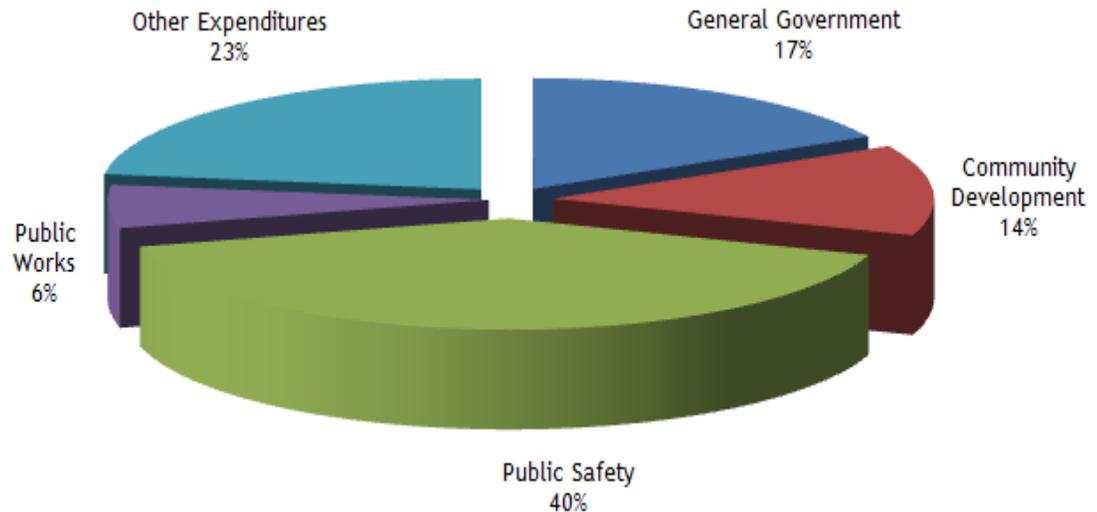
This category reflects the expenditures associated with street maintenance, graffiti removal, engineering and project management for Capital Improvement Projects, issuance of street use,

encroachment and transportation permits. Current year expenditures remained relatively the same as the prior year.

### **Other Expenditures**

Expenditures in this category represent the expenses incurred for debt service, capital outlay, and transfers out to other funds. Also included in this category is the revenue neutrality payment to the County of Sacramento, a required sharing of property tax revenues, through year 2028. The current year payment was \$6,460,226. Current year expenses in the "Other Expenditures" category decreased by 7.5%.

**2009-10 General Fund Expenditures – \$37.3 Million**



## City of Rancho Cordova Balance Sheet June 30, 2010

ASSETS	General Fund	Other Funds	Total
Cash and Investments	\$ 18,190,763	\$ 65,669,668	\$ 83,860,431
Receivables	1,158,348	3,590,629	4,748,977
Due from Other Government Agencies	1,823,608	3,688,697	5,512,305
Due from /Advances to Other Funds	10,094,895	-	10,094,895
Prepaid Costs and Other Assets	50,226	687,882	738,108
<b>Total Assets</b>	<b>\$ 31,317,840</b>	<b>\$ 73,636,876</b>	<b>\$ 104,954,716</b>
LIABILITIES			
Accounts Payable	\$ 3,466,680	\$ 2,424,970	\$ 5,891,650
Other Payables	1,189,035	435,715	1,624,750
Deferred Revenues	24,530	702,369	726,899
Due to/Advances from Other Funds	-	9,688,740	9,688,740
<b>Total Liabilities</b>	<b>\$ 4,680,245</b>	<b>\$ 13,251,794</b>	<b>\$ 17,932,039</b>
FUND BALANCE			
Reserved for:			
Low and Moderate Income Housing	\$ -	\$ 352,359	\$ 352,359
Debt Service		2,703,706	2,703,706
Advances to other Funds	4,170,924	-	4,170,924
Prepaid Costs	50,226	665,450	715,676
Designated Use Specified by Fund Type	258,924	33,187,325	33,446,249
Unreserved:			
Designated for Encumbrances Outstanding	-	23,476,242	23,476,242
Designated for Economic Uncertainty Reserve	9,419,717	-	9,419,717
Designated for Unrealized Gains	629,322		629,322
Unreserved and Available	12,108,482	-	12,108,482
<b>Total Fund Balance</b>	<b>\$ 26,637,595</b>	<b>\$ 60,385,082</b>	<b>\$ 87,022,677</b>

### Fiscal Condition

At June 30, 2010, the General Fund had total assets of \$31.3 million and total liabilities of \$4.7 million, leaving a fund balance of \$26.6 million. Of this fund balance, \$14.5 million is reserved or designated leaving an available fund balance of \$12.1 million.

The Fund Balance is the primary indicator of the fiscal condition of the City. A growing fund balance indicates fiscal health, while a shrinking fund balance is generally indicative of an entity operating outside of its means. However, a one-time decline in fund balance is due to a one-time investment in facilities or infrastructure, and would not be indicative of declining fiscal health.

As shown in the graph on the next page, the City of Rancho Cordova has been experiencing an increase in its fund balance since incorporation, indicative of its strong fiscal health. The slight decrease in 2009-10 is due to the correction of a prior period error. Costs incurred from 2003-04 through 2006-07 for the creation of the General Plan were recorded in the General Plan Impact Fee Fund. Since the initial general plan benefited the entire city, not just new development, the General Fund should have absorbed its fair share of these costs. To correct this error, the beginning fiscal year 2009-10 fund balance was decreased by \$680 thousand in the General Fund and increased by the same amount in the General Plan Impact Fee Fund. This decrease in the fund balance of the General Fund means there has been a reduction of available fund balance in fiscal year 2009-10.

