

CITY OF RANCHO CORDOVA, CA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDING JUNE 30, 2004



CITY OF RANCHO

CALIFORNIA
Incorporated 2003



CITY OF RANCHO CORDOVA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2004

Prepared by:
William J. Thomas
Chief Financial Officer
and
Liisa Behrends
Senior Acct./Auditor

CITY OF RANCHO CORDOVA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2004

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CITY OF RANCHO CORDOVA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Ken Cooley
Mayor

Robert McGarvey
Vice Mayor

Linda Budge
Council Member

David Sander
Council Member

Dan Skoglund
Council Member

December 28, 2004

The Honorable Mayor and Members of the City Council
City of Rancho Cordova
Rancho Cordova, CA

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Rancho Cordova, California for the fiscal year ended June 30, 2004.

Richardson and Company, a firm of licensed certified public accountants, has audited the City of Rancho Cordova's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Rancho Cordova, for the fiscal year ended June 30, 2004, 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 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, 2004, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

This report is published to provide the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy and the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of the operations of the City as measured by financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included in this report.

THE REPORT

This report is presented in three sections: Introductory, Financial and Statistical. The introductory section includes this transmittal letter, a listing of City Officials and an organizational chart for the City. The financial section includes a Management Discussion and Analysis (MD&A), basic financial statements and combining and individual fund statements and schedules, as well as the independent auditor's report on the basic financial statements. The MD&A is a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City of Rancho Cordova's MD&A can be found immediately following the report of the independent auditors. The statistical section includes financial and demographic information, usually present on a multi-year basis that is relevant to a financial statement reader.

The Financial Section described above is prepared in accordance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB) and other professional associations, as applicable.

CITY OF RANCHO CORDOVA PROFILE

The City of Rancho Cordova was incorporated on July 1, 2003 following a vote of the electorate on 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 54,513. The City is just east of the City of Sacramento and is situated south of the American River that transverses Sacramento County.

The City operates under the Council-Manager form of government. The City Council is comprised of five members elected at large for staggered four-year terms of office. The first municipal election took place in November 2004 with three of the five seats up for election. The Mayor and Vice Mayor are selected by the Council from among its members to serve one-year terms. The City serves as the legislative and policy-making body of the City, enacting all laws and directing such actions as are required to provide for the general welfare of the community.

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

The City provides municipal services through contracts for street maintenance, legal, animal control, street sweeping, planning, code enforcement and law enforcement services. The contract for law enforcement services is with the Sacramento County Sheriff's Department. The contract for street maintenance is with the Sacramento County Public Works Department. The contract for Animal Control services is with the Sacramento County Animal Control Department. All other contracted services are provided by private companies. Fire protection is provided by the Sacramento Metro Fire District. Parks and recreation are provided by the Cordova Recreation and Park District.

ECONOMIC CONDITION AND OUTLOOK

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

The area which became the City of Rancho Cordova was initially built around two major industries – Mather Air Force Base and Aerojet Manufacturing. Mather Air Force Base supplied the air navigators for the Vietnam War while Aerojet was instrumental in the race to the Moon and supplier of the Cold War defense. With the closure of Mather Air Force Base in 1992 and the decline in the Cold War, the area reinvented itself as a business park center of Sacramento County. Today, approximately 62,000 employees work in the various office complexes in the area. The largest industry employers are in the professional and business services (14,000 employees), financial activities (13,000 employees and wholesale and retail trade (11,000 employees).

Combined with this diverse employment base, the City is gearing up for a significant increase in residents as it expands its residential home base. The City expects that a minimum of 500 homes will be built per year for the next ten years. The number of homes actually built could be three times this figure. With the increase in residents, the City will become attractive for both new retail as well as the renovation of the existing retail base. This will increase what is already a strong sales tax base.

The regional Sacramento County economic forecast calls for a continued strong job growth with the unemployment rate remaining stable in 2005 at 5.6%. Taxable sales are expected to increase 4.8% in 2005, continuing a string of increases dating back to 1991.

Overall the City's micro economy remains strong and is tracking the overall strong Sacramento County economy. While other California cities have been impacted by the decrease in the Motor Vehicle In-Lieu revenues, Rancho Cordova was only minimally affected. As part of the FY 2005 State budget, the Motor Vehicle In-Lieu fees were substantially reduced to cities for the next two years. This could have resulted in a loss of over \$2 million in revenues to the City. However, a provision provided that newly incorporated cities would have limited reductions.

MAJOR INITIATIVES

The City, during its first year of existence has made major strides in developing not only a community identity but also addressing long term needs of the community. This was accomplished while concurrently creating a staff to meet those needs.

- In July 2003, the City began operations with one full-time employee and several interim employees including a City Manager, City Clerk and Finance Director. During the year, the City hired 16 employees with the City Manager Ted Gaebler being hired in October 2003. A permanent City Clerk was hired in December 2003 while the permanent Finance Director and Public Works Director were hired in April 2004. At year end, the City had 16 full-time employees in the City Manager's office, the City Clerk's office, the Finance Department and the Public Work's Department. Contractual employees provided the remaining City staff.
- Full-time, interim and contract employees in concert with the City Council completed the following:
 - Made over 2,400 improvements involving street maintenance, trees and landscaping, traffic signals, signs and street lights, and traffic signs and pavement markings.
 - Adopted several new ordinances to enhance the City's neighborhoods including:
 - Yard parking and vehicle storage
 - Human habitation in vehicles
 - Sidewalk obstructions
 - Reduced speeds in neighborhoods
 - Adopted fees on new development to pay for services in those areas without burdening established Rancho Cordova neighborhoods.
 - Appointed City residents to a new Planning Commission
 - Produced a community newsletter, held community meetings and made outreach efforts in numerous neighborhoods.
 - Worked closely with the local community service districts in providing enhanced services for fire safety, libraries, schools and parks and recreation.
 - Participated in regional efforts to solve local challenges such as growth, air pollution, water supply and quality, sewers, transportation and affordable housing.
 - Secured a Weed and Seed grant of \$175,000 of federal funds for five years to target crime reduction and neighborhood safety.
 - Hired a Police Chief and contracted for improved police services.
- The City leased approximately 6,600 square foot building in July 2003 to house the City's first City Hall. The lease is on a month-to-month basis with the Sacramento Metro Fire District.

- The City hired a consulting firm, Pacific Municipal Consultants, Inc, in May, 2004 to prepare the City's first General Plan. The General Plan is anticipated to be adopted in early 2006.

FINANCIAL INFORMATION

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

The budget is submitted to the City Council by the last day in May. Budget hearings are then held in June. The budget is approved by resolution. Upon adoption by the City Council, the City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The City's budgetary procedures are further discussed in the Notes to the Basic Financial Statements, which are located in the Financial Section of this report.

CASH MANAGEMENT, POLICIES AND PRACTICES. The City invests its pooled idle cash investments utilizing the standard of prudence known as the "prudent man standard" which states, in part, that investments will be invested using the judgment and due care, under circumstances then prevailing, which persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived.

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. The City's current Investment Policy was adopted by the City in November 2004.

The City ended the year with cash and investments of \$8.58 million, all of which is managed by the City Treasurer. The City's cash balance was volatile during the year and therefore the average cash balance throughout the year was significantly less than the ending cash balance. Total accrued earnings were \$16,056, which was reflective of the daily cash balances. The average interest rate as of June 30, 2004 was 1.44% compared to 1.29% for U.S. Treasury 91 day yields, a benchmark used to compare earnings.

DEBT ADMINISTRATION. As of June 30, 2004, the City of Rancho Cordova did not have any debt issues outstanding. Special Tax Bonds have been issued under the Mello-Roos Community Facilities Act of 1982 in the amount of \$23.414 million. The City is not

obligated in any manner for the repayment of the bonds and therefore they are not shown in the financial statements.

RISK MANAGEMENT. The City uses insured programs to finance its property and casualty risk. The City contracts with the State Compensation Insurance Fund for Workers' Compensation insurance. The City is a member of CSAC Excess Insurance Authority which provides both insurance and pooled coverage. The City is self-insured to \$10,000 for liability related claims. The total coverage is \$5 million. The City has insurance policies for Boiler and Machinery, Property and Commercial Crime.

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

AWARDS AND ACKNOWLEDGEMENTS

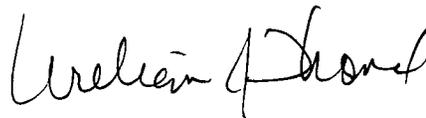
AWARDS. This is the first year that the City was incorporated. Therefore the City has not received an award for this document in the past. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. We believe our current CAFR, which complies with GASB Statement Number 34, meets the requirements of the Certificate of Achievement Program. Therefore we are submitting this document the Government Finance Officer's Association (GFOA) as well as the California Society of Municipal Finance Officers (CSMFO) to determine its' eligibility for a certificate.

ACKNOWLEDGEMENTS. This report could not have been prepared without the effort of the entire Finance Department staff. I would like to express my appreciation to all members including Liisa Behrends, Senior Accountant; Lisa Brown, Senior Accounting Technician and Alex Miller, Senior Accounting Technician. I would also like to thank the Mayor, City Council and City Manager for their steadfast support for maintaining the highest standards of professionalism in the management of the City of Rancho Cordova's finances.

Respectively submitted,



Ted A. Gaebler
City Manager



William J. Thomas
Chief Financial Officer/Treasurer

CITY OF RANCHO CORDOVA, CALIFORNIA

LIST OF PRINCIPAL OFFICERS

KEN COOLEY
MAYOR

ROBERT MCGARVEY
VICE MAYOR

LINDA BUDGE
COUNCILMEMBER

DAVID SANDER
COUNCILMEMBER

DAN SKOGLUND
COUNCILMEMBER

TED A. GAEBLER
CITY MANAGER

STEVE MEYERS
CITY ATTORNEY

CYRUS ABHAR
PUBLIC WORKS DIRECTOR

LILLIAN HARE
CITY CLERK

CURT HAVEN
ECONOMIC DEVELOPMENT DIRECTOR

PAUL JUNKER
PLANNING DIRECTOR

WILLIAM THOMAS
CHIEF FINANCIAL OFFICER

TOM TRIMBERGER
CHIEF BUILDING OFFICIAL

Richardson & Company

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Rancho Cordova (the City) as of June 30, 2004, and for the period from inception (April 1, 2003) to June 30, 2004, which collectively comprise the City's basic financial statements. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City as of June 30, 2004 and the respective changes in financial position there of and the respective budgetary comparison for the General Fund for the initial period then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis are not a required part of the basic financial statements but are 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary 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 the 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 and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Richardson & Company

October 15, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

With the 2003 – 2004 Comprehensive Annual Financial Report (CAFR), the City will have implemented all provisions of the Government Accounting Standards Board Statement Number 34 (GASB 34), "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments", except for the valuation of existing infrastructure at incorporation. That will be completed in accordance with the exceptions permitted by GASB 34 (e.g. within three years or fiscal year 2006 – 2007). The City intends to report all infrastructure values with the fiscal year 2004 – 2005 report. GASB 34 required municipalities to make fundamental changes in accounting and reporting in an effort to make government financial performance clearer and more understandable to readers. GASB 34 has required the City to make substantial changes to the financial statement format. Moreover, the City must provide more detailed discussion and analysis of its financial activities. This is particularly true of comparisons that now have to be provided. Since the City of Rancho Cordova is issuing its first CAFR based on its first year of operation, those comparisons do not appear. Subsequent CAFRs will require those comparisons. To obtain a complete picture of the City's financial condition, this document should be read in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

The CAFR is presented in three sections:

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

FINANCIAL HIGHLIGHTS

- The net assets of the City exceeded its liabilities at June 30, 2004 by \$7.15 million (net assets). Of this amount, \$4.80 million (unrestricted net worth) may be used to meet the government's ongoing obligations to citizens and creditors, but is subject to designation for specific City programs.
- The City's General Fund reported a surplus of \$6,867,849 for the year ending June 30, 2004, creating an ending fund balance of \$6,867,849.

- The resources available for appropriation were \$6.12 million less than estimated (budget) for the General Fund (31.97%). The expenditures for the fund were \$7.18 million less than appropriated (budget) for the General Fund (49.90%).

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 City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government-wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

FUND FINANCIAL STATEMENTS

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB 34 and replaces the concept of combining like funds and presenting them in total. Instead each Major Fund is presented individually, with all Non-major Funds combined in a single column on each fund statement. The City of Rancho Cordova has only one Major Fund which is the General Fund. All other funds are considered to be Non-major Funds. Subordinate schedules present the detail of the Non-major Funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds of the City can be divided into two categories: governmental funds and fiduciary funds. In addition, proprietary funds are used to report business type activities and internal service funds. The City of Rancho Cordova did not use proprietary funds in fiscal year 2004.

GOVERNMENTAL FUNDS. Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund statements provided a detailed short-term view of the City's general government operations and the basic services it provides. *Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.*

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

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 General Fund (the only Major 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 Major Fund and certain of its Non-Major Funds. The basic financial statements include budgetary comparison statements for the General Fund only since it is the City's only Major Fund. To demonstrate compliance with the annual budget, budgetary comparison statements have been provided for all of the funds in the combining section of this report.

FIDUCIARY FUNDS. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The basic fiduciary fund financial statements can be found immediately following the basic governmental fund financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

SUPPLEMENTAL INFORMATION

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

The combining statements referred to earlier in connection with non-major governmental funds are presented for all non-major Special Revenue Funds and Fiduciary Funds. These combining and individual fund statements and schedules can be found immediately following the notes to the basic financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

This is the first year that the City has been in existence. Although GASB 34 does not require the City to restate financial information from prior years, in the case of the City of Rancho Cordova no comparison would be possible. In future years, when prior year information is available, a comparative analysis of government-wide information will be presented.

Since the City is not reporting infrastructure assets, the largest portion of the City's net assets is reflected in cash and investments. That category makes up 76.6% of the total net assets. In future years, the largest portion will be the investment in capital assets. In FY 2005, the City will be pursuing several asset acquisitions which, along with the valuation of the existing infrastructure will

change the mix of our assets. To meet current needs, the significant cash and investment reserves provide ongoing operating resources.

Summary of Net Assets
As of June 30, 2004

The results of the first year of operation provided ending net assets of \$7,151,338 which was primarily due to surplus cash at year end. Unrestricted net assets are \$4,804,309 or 67.18% of total net

Assets:		
Capital Assets	\$	25,944
Current and Other Assets		<u>11,296,322</u>
Total Assets		<u><u>11,322,266</u></u>
Liabilities:		
Long-term Liabilities		1,760,233
Other Liabilities		<u>2,410,695</u>
Total Liabilities		<u><u>4,170,928</u></u>
Net Assets:		
Invested in capital assets, net of related debt		25,944
Restricted		2,321,085
Unrestricted		<u>4,804,309</u>
Total Net Assets	\$	<u><u>7,151,338</u></u>

assets. However, the City has elected to designate \$4 million of the net assets of the City's General Fund for future debt service. This reserve will provide an additional source of funds to finance future capital infrastructure acquisitions.

The changes in net assets summary provides information on what made up the change in net assets during the fiscal year. Since this is the first year of operation, the change in net assets summary is also a summary of the overall operations of the City. Net assets increased \$7,151,338 due primarily to a surplus of cash at year end. On the following page is a summary of the change in net assets.

Summary of Changes in Net Assets

For the Year Ended June 30, 2004

Revenues:

Program Revenues:

Charges for Services	\$	2,326,721
Operating Grants & Contributions		21,442
Capital Grants & Contributions		-
Total Program Revenue		<u>2,348,163</u>

General Revenues:

Taxes:

Property	132,796
Sales	9,427,805
Utility Users	1,338,854
Transient Occupancy	2,257,596
Other	3,363,996

Investment Income	16,056
Vehicle License Fees	3,863,040
Other	313,639

Total General Revenues 20,713,782

Total Revenues 23,061,945

Expenses:

Governmental Activities:

General Government	3,143,679
Community Development	2,285,042
Public Safety	8,978,634
Public Works	1,503,252

Total Expenses 15,910,607

Excess of Revenues over Expenses 7,151,338

Increase in Net Assets:

Net Assets 6/30/2003	-
Net Assets 6/30/2004	<u>7,151,338</u>
Change in Net Assets	<u>\$ 7,151,338</u>

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 spend-able resources. Such information may be useful in assessing the City's financing requirements.

As of the end of the fiscal year 2003 – 2004, the City's governmental funds reported total combined ending fund balances of \$9.093 million. As discussed above, this was due primarily to a surplus of revenues over expenditures.

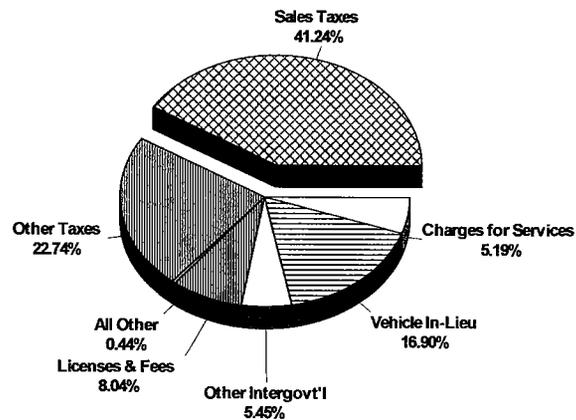
Approximately

32.31% of this total constitutes unreserved/undesignated fund balance, which is available for spending at the City's discretion based on the source of funds. The remainder of the fund balance, \$6.116 million is reserved/designated to indicate that it is not available for new spending because it has already been committed for various purposes as shown above. It should be noted, that a significant portion of the reserved/designated fund balance (\$4.00 million) has been designated for future debt service payments. That designation is to provide a fall-back position for anticipated debt issuances; however it is not expected to be needed.

The City's total revenues were \$22,858,944 while the total cost of all programs and services were \$15,880,744. Sales taxes of \$9,427,805 were the City's largest source of revenue and accounted for 41.24% of the total revenues. Motor Vehicle In-Lieu was the City's second largest revenue source (\$3,863,040) and

Governmental Funds		June 30, 2004
Reserved for:		
Encumbrances	\$	20,000
Prepaid expenses		20,548
Debt Service		<u>2,115,059</u>
Total Reserved		<u>2,155,607</u>
Designated for:		
Future Debt Service		<u>4,000,000</u>
Total Designated		<u>4,000,000</u>
Unreserved:		
General Fund		712,242
All Special Revenue Funds		<u>2,225,410</u>
Total Reserved		<u>2,937,652</u>
Total Fund Balances	\$	<u>9,093,259</u>

GOVERNMENTAL FUNDS REVENUE

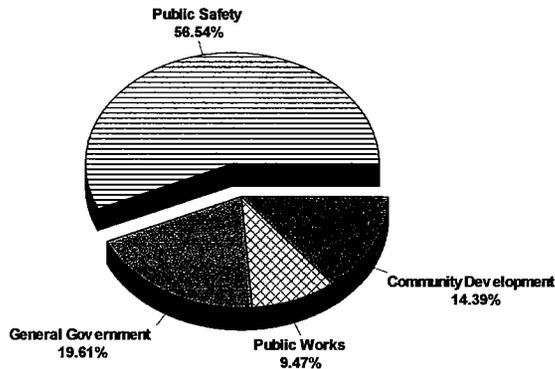


accounted for 16.90% of total revenues. Other major revenue sources included Gas Tax (\$1,219,435), Utility Users Taxes (\$1,338,854), and Transient Occupancy Tax (\$2,257,596). Property taxes, usually considered a staple of local government resources is affected by the “Revenue Neutrality Agreement” between the City and Sacramento County. This agreement calls for reductions in property tax receipts to the City over a period of thirty-one years. The City records property tax receipts at a gross amount and records the amount withheld by the County as an expense. Property taxes, if all were received by the City, would have been \$5.314 million in fiscal year 2003 – 2004. Additional information concerning this agreement is contained in the Notes to the Basic Financial Statements.