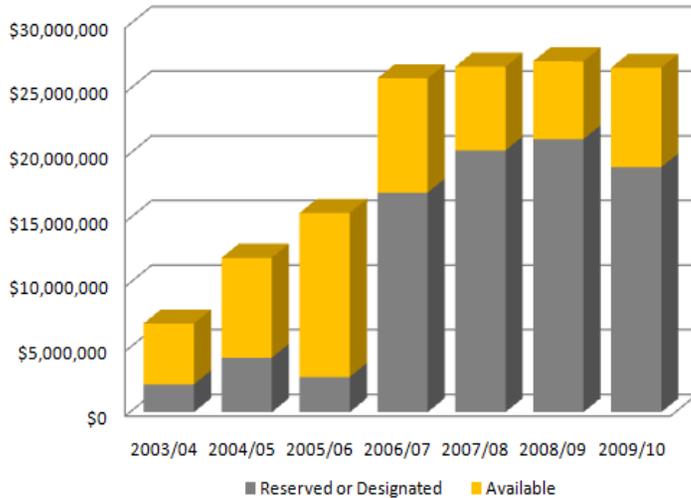
The General Fund is currently subsidizing three funds, General Plan Fund,

Redevelopment Agency and Kilgore Cemetery. These three funds continue to operate at a deficit, increasing the subsidy from the General Fund. The sum of these amounts are shown as a reserved fund balance.

Available fund balance represents the amount of money above and beyond current year revenues that are available to fund services and/or facility needs of the community in the next year.

In the upcoming months and years, your City Council will be deciding how to utilize and maximize the surplus fund balance in a manner that will enhance the lives of all citizens of the City of Rancho Cordova.

**General Fund - Growth in Fund Balance**



## OTHER FUNDS

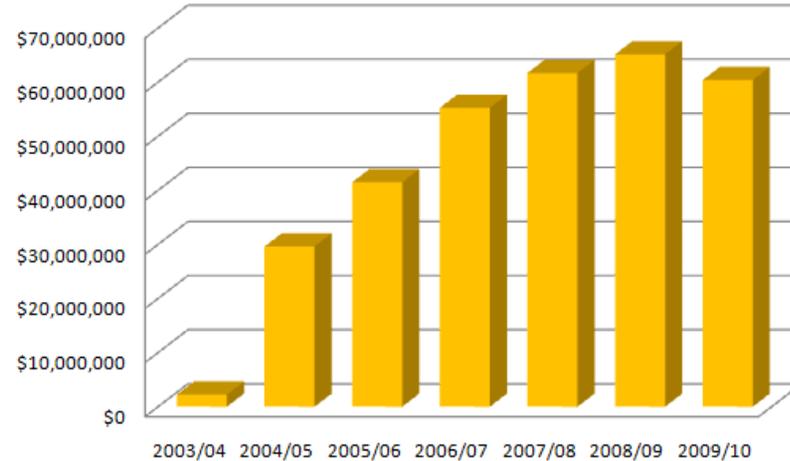
Other Funds include the Special Revenue Funds, which are used to track revenues and expenditures that have a

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

As illustrated by the chart, the Other Funds, in total, have been increasing over time, with a slight decrease in fiscal year 2009-10. This slight decrease in fiscal year 2009-10 was due to the payments made for capital improvement projects within the Sunridge-Anatolia area.

The City continues to build fund balances in order to gather sufficient resources to provide for the facilities and infrastructure for which the fees are assessed and resources allocated.

**Other Funds - Growth in Fund Balance**



# CONTACT INFORMATION



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

[www.cityofranhocordova.org](http://www.cityofranhocordova.org)

You will find information about employment opportunities, community events, fee schedules, applications and forms, community alerts, city council meeting agendas, resolutions, meeting minutes and live streaming of past council meetings. Also on the website and YouTube, you can view our video "Connecting the Dots; Your Tax Dollars at Work in Rancho Cordova". Produced in house, this video provides a broad view of the services and infrastructure provided by the City.

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

The information in this report was derived from the City of Rancho Cordova's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2010. This report and the CAFR are both available on the City of Rancho Cordova's website. Additional copies of this report and the CAFR may be obtained by contacting the Finance Department at (916) 851-8730.

## CITY STAFF DIRECTORY

City Manager  
**Ted A. Gaebler**

Assistant City Manager  
**Joe Chinn**

City Attorney  
**Adam Lindgren**

City Clerk  
**Mindy Cuppy**

Communications Director  
**Nancy Pearl**

Economic Development  
Director  
**Curt Haven**

Finance Director  
**Donna Silva**

Planning Director  
**Paul Junker**

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

Human Resources Manager  
**Stacey Peterson**

Information Technology Manager  
**Jay Hadley**

Police Chief  
**Doug Diamond**



CITY OF RANCHO CORDOVA

CALIFORNIA  
*Incorporated 2003*

## **City of Rancho Cordova**

2729 Prospect Park Drive

Rancho Cordova, CA 95670

(916) 851-8700

[www.cityofranhocordova.org](http://www.cityofranhocordova.org)