These revenues, less property taxes, fund a significant portion of the City’s basic services. It should be noted that population-based subventions, such as the Motor Vehicle In-Lieu had previously been based on a formula of three-times the number of registered voters. In fiscal year 2005, that formula was adjusted to be based on the actual population which will decrease those revenues in future years.

Total expenditures for all activities were \$15,880,744. The largest expenditures in the Governmental Activities are Public Safety. A total of \$8,978,634 was expended which represented 56.54% of the total expenditures. Public Safety expenditures include those associated with Police services, Animal Control services and Code Enforcement services. Other expenditures included General Government, including capital outlay (\$3,113,816, or 19.61%), Community Development (\$2,285,042, or 14.39%) and Public Works (\$1,503,252 or 9.47%).

Government Funds Expenditures



GENERAL FUND FINANCIAL INFORMATION

The General Fund is the chief operating fund of the City. At the end of fiscal year 2003 – 2004, the unreserved fund balance was \$712,242 while the total fund balance was \$6,867,849. As a measure of the General Fund’s liquidity it may be

useful to compare the unreserved fund balance to total fund expenditures. Unreserved fund balance represents 4.95% of the total General Fund expenditures. When the \$4.0 million that is designated for future debt service is added to the mix, the percentage increases to 32.75% of the General Fund expenditures and is more representative of the City's General Fund liquidity.

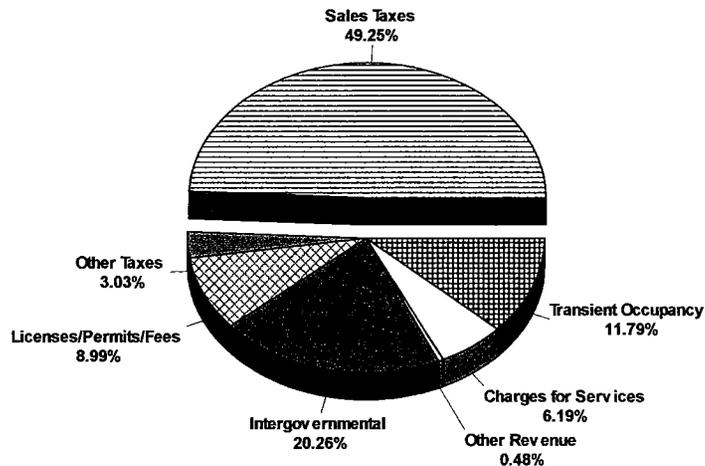
For the fiscal year ended June 30, 2004, cash and investments were \$6,492,921, while overall assets were \$9,070,819. Liabilities included accounts payable of \$747,000 due mainly to contract service companies. Other liabilities include deposits payable of \$1,223,764 which consist of deposits by developers to cover the cost of processing their development plans. Total liabilities were \$2,202,970.

Revenues for the General Fund have largely been discussed above. Sales Tax, Utility Users, Motor Vehicle In-Lieu and Transient Occupancy Taxes make up a sizeable majority of General Fund revenues.

Additionally, fees for planning services, building inspection and engineering

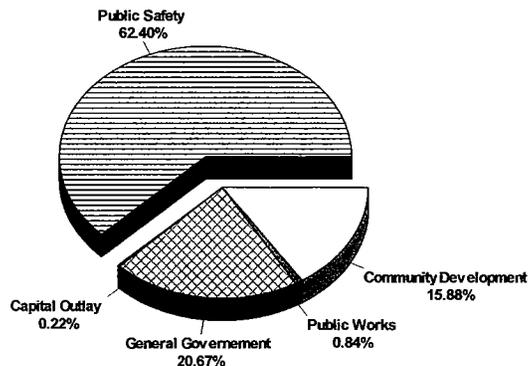
services are designed to recover costs associated with these services when they apply to a certain development/developer. The City is currently analyzing those fees to provide total cost recovery for the service including overhead costs.

General Fund Revenues



Expenditures from the General Fund also were discussed above. The major cost in this fund is for Public Safety. The City contracts with the Sacramento County Sheriff's Department for law enforcement costs. Monthly payments equal to 1/12 of the contract amount is paid to the

General Fund Expenditures



Monthly payments equal to 1/12 of the contract amount is paid to the Sheriff's Department. Twice a year reconciliation between the contract amount and actual amounts is made. Other costs include Community Development of \$2,285,042. Community Development activities, including Planning and Building Inspection, are contracted out. Expenditures for Public Works were \$120,888. The majority of Public Works activity takes place outside of the General Fund. Finally, General Government expenditures were \$2,973,796. This cost is largely made up of costs associated by services delivered by full-time city employees (City Manager, City Clerk, Finance, and Human Resources). Other normal General Fund activities including Fire and Parks and Recreation are performed by independent districts established to provide those services.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the General Fund's original appropriations budget and the final amended budget were \$4,874,611 and were due to changes in expenditure estimates, as shown in the following table:

CHANGES IN GENERAL FUND APPROPRIATIONS

	FY 2003 - 2004		
	Adopted	Revised	Difference
City Council	\$ 77,575	\$ 77,575	\$ -
Advisory Bds.	11,500	11,500	-
City Mgr.	393,341	460,895	67,554
City Atty	450,000	550,000	100,000
City Clerk	229,280	187,929	(41,351)
Finance	240,496	233,097	(7,399)
Personnel	34,000	42,500	8,500
Planning	800,000	800,000	-
Code Enforcement	514,000	514,000	-
Building & Safety	1,200,000	1,200,000	-
Engineering Services	1,985,000	1,985,000	-
Police	9,966,259	10,006,259	40,000
Public Works	1,526,115	-	(1,526,115)
Animal Services	165,800	165,800	-
Non Departmental	823,600	807,800	(15,800)
Payment to Other Agencies	8,022,400	4,522,400	(3,500,000)
	<u>\$ 26,439,366</u>	<u>\$ 21,564,755</u>	<u>\$ (4,874,611)</u>

Changes in the appropriations were mainly due to the decrease in the allocation of first year transition costs (Payment to Other Agencies) and a decrease in the Public Works department allocation of General Fund resources. Those expenditures were accounted for in a Special Revenue Fund (Gas Tax). In all categories of expenditures (General Government, Public Safety, and Public Works), except for Community Development the actual costs were under the appropriated amount. Community Development exceeded budget by \$282,042 due to unanticipated development review requirements. The City relied on

estimates provided by a consultant to formulate the first budget. These figures proved to be substantially exaggerated for revenues and expenditures. A mid-year adjustment was made but was not sufficient to accurately predict final results. Thus due to a combination of consultant numbers as well as insufficient historical information, the budget to actuals for fiscal year 2003 – 2004 were off significantly. Actual revenues received were \$19,142,283 which was \$6,118,108 less than estimates (budget). Actual expenditures were \$14,389,493 which was \$7,175,262 less than appropriations (budget). In fiscal year 2004 – 2005 not only will we have the luxury of at least one year's actual results but also a better internal reporting system to track the actual results and adjust the budget accordingly.

FINANCIAL ANALYSIS OF OTHER MAJOR GOVERNMENTAL FUNDS

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

- **Gas Tax Fund:** The majority of funds were spent for Public Works related activity. The total received was \$1,226,225 of which \$224,608 was expended. Budget to actual results for this fund were:
 - Revenues were \$531,665 less than estimated
 - Expenditures were \$1,152,964 less than appropriated
 - Overall, the fund ended with a fund balance of \$1,001,617

- **Measure A Fund:** These funds are used for street related projects. The total amount of these funds (\$1,146,994) was used to cover the costs of road maintenance activities. Budget to actual results for this fund were:
 - Revenues exceeded estimates by \$146,719
 - Expenditures exceeded estimates by \$146,994
 - Overall the fund ended with a negative fund balance of \$275

- **The Very Low Income Housing Fund** received \$81,430 in taxes related to development during the year. This was \$19,411 in excess of revenue estimates of \$61,658. There were no expenditures in this fund and the ending fund balance was \$81,430.

- **The other significant funds** were the Traffic Mitigation Fund and the Environmental Impact Fund. Both of these funds represent impact fees related to development. Traffic impact fees will assist in the future mitigation of traffic related requirements related to development. The Environmental fund will be used solely for the mitigation of impacts to the Swainson Hawk habitat.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets consist of furnishings and fixtures related to the establishment of the City Hall. Future additions to this category will include the valuation of the existing infrastructure (roads, sidewalks, street signs, street signals, etc.). The City has opted to utilize the GASB 34 exemption that allows that those infrastructure costs can be placed on the books up to three years after initial implementation of GASB 34. However, the City expects to complete that infrastructure valuation in the current fiscal year and include those assets in our fiscal year 2004 – 2005 CAFR.

Debt

At year-end, the City did not have any outstanding debt that was the direct responsibility of the City. The City did issue a Mello Roos debt instrument during fiscal year 2003 – 2004. Further information concerning this debt issue is contained in the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's primary revenue resources are all potentially affected by economic factors or legislative action. Sales taxes, utility users taxes, transient occupancy taxes and property transfer taxes are all affected not only by the national economy but also by the local economy. Legislative action already taken will affect the Motor Vehicle In-Lieu revenues as the amount will now be determined based on the actual population of the City rather than the three-times registered voter number. This will result in an approximate decrease of 22.5% or \$870,000.

Expenditures are expected to increase in future years however some of the major costs (City Hall and Capital Outlay) will be paid from non-general fund resources.

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. Questions about this report should be directed to the Finance Department at 3121 Gold Canal Drive, Rancho Cordova, CA 95670. This report will also be provided on the City's website at: www.cityofranhocordova.org under the Finance Department's page. Questions concerning any of the information contained in the CAFR should be addressed to the Chief Financial Officer, City of Rancho Cordova, 3121 Gold Canal Drive, Rancho Cordova, CA 95670 or at bthomas@cityofranhocordova.org.

CITY OF RANCHO CORDOVA

STATEMENT OF NET ASSETS

June 30, 2004

ASSETS		
Cash and investments		\$ 8,580,074
Receivables:		
Accounts		602,740
Interest		16,857
Other		185,731
Due from other agencies		1,890,372
Prepaid expenses		20,548
Capital assets, net		25,944
	TOTAL ASSETS	<u>11,322,266</u>
LIABILITIES		
Accounts payable and accrued expenses		747,499
Benefits payable		14,800
Deposits payable		1,223,764
Long-term liabilities:		
Due within one year		424,632
Due in more than one year		1,760,233
	TOTAL LIABILITIES	<u>4,170,928</u>
NET ASSETS		
Invested in capital assets, net		25,944
Restricted for:		
Road projects		1,001,617
Low income housing projects		81,430
Environmental mitigation		467,445
Traffic mitigation		724,187
Library projects		14,455
Transit development		31,951
Unrestricted		<u>4,804,309</u>
	TOTAL NET ASSETS	<u>\$ 7,151,338</u>

The accompanying notes are an integral part of these financial statements.

CITY OF RANCHO CORDOVA

STATEMENT OF ACTIVITIES

For the Period Ended June 30, 2004

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue - Governmental Activities
			Capital Grants and Contributions	
FUNCTIONS/PROGRAMS:				
General government	\$ 3,143,679	\$ 2,280,184	\$ 10,680	\$ (852,815)
Public safety	8,978,634	38,410		(8,940,224)
Community development	2,285,042			(2,285,042)
Public works	1,503,252	8,127	10,762	(1,484,363)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 15,910,607	\$ 2,326,721	\$ 21,442	\$ -
GENERAL REVENUES:				
Taxes:				
Property				132,796
Sales and use				9,427,805
Utility users				1,338,854
Gas				1,219,435
Transient occupancy				2,257,596
Other				1,606,250
Franchise fees				538,311
Vehicle license fees				3,863,040
Investment earnings				16,056
Other				313,639
			TOTAL GENERAL REVENUES	20,713,782
			CHANGE IN NET ASSETS	7,151,338
			Net assets at beginning of year	-
			NET ASSETS AT END OF YEAR	\$ 7,151,338

The accompanying notes are an integral part of these financial statements.

CITY OF RANCHO CORDOVA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2004

	General Fund	Nonmajor Governmental Funds	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 6,492,921	\$ 2,087,153	\$ 8,580,074
Receivables:			
Accounts	602,740		602,740
Interest	13,199	3,658	16,857
Other	185,731		185,731
Due from other agencies	1,640,810	249,562	1,890,372
Due from other funds	114,870		114,870
Prepaid expenses	20,548		20,548
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 9,070,819</u>	<u>\$ 2,340,373</u>	<u>\$ 11,411,192</u>
 LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts payable and accrued expenditures	\$ 747,406	\$ 93	\$ 747,499
Benefits payable	14,800		14,800
Deposits payable	1,223,764		1,223,764
Due to other funds		114,870	114,870
Compensated absences	14,000		14,000
Deferred revenue	203,000		203,000
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	2,202,970	114,963	2,317,933
 FUND BALANCES			
Reserved for:			
Encumbrances	20,000		20,000
Prepaid expenses	20,548		20,548
Debt service	2,115,059		2,115,059
Unreserved:			
Designated for future debt service	4,000,000		4,000,000
Unreserved, reported in:			
General fund	712,242		712,242
Special revenue funds		2,225,410	2,225,410
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	6,867,849	2,225,410	9,093,259
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,070,819</u>	<u>\$ 2,340,373</u>	<u>\$ 11,411,192</u>

The accompanying notes are an integral part of these financial statements.

CITY OF RANCHO CORDOVA

RECONCILIATION OF THE BALANCE SHEET TO THE GOVERNMENT-WIDE
STATEMENT OF NET ASSETS-
GOVERNMENTAL FUNDS

June 30, 2004

Fund balances - total governmental funds		\$ 9,093,259
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Governmental capital assets	\$ 31,133	
Less: accumulated depreciation	<u>(5,189)</u>	25,944
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		203,000
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Long-term debt obligations	\$ (2,115,059)	
Accrued compensated absences	<u>(55,806)</u>	<u>(2,170,865)</u>
Net assets - governmental activities		<u>\$ 7,151,338</u>

The accompanying notes are an integral part of these financial statements.

CITY OF RANCHO CORDOVA

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

For the Period Ended June 30, 2004

	General Fund	Nonmajor Governmental Funds	Total
REVENUES			
Taxes and assessments	\$ 12,624,336	\$ 2,002,221	\$ 14,626,557
Licenses, fees and permits	1,362,535	475,572	1,838,107
Fines and forfeitures	36,041		36,041
Intergovernmental	3,878,329	1,230,197	5,108,526
Use of money and property	7,384	8,671	16,055
Charges for services	1,185,736		1,185,736
Other	47,922		47,922
TOTAL REVENUES	<u>19,142,283</u>	<u>3,716,661</u>	<u>22,858,944</u>
EXPENDITURES			
General government	2,973,796	108,887	3,082,683
Public safety	8,978,634		8,978,634
Community development	2,285,042		2,285,042
Public works	120,888	1,382,364	1,503,252
Capital outlay	31,133		31,133
TOTAL EXPENDITURES	<u>14,389,493</u>	<u>1,491,251</u>	<u>15,880,744</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,752,790</u>	<u>2,225,410</u>	<u>6,978,200</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	<u>2,115,059</u>		<u>2,115,059</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,115,059</u>	<u>-</u>	<u>2,115,059</u>
NET CHANGES IN FUND BALANCES	6,867,849	2,225,410	9,093,259
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 6,867,849</u>	<u>\$ 2,225,410</u>	<u>\$ 9,093,259</u>

The accompanying notes are an integral part of these financial statements.

CITY OF RANCHO CORDOVA

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

For the Period Ended June 30, 2004

Net changes in fund balances - total governmental funds		\$ 9,093,259
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlay	\$ 31,133	
Depreciation expense	<u>(5,189)</u>	25,944
Revenues in the statement of activities that do provide current financial resources are not reported as revenues in the funds.		203,000
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		(2,115,059)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences		<u>(55,806)</u>
Change in net assets - governmental activities		<u>\$ 7,151,338</u>

The accompanying notes are an integral part of these financial statements

CITY OF RANCHO CORDOVA

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - (BUDGETARY BASIS)
GENERAL FUND

For the Period Ended June 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Basis See Note B)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and assessments	\$ 17,118,302	\$ 18,994,302	\$ 12,624,336	\$ (6,369,966)
Licenses, fees and permits	3,542,500	3,634,500	1,362,535	(2,271,965)
Fines and forfeitures	55,000	55,000	36,041	(18,959)
Intergovernmental	3,617,449	1,911,633	3,878,329	1,966,696
Use of money and property	100,000	49,000	7,384	(41,616)
Charges for services	450,000	581,306	1,185,736	604,430
Other	30,000	34,650	47,922	13,272
TOTAL REVENUES	24,913,251	25,260,391	19,142,283	(6,118,108)
EXPENDITURES				
General government	10,282,192	6,893,696	2,973,796	(3,919,900)
Public safety	10,646,059	10,686,059	8,978,634	(1,707,425)
Community development	2,000,000	2,000,000	2,285,042	285,042
Public works	3,511,115	1,985,000	120,888	(1,864,112)
Capital outlay			31,133	31,133
TOTAL EXPENDITURES	26,439,366	21,564,755	14,389,493	(7,175,262)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,526,115)	3,695,636	4,752,790	(13,293,370)
Fund balances at beginning of year	-	-	-	-
FUND BALANCES AT END OF YEAR	\$ (1,526,115)	\$ 3,695,636	\$ 4,752,790	\$ (13,293,370)

The accompanying notes are an integral part of these financial statements.

CITY OF RANCHO CORDOVA

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS

June 30, 2004

ASSETS

Cash and investments	\$ 1,925,714
Cash with fiscal agent	20,772,306
Accounts receivable	5,093
Interest receivable	5,622

TOTAL ASSETS \$22,708,735

LIABILITIES

Accounts payable	\$ 7,660
Due to assessment holders	22,663,598
Due to other funds	37,477

TOTAL LIABILITIES \$22,708,735

The accompanying notes are an integral part of these financial statements.

CITY OF RANCHO CORDOVA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE A--REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rancho Cordova (the City) was incorporated in May 2002, effective July 1, 2004, 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. These financial statements cover the period April 1, 2003 through June 30, 2004. The City incurred \$260,799 of expenses prior to the effective date of incorporation of the City while it was in organization, which was funded by a \$350,000 loan from the County of Sacramento (the County), the proceeds from which were received on April 15, 2003. This loan was repaid on December 23, 2003.

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

Reporting Entity: The City operates as a self-governing local government unit within the State of California (the State). It has the authority to levy taxes and has the authority to determine user fees for the services that it provides. The City's main funding sources include property taxes, sales taxes, transient occupancy taxes and other intergovernmental revenue from the State and County. The property taxes collected within the City's limits are shared with the County beginning fiscal year 2003/04 and continuing through fiscal year 2033/34 with percentages varying each year from 2.5% to 61.2% retained by the City.

Basis of Presentation - Government-wide financial statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The City has no component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The City has no business-type activities.

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

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

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

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

CITY OF RANCHO CORDOVA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE A-REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City reports the following major governmental fund types:

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

Additionally the City reports the following fund types:

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

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

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

All budget amounts presented in the accompanying financial statements and supplementary information have been adjusted for legally authorized revisions of the annual budgets during the year. Appropriations, except open project appropriations and unexpended grant appropriations, lapse at the end of each fiscal year. Amounts shown in the financial statements represent the original budgeted amounts and all supplemental appropriations. The supplemental appropriations were immaterial. The budgetary data is prepared on the modified accrual basis consistent with the related "actual" amounts.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

The City prepares its annual budget on a budgetary basis, which differs from GAAP. The budget and all transactions are presented in accordance with the budgetary basis in the Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) in order for the General Fund to provide a meaningful comparison of actual results with the budget.

CITY OF RANCHO CORDOVA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE A—REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The major difference between budgetary basis and GAAP basis is that new proceeds from long-term debt are recorded as other financing sources in the General Fund on the GAAP basis, but is not reflected in the budget. The City did not prepare a budget for certain special revenue funds for the year ended June 30, 2004.

Cash and Cash Equivalents: The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. All certificates of deposit, regardless of maturity, are considered to be short-term investments.

Investments: All investments are generally stated at fair value, unless amortized cost approximates fair value, in which case those investments would be stated at amortized cost. Statutes authorize the City to invest in the following:

- U.S. Treasury obligations
- U.S. Government Federal Agencies and Securities
- Time Certificates of Deposit
- Negotiable Certificates of Deposit
- Bankers Acceptances
- Commercial Paper with a maximum maturity of 270 days
- Commercial Paper with a maximum maturity if 31 days
- California Local Agency Investment Fund (LAIF)
- Repurchase Agreements
- Medium-term Notes
- Money Market Accounts
- Mutual Funds

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

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

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

Capital Assets: Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as an expenditure in the governmental fund, and the related assets are reported in the government-wide financial statements. Capital assets owned by the City are stated at historical cost or estimated historical cost, if actual historical cost is not available. Although not required, the City will record its infrastructure assets as the information becomes available, but no later than June 30, 2007. Capital assets, which consist of equipment, are depreciated using the straight-line method over 5 years.

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

CITY OF RANCHO CORDOVA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE A—REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Secured property taxes are levied on or before the first day of September of each year. They become a lien on real property on March 1 preceding the fiscal year for which taxes are levied. These taxes are paid in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, cost and interest when paid. If the delinquent taxes are not paid at the end of five years, the property is sold at public auction and the proceeds are used to pay the delinquent amounts due. Any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payment and delinquent dates, but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on March 1, and become delinquent, if unpaid on August 31.

The City participates in an alternative method of distribution of property tax levies and assessments known as the “Teeter Plan.” The State Revenue and Taxation Code allows counties to distribute secured real property and assessment and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments, penalties and interest during a fiscal year will revert to the County. The Teeter Plan payment, which includes 95% of the outstanding accumulated delinquency, is included in property tax revenue retained by the County under the revenue neutrality agreement. Under the Teeter Plan Code, 5% of the delinquency must remain with the County as a reserve for Teeter plan funding.

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

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

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

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

CITY OF RANCHO CORDOVA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE A—REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Reserved for encumbrances - used to segregate that portion of fund balance to indicate that encumbrances do not represent available, spendable resources.

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

Designated for future debt service - represents that portion of fund balance designated for servicing of future debt issuances

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

NOTE B—CASH AND INVESTMENTS

Cash and investments at June 30, 2004 consist of the following:

	<u>Governmental Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Cash on hand	\$ 500		
Deposits in financial institutions	1,611,891		
California LAIF	<u>6,967,683</u>	<u>\$ 1,925,714</u>	<u>\$ 8,893,397</u>
Total cash and investments	<u>\$ 8,580,074</u>	<u>\$ 1,925,714</u>	<u>\$ 10,505,788</u>

At June 30, 2004, the carrying amount of the City's deposits was \$1,611,891 and the bank balance was \$2,136,230. Of the bank balance, \$100,000 was covered by federal depository insurance and \$2,036,230 collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies. State law requires that the market value of the common pool of collateral be equal to or greater than 110% of all public deposits with the pledging financial institution if governmental securities are used, or 150% if mortgages are used, as collateral. The collateral is not held by, or in the name of, the City.

The City's investments in LAIF are stated at fair value. The total amount invested by all public agencies in LAIF is \$57,600,699,158 managed by the State Treasurer. Of that amount 98.4 percent is invested in non-derivative financial products and 1.6 percent in derivative financial products and structured financial instruments. The Local Investment Advisory Board (the Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of pool shares in LAIF which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the City's position in the pool.

The cash with fiscal agent held by the Agency fund is invested in mutual funds and investment contracts and is stated at fair value. Investments are typically categorized into three categories of credit risk. The investments in LAIF, mutual funds and investment contracts are not subject to categorization because they are not securities that exist in physical or book entry form.

CITY OF RANCHO CORDOVA
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE C—RECEIVABLES

Accounts receivable consists of the following as of June 30, 2004:

Transient occupancy taxes	\$ 409,295
Reimbursements from developers	121,588
Franchise fees	41,630
Utility taxes	25,171
Vendor	<u>5,056</u>
	<u>\$ 602,740</u>

Due to other governments consists of the following as of June 30, 2004:

Sales taxes due from State	\$ 695,600
Motor vehicle fees due from State	335,807
Building permits, planning fees and fines due from County	329,214
Impact fees due from County	215,832
Utility taxes due from various other agencies	161,424
Property and related taxes due from County	68,443
Reimbursements due from special assessment district	37,476
Miscellaneous amounts due from County	35,379
Various other amounts due from other agencies	<u>11,197</u>
	<u>\$ 1,890,372</u>

NOTE D—CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance April 1, 2003	Additions	Retirements	Transfer and Adjustments	Balance June 30, 2004
Capital assets being depreciated:					
Equipment	<u> </u>	\$ 31,133	<u> </u>	<u> </u>	\$ 31,133
Total capital assets being depreciated	<u> </u>	31,133	<u> </u>	<u> </u>	31,133
Less accumulated depreciation for:					
Equipment	<u> </u>	(5,189)	<u> </u>	<u> </u>	(5,189)
Total accumulated depreciation	<u> </u>	(5,189)	<u> </u>	<u> </u>	(5,189)
Capital assets, net	<u>\$ -</u>	<u>\$ 25,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,944</u>

Depreciation of \$5,189 was charged to the general government function.

NOTE E—INTERFUND TRANSACTIONS

Interfund balances at June 30, 2004 are as follows:

Due to General Fund from: Nonmajor Governmental Funds	<u>\$ 114,870</u>
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CITY OF RANCHO CORDOVA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE E-INTERFUND TRANSACTIONS (Continued)

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

NOTE F-LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2004:

	<u>Balance at April 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2004</u>	<u>Due Within One Year</u>
County debt		\$ 2,115,059		\$ 2,115,059	\$ 410,632
Compensated absences		<u>69,806</u>	\$	<u>69,806</u>	<u>14,000</u>
Total long-term liabilities	\$ -	<u>\$ 2,184,865</u>	\$ -	<u>\$ 2,184,865</u>	<u>\$ 424,632</u>

The County of Sacramento performed police, animal control and street maintenance services on behalf of the City from July 1, 2003 through June 30, 2004. The City pre-paid the County \$3,500,000 during the year ended June 30, 2004 for these services. The County also retained property and sales tax collected within the City's limits and applied these amounts toward providing these services. As of June 30, 2004, the City has incurred a liability to the County of \$2,115,059 for the net remaining cost of these services. The City is required to make quarterly principal payments of \$109,901, beginning October 1, 2004, through October 1, 2009, plus simple interest at the County Treasury pool rate. The interest rate at June 30, 2004 was 1.477%, which can vary each quarter as the County Treasury pool rate changes. The annual requirements to amortize the outstanding debt, using the interest rate in effect as of June 30, 2004, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 410,632	\$ 28,972	\$ 439,604
2006	416,731	22,873	439,604
2007	422,920	16,684	439,604
2008	429,201	10,403	439,604
2009	<u>435,575</u>	<u>4,028</u>	<u>439,603</u>
	<u>\$ 2,115,059</u>	<u>\$ 82,960</u>	<u>\$ 2,198,019</u>

NOTE G-AGENCY BONDS PAYABLE

Special Tax Bonds have been issued under the Mello-Roos Community Facilities Act of 1982 to provide financial assistance to private-sector entities for the acquisition and construction infrastructure improvements deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received from special assessments. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, there were Sunridge Anatolia Community Facilities District No. 2003-1 Special Tax Bonds outstanding, with a principal amount payable of \$23,415,000.

CITY OF RANCHO CORDOVA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE H-DEFICIT FUND BALANCE

The following funds have a fund deficit at June 30, 2004:

<u>Fund</u>	<u>Deficit</u>
Measure A Fund	\$ 275
Museum Impact Fund	5,360
Parking Facility Fund	5,360
City Hall Fund	5,360
Police Fund	5,360
Community Center Fund	5,360
Corporate Yard Fund	5,360
General Plan Fees Fund	63,240

The deficit of the Measure A Fund will be eliminated with future sales tax revenue. The deficit of the remaining funds will be eliminated with future fee collections.

NOTE I-DEFINED BENEFIT PENSION PLANS

Plan Description: The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS 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 PERS. Under PERS, 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's Board. Copies of PERS annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy: Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2004 was 10.522% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost: For the year ending June 30, 2004, the City's annual pension cost of \$20,125 for PERS was equal to the City's required and actual contributions. The City entered PERS effective July 1, 2003. The required contribution was determined as part of the actuarial valuation calculated as of the entry date, using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.75% to 14.20% for non-safety members and 4.27% to 11.59% for safety members, and (c) 3.75% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period (smoothed market value). The PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization of the unfunded liability is not available, nor is the effective three-year trend information.

CITY OF RANCHO CORDOVA

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2004

NOTE J-DEFERRED COMPENSATION PLAN

Eligible City employees can participate in a Section 457 Deferred Compensation Plan. Participants are allowed to contribute funds on a pretax basis up to a specified maximum. The City matches these contributions up to 6% of the employee contributions. For the period ended June 30, 2004 the City's matching contribution is \$14,800.

NOTE K-INSURANCE

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

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

	<u>Pool Coverage</u>	<u>Self-Insured Retention</u>
Primary general liability	\$ 100,000	\$ 10,000
General liability	5,000,000	100,000

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

NOTE L-CONTINGENT LIABILITIES

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

NOTE M-COMMITMENTS

The City and the 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 percentages outlined in the Tax Sharing Agreement. The percentage of taxes retained by the County ranges from 97.50% for the year ending June 30, 2004 to 38.80% for the year ending June 30, 2034. Any tax increment related to redevelopment project areas are excluded from this Tax Sharing Agreement. For the fiscal year ended June 30, 2004, property taxes retained by the County in accordance with the revenue neutrality agreement totaled \$5,181,738.

The City has an agreement with the County to provide law enforcement services to the City commencing July 1, 2004 and continuing until June 30, 2007. The cost of providing this service will be outlined in a service plan, which will be provided to the City annually. The service plan for fiscal year 2004/05 projected total costs of \$13,296,569.

CITY OF RANCHO CORDOVA
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2004

NOTE M—COMMITMENTS (Continued)

The City has an agreement with the County to provide transportation operations and 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.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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.

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.

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

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

TRAFFIC MITIGATION - Established to account for the roadway fee imposed on the development of real property. The roadway fees for each district shall be used solely to finance the costs of facilities stated in the Sacramento County Roadway Analysis.

COMMUNITY FACILITIES FEES – 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.

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

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

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

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

POLICE FUND –The funds will be used to construct police station and the purchase of police vehicles.

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

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

GENERAL PLAN FUND – Established to account for the fee assessed on developers based on a percentage of building permit valuations. The purpose of the fee is to recoup recoverable costs incurred by the City in preparing the City’s General Plan, related elements and reports and associated environmental documents.

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

TRANSIT DISTRICT FUNDS – Established to account for the transit fee imposed on the development of real property. The transit fees for each district shall be disbursed for use according to the fiscal and budgetary provisions of the Sacramento Regional Transit district.

Agency Funds

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

The Agency Funds of the City are outlined as follows:

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

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

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CITY OF RANCHO CORDOVA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

June 30, 2004

	Gas Tax Fund	Very Low Income Housing Fund	Measure A Fund	Community Development Block Grant Fund	Traffic Mitigation Fund	Library Impact Fund
ASSETS						
Cash and investments	\$ 999,610	\$ 66,620			\$ 553,478	
Receivables:						
Interest	2,007	176			1,462	\$ 13
Due from other agencies		14,634		\$ 10,762	169,247	14,841
TOTAL ASSETS	\$ 1,001,617	\$ 81,430	\$ -	\$ 10,762	\$ 724,187	\$ 14,854
LIABILITIES AND FUND BALANCES						
CURRENT LIABILITIES						
Accounts payable and accrued expenditures						
Due to other funds			\$ 275	\$ 10,762		\$ 399
TOTAL LIABILITIES	-	-	275	10,762		399
FUND BALANCE						
Unreserved	\$ 1,001,617	\$ 81,430	(275)	-	\$ 724,187	14,455
TOTAL FUND BALANCES	1,001,617	81,430	(275)	-	724,187	14,455
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,001,617	\$ 81,430	\$ -	\$ 10,762	\$ 724,187	\$ 14,854

Museum Impact Fund	Parking Facility Fund	City Hall Fund	Police Fund	Community Center Fund	Corporate Yard Fund	General Plan Fees Fund	Environmental Mitigation Fund	Transit District Funds	Total Nonmajor Governmental Funds
							\$ 467,445		\$ 2,087,153
						\$ 8,127		\$ 31,951	3,658 249,562
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,127</u>	<u>\$ 467,445</u>	<u>\$ 31,951</u>	<u>\$ 2,340,373</u>
						\$ 93 71,274			\$ 93 114,870
\$ 5,360 5,360	\$ 5,360 5,360	\$ 5,360 5,360	\$ 5,360 5,360	\$ 5,360 5,360	\$ 5,360 5,360	71,367			114,963
(5,360)	(5,360)	(5,360)	(5,360)	(5,360)	(5,360)	(63,240)	467,445	31,951	2,225,410
<u>(5,360)</u>	<u>(5,360)</u>	<u>(5,360)</u>	<u>(5,360)</u>	<u>(5,360)</u>	<u>(5,360)</u>	<u>(63,240)</u>	<u>467,445</u>	<u>31,951</u>	<u>2,225,410</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,127</u>	<u>\$ 467,445</u>	<u>\$ 31,951</u>	<u>\$ 2,340,373</u>

CITY OF RANCHO CORDOVA

COMBINING SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Period Ended June 30, 2004

	Gas Tax Fund	Very Low Income Housing Fund	Measure A Fund	Community Development Block Grant Fund	Traffic Mitigation Fund	Library Impact Fund
REVENUES						
Taxes and assessments		\$ 81,069	\$ 1,146,719		\$ 722,694	\$ 19,788
Licenses, fees, and permits						
Fines and forfeitures						
Intergovernmental	\$ 1,219,435			\$ 10,762		
Use of money and property	6,790	361			1,493	27
TOTAL REVENUES	<u>1,226,225</u>	<u>81,430</u>	<u>1,146,719</u>	<u>10,762</u>	<u>724,187</u>	<u>19,815</u>
EXPENDITURES						
General government						5,360
Public safety						
Public works	224,608		1,146,994	10,762		
TOTAL EXPENDITURES	<u>224,608</u>	<u>-</u>	<u>1,146,994</u>	<u>10,762</u>	<u>-</u>	<u>5,360</u>
NET CHANGE IN FUND BALANCE	1,001,617	81,430	(275)	-	724,187	14,455
Fund balances at beginning of year						
FUND BALANCE AT YEAR END	<u>\$ 1,001,617</u>	<u>\$ 81,430</u>	<u>\$ (275)</u>	<u>\$ -</u>	<u>\$ 724,187</u>	<u>\$ 14,455</u>

Museum Impact Fund	Parking Facility Fund	City Hall Fund	Police Fund	Community Center Fund	Corporate Yard Fund	General Plan Fees Fund	Environmental Mitigation Fund	Transit District Funds	Total Nonmajor Governmental Funds
						\$ 8,127	\$ 467,445	\$ 31,951	\$ 2,002,221
									475,572
									-
									1,230,197
						8,127	467,445	31,951	8,671
									3,716,661
\$ 5,360	\$ 5,360	\$ 5,360	\$ 5,360	\$ 5,360	\$ 5,360	71,367			108,887
									-
									1,382,364
<u>5,360</u>	<u>5,360</u>	<u>5,360</u>	<u>5,360</u>	<u>5,360</u>	<u>5,360</u>	<u>71,367</u>	<u>-</u>	<u>-</u>	<u>1,491,251</u>
(5,360)	(5,360)	(5,360)	(5,360)	(5,360)	(5,360)	(63,240)	467,445	31,951	2,225,410
									-
<u>\$ (5,360)</u>	<u>\$ (5,360)</u>	<u>\$ (5,360)</u>	<u>\$ (5,360)</u>	<u>\$ (5,360)</u>	<u>\$ (5,360)</u>	<u>\$ (63,240)</u>	<u>\$ 467,445</u>	<u>\$ 31,951</u>	<u>\$ 2,225,410</u>

CITY OF RANCHO CORDOVA

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
BUDGET AND ACTUAL - BUDGETARY BASIS

For the Period Ended June 30, 2004

	Gas Tax Fund			Very Low Income Housing Fund		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and assessments				\$ 61,658	\$ 81,069	\$ 19,411
Licenses, fees and permits						
Fines and forfeitures						
Intergovernmental	\$ 1,751,100	\$ 1,219,435	\$ (531,665)			
Use of money and propoerty	3,500	6,790			361	361
TOTAL REVENUES	<u>1,754,600</u>	<u>1,226,225</u>	<u>(531,665)</u>	<u>61,658</u>	<u>81,430</u>	<u>19,411</u>
EXPENDITURES						
General government						
Public works	<u>1,377,572</u>	<u>224,608</u>	<u>1,152,964</u>			
TOTAL EXPENDITURES	<u>1,377,572</u>	<u>224,608</u>	<u>1,152,964</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	377,028	1,001,617	624,589	61,658	81,430	19,772
Fund balances at begininng of year						
FUND BALANCES AT END OF YEAR	<u>\$ 377,028</u>	<u>\$ 1,001,617</u>	<u>\$ 624,589</u>	<u>\$ 61,658</u>	<u>\$ 81,430</u>	<u>\$ 19,772</u>

Measure A Fund			Totals		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ 1,000,000	\$ 1,146,719	\$ 146,719	\$ 1,061,658	\$ 1,227,788	\$ 166,130
			1,751,100	1,219,435	(531,665)
			3,500	7,151	3,651
<u>1,000,000</u>	<u>1,146,719</u>	<u>146,719</u>	<u>1,061,658</u>	<u>2,454,374</u>	<u>166,130</u>
<u>1,000,000</u>	<u>1,146,994</u>	<u>(146,994)</u>	<u>2,377,572</u>	<u>1,371,602</u>	<u>1,005,970</u>
<u>1,000,000</u>	<u>1,146,994</u>	<u>(146,994)</u>	<u>2,377,572</u>	<u>1,371,602</u>	<u>1,005,970</u>
	(275)	(275)	(1,315,914)	1,082,772	2,398,686
<u>\$ -</u>	<u>\$ (275)</u>	<u>\$ (275)</u>	<u>\$ (1,315,914)</u>	<u>\$ 1,082,772</u>	<u>\$ 2,398,686</u>

CITY OF RANCHO CORDOVA

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS

June 30, 2004

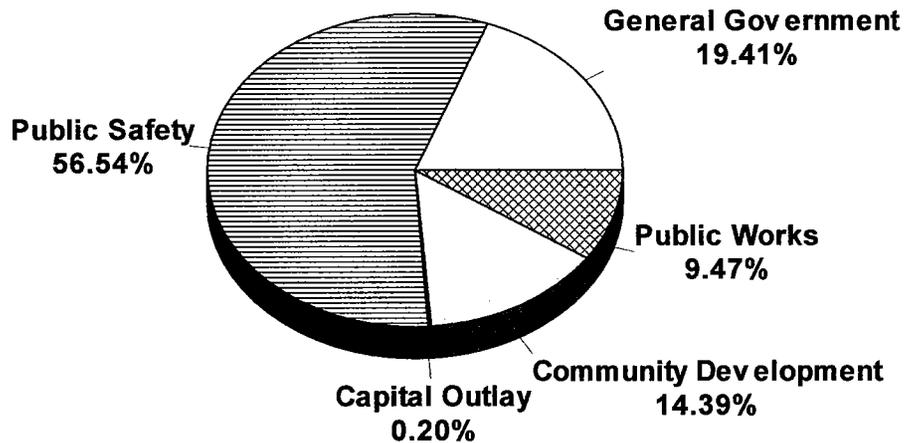
	Sunrise Antolia Fund	Sunridge Park Fund	Total Agency Fund
ASSETS			
Cash and investments	\$ 1,925,714		\$ 1,925,714
Cash with fiscal agent	20,772,306		20,772,306
Receivables:			
Accounts	5,093		5,093
Interest	5,622		5,622
	<u>5,622</u>		<u>5,622</u>
TOTAL ASSETS	<u>\$ 22,708,735</u>		<u>\$ 22,708,735</u>
LIABILITIES			
Accounts payable	\$ 5,853	\$ 1,807	\$ 7,660
Due to (from) assessment holders	22,702,882	(39,284)	22,663,598
Due to the City		37,477	37,477
	<u>22,702,882</u>	<u>37,477</u>	<u>22,663,598</u>
TOTAL LIABILITIES	<u>\$ 22,708,735</u>	<u>\$ -</u>	<u>\$ 22,708,735</u>

CITY OF RANCHO CORDOVA, CA GENERAL GOVERNMENT EXPENDITURES BY FUNCTION

Last ten fiscal years

Fiscal Year*	General Government	Public Safety	Community Development	Public Works	Capital Outlay	Total
1994-95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1995-96	-	-	-	-	-	-
1996-97	-	-	-	-	-	-
1997-98	-	-	-	-	-	-
1998-99	-	-	-	-	-	-
1999-00	-	-	-	-	-	-
2000-01	-	-	-	-	-	-
2001-02	-	-	-	-	-	-
2002-03	-	-	-	-	-	-
2003-04	3,082,683	8,978,634	2,285,042	1,503,252	31,133	15,880,744
TOTAL	\$ 3,082,683	\$ 8,978,634	\$ 2,285,042	\$ 1,503,252	\$ 31,133	\$ 15,880,744

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION



Includes the General Fund and Special Revenue Funds

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

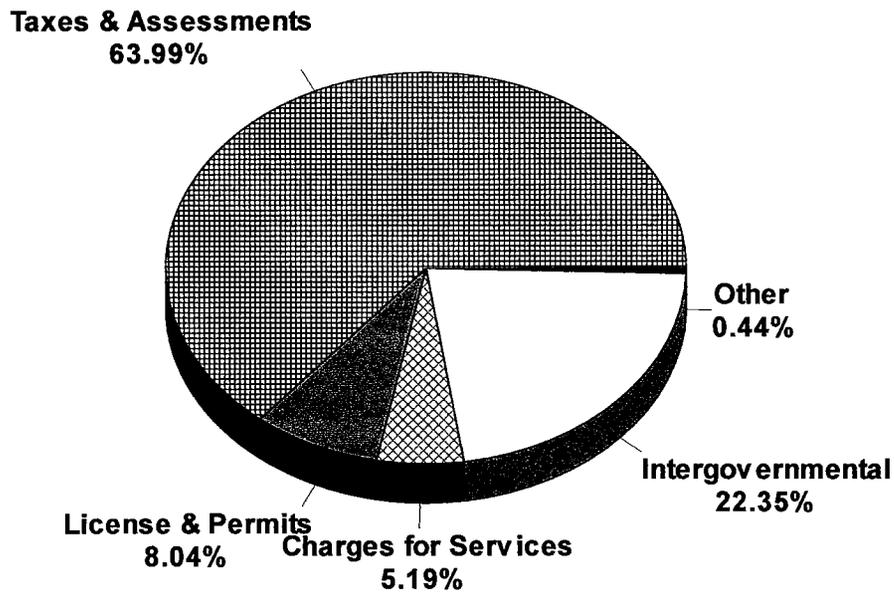
Source: Annual Financial Report and the City's Financial Management System

CITY OF RANCHO CORDOVA, CA GENERAL GOVERNMENT REVENUES BY SOURCE

Last ten fiscal years

Fiscal Year*	Taxes & Assessments	Licenses, Permits & Fees	Charges for Services	Fines and Forfeitures	Use of Money & Property	Intergovernmental	Other Revenues	TOTAL
1994-95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1995-96	-	-	-	-	-	-	-	-
1996-97	-	-	-	-	-	-	-	-
1997-98	-	-	-	-	-	-	-	-
1998-99	-	-	-	-	-	-	-	-
1999-00	-	-	-	-	-	-	-	-
2000-01	-	-	-	-	-	-	-	-
2001-02	-	-	-	-	-	-	-	-
2002-03	-	-	-	-	-	-	-	-
2003-04	14,626,557	1,838,107	1,185,736	36,041	16,055	5,108,526	47,922	22,858,944
TOTAL	\$ 14,626,557	\$ 1,838,107	\$ 1,185,736	\$ 36,041	\$ 16,055	\$ 5,108,526	\$ 47,922	\$ 22,858,944

GENERAL GOVERNMENT REVENUES BY SOURCE



Includes the General Fund and Special Revenue Funds

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

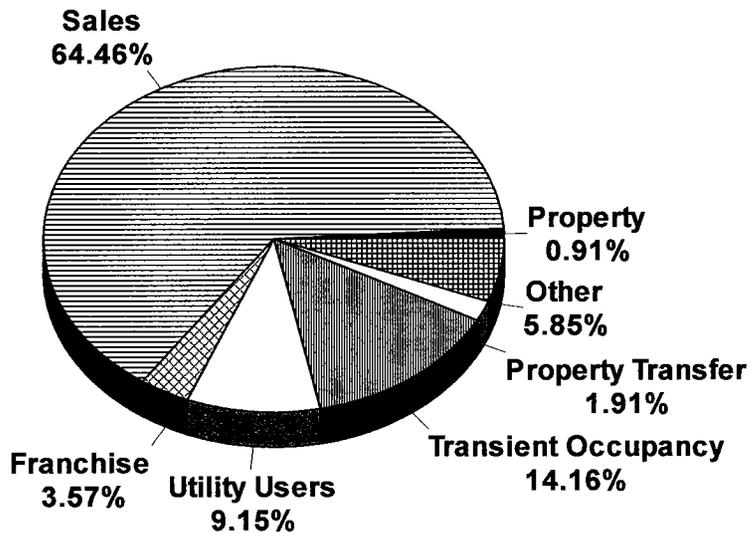
Source: Annual Financial Report and City's Financial Management System

CITY OF RANCHO CORDOVA, CA GENERAL GOVERNMENT TAX REVENUES BY SOURCE

Last ten fiscal years

Fiscal Year*	Property Tax	Sales Tax	Franchise Tax	Utility Users Tax	Transient Occup. Tax	Property Transfer Tax	Other	Total
1994-95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1995-96	-	-	-	-	-	-	-	-
1996-97	-	-	-	-	-	-	-	-
1997-98	-	-	-	-	-	-	-	-
1998-99	-	-	-	-	-	-	-	-
1999-00	-	-	-	-	-	-	-	-
2000-01	-	-	-	-	-	-	-	-
2001-02	-	-	-	-	-	-	-	-
2002-03	-	-	-	-	-	-	-	-
2003-04	132,796	9,427,805	522,262	1,338,854	2,070,645	278,694	855,501	14,626,557
TOTAL	\$ 132,796	\$ 9,427,805	\$ 522,262	\$ 1,338,854	\$ 2,070,645	\$ 278,694	\$ 855,501	\$ 14,626,557

GENERAL GOVERNMENT TAX REVENUES BY SOURCE



Includes the General Fund and Special Revenue Funds

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

Source: Annual Financial Report and the City's Financial Management System

**CITY OF RANCHO CORDOVA, CA
PROPERTY TAX LEVIES AND COLLECTIONS**

Last ten fiscal years

Fiscal Year*	Total Current Tax Levy	Total Current Collections	Percentage of Levy Collected	Delinquent Tax Receivables
1994-95	\$ -	\$ -	0.00%	\$ -
1995-96	-	-	0.00%	-
1996-97	-	-	0.00%	-
1997-98	-	-	0.00%	-
1998-99	-	-	0.00%	-
1999-00	-	-	0.00%	-
2000-01	-	-	0.00%	-
2001-02	-	-	0.00%	-
2002-03	-	-	0.00%	-
2003-04	4,690,024	4,690,024	100.00%	(a)

* The City of Rancho Cordova incorporated on July 1, 2003. As a result of the Revenue Neutrality agreement with Sacramento County, the City's property taxes are mitigated due to that agreement. Please refer to Note M. Figures provided represent estimates provided by Sacramento County.

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 after June 30th. As part of the plan, the County retains the interest and penalties on delinquent taxes.

Source: Sacramento County Auditor-Controller

CITY OF RANCHO CORDOVA, CA
ASSESSED AND ESTIMATED VALUE OF PROPERTY

Last ten fiscal years

Fiscal Year*	Secured Property	Public Utility	Unsecured Property	Less: Exemptions	Assessed Valuation	Full Market Value
1994-95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1995-96	-	-	-	-	-	-
1996-97	-	-	-	-	-	-
1997-98	-	-	-	-	-	-
1998-99	-	-	-	-	-	-
1999-00	-	-	-	-	-	-
2000-01	-	-	-	-	-	-
2001-02	-	-	-	-	-	-
2002-03	-	-	-	-	-	-
2003-04	3,584,204,261	53,313	349,769,727	58,760,154	3,875,267,147	3,934,027,301

* The City of Rancho Cordova was incorporated on July 1, 2003. Due to Revenue Neutrality agreement with Sacramento County, as described on the previous page and described in Note M.

Numbers represent estimates by the County

Source: Sacramento County-Auditor Controller

CITY OF RANCHO CORDOVA, CA
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS

Last ten fiscal years

Fiscal Year*	Basic	Voter Approved (or) Pre 1978 Debt Service				
	Prop 13	School Districts			Special Districts	
	Statewide Tax Rate**	City	Sacramento Unified GOB	Los Rios College GOB	Sacramento Regional County Sanitation	Folsom Cordova CFD
1994-95	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
1995-96	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
1996-97	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
1997-98	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
1998-99	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
1999-00	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
2000-01	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
2001-02	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
2002-03	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
2003-04	1.0000%	0.0000%	0.1043%	0.0015%	0.0070%	0.0589%

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

** In 1978 the voters approved Proposition 13 which established a statewide limit on property tax levies to a maximum of one-percent (1%) of the assessed valuation of property. Subsequently, the State Legislature fixed the statewide property tax rate at 1%.

Source: Sacramento County Auditor-Controller

CITY OF RANCHO CORDOVA, CA PRINCIPAL TAXPAYERS

<u>Taxpayer</u>	<u>Land Use</u>	<u>Valuation</u>	<u>Valuation *</u>
Prospect Green Partners	Office Building	\$ 72,278,299	2.02%
Altair Holding Company	Office Building	61,929,830	1.73%
Trizechahn TBI Sacramento I LLC	Office Building	54,215,453	1.51%
Franklin Resources Inc	Office Building	47,931,162	1.34%
Salvatore A. Rubino Declaration of Trust	Office Building	37,386,099	1.04%
Evergreen & Zinfandel	Office Building	36,664,670	1.02%
Wasatch Pool Holdings LLC	Apartments	34,916,838	0.97%
Cordova LLC	Office Building	33,442,539	0.93%
Elliott Whiterock LLC	Industrial	28,424,850	0.79%
JB Management LP	Shopping Center	<u>25,973,468</u>	0.72%
		<u>\$ 433,163,208</u>	12.09%

* 2003 – 2004 Local Secured Assessed Valuation was \$3,584,204,261

Source: California Municipal Statistics, Inc.

CITY OF RANCHO CORDOVA, CA
COMPUTATION OF LEGAL DEBT MARGIN (LIMIT)

Assessed Value	\$ 3,875,267,147
Debt Limitation - 15% of Total Assessed Value	387,526,715
Debt Applicable to Limitation	
General Obligations Bonds Outstanding	-
Less Amounts Available for Repayment	<u>-</u>
Total Debt Applicable to Limitation	<u>-</u>
Available Legal Debt Margin	<u>\$ 387,526,715</u>

Source: Assessed Value – Sacramento County Auditor-Controller

CITY OF RANCHO CORDOVA, CA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

2003-04 Assessed Valuation:	\$ 3,934,027,301
Redevelopment Incremental Valuation:	<u>395,222,129</u>
Adjusted Assessed Valuation:	\$ 3,538,805,172

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/04</u>
Los Rios Community College District	3.780%	\$ 3,474,765
Folsom-Cordova Unified School District Facilities Improvement District No. 1	71.003%	18,000,826
Sacramento Unified School District	3.270%	7,292,918
San Juan Unified School District	0.650%	126,912
Sacramento Regional County Sanitation District	4.632%	604,013
Elk Grove Unified School District Facilities Improvement District No. 1	0.284%	321,941
City of Rancho Cordova	100.000%	-
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 29,821,375</u>

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Sacramento County General Fund Obligations	4.488%	\$ 15,911,813
Sacramento County Pension Obligations	4.488%	23,723,158
Sacramento County Office of Education Certificates of Participation	4.488%	618,895
Folsom-Cordova Unified School District Certificates of Participation	29.007%	2,862,991
Sacramento Unified School District Certificates of Participation	3.270%	2,256,285
Sacramento Unified School District Pension Obligations	3.270%	187,698
San Juan Unified School District General Fund Obligations	0.065%	<u>9,948</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 45,570,788</u>

COMBINED TOTAL DEBT \$ 75,392,163 (1)

(1) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

<u>Ratios to 2003-04 Assessed Valuation:</u>	
Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	0.76%

<u>Ratios to Adjusted Assessed Valuation:</u>	
Combined Total Debt	2.13%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04: \$0

Source: California Municipal Statistics, Inc.

CITY OF RANCHO CORDOVA, CA DEMOGRAPHIC STATISTICS

Last ten fiscal years

Fiscal Year*	Population (1)	County (2)	Per Capita Income Sacramento Metro Area (2)	Median Age (2)	Unemployment Rate County (2)
1994-95					
1995-96					
1996-97					
1997-98					
1998-99					
1999-00					
2000-01					
2001-02					
2002-03					
2003-04	54,513	1,230,700	29,631	35.0	5.5%

TOP TEN EMPLOYERS ⁽³⁾

<u>Company</u>	<u>Number of Employees</u>
Electronic Data Systems	1500
Aerojet - General Corp	1387
Cedar Valley Concrete	926
EdFund	675
Catholic Health Care	534
Motion Control Eng.	360
Wal-Mart	329
Volcano Therapeutics	309
Sunworld Landscape	300
Automotive Importing	191

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

Sources:

- (1) State of California Department of Finance
- (2) Sacramento Metropolitan Chamber of Commerce
- (3) Sacramento County Auditor-Controller

CITY OF RANCHO CORDOVA, CA PROPERTY VALUES AND CONSTRUCTION VALUES

Last ten fiscal years

Fiscal Year*	Property Value (1)				
	Secured	Public Utility	Unsecured	Exemptions	Total
1994-95	\$ -	\$ -	\$ -	\$ -	\$ -
1995-96	-	-	-	-	-
1996-97	-	-	-	-	-
1997-98	-	-	-	-	-
1998-99	-	-	-	-	-
1999-00	-	-	-	-	-
2000-01	-	-	-	-	-
2001-02	-	-	-	-	-
2002-03	-	-	-	-	-
2003-04	3,584,204,261	53,313	349,769,727	58,760,154	3,875,267,147

Fiscal Year*	Commercial/Industrial Construction (2)		Residential Construction (2)	
	Number of Units	Value	Number of Units	Value
1994-95	-	\$ -	-	\$ -
1995-96	-	-	-	-
1996-97	-	-	-	-
1997-98	-	-	-	-
1998-99	-	-	-	-
1999-00	-	-	-	-
2000-01	-	-	-	-
2001-02	-	-	-	-
2002-03	-	-	-	-
2003-04	1,767	108,161,833	524	50,096,849

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

Sources:

(1) Sacramento County Auditor-Controller

(2) City of Rancho Cordova Building and Safety Department

CITY OF RANCHO CORDOVA, CA MISCELLANEOUS STATISTICS

Date of Incorporation	July 1, 2003
Form of Government	General Law
Number of Employees	
Full-time	12
Part-time	1
Number of contract employees (excludes public safety - shown below)	31
Area in square miles	33
Government Facilities and Services	
Miles of Streets	208
Number of street lights	2,715
Number of signalized intersections	46
Police Protection	
Number of stations	1
Number of police personnel - sworn	72
Number of police personnel - non sworn	16
Facilities and services not included in the reporting entity	
Culture and Recreation:	
Parks	11
Park acreage	282
Swimming pools	3
Tennis courts	21
Community centers	3
Senior centers	1
Ball and soccer fields	10
Fire Protection:	
Number of stations	5
Education:	
Number of districts	2
Number of elementary schools	10
Number of secondary schools	6
Number of community colleges	0
County Library:	
City branches	1

Source: City of Rancho Cordova Finance Department