

# CITY OF RANCHO CORDOVA Citizens' Financial Report



FISCAL YEAR 2010-2011

**Rancho Cordova**



**All-America City**



®

**2010**

Dear Citizens of Rancho Cordova,

The City of Rancho Cordova is pleased to present our fifth Citizens' Financial Report regarding the finances and fiscal condition of the City for the year ending June 30, 2011. This report is intended to present an understandable and easy-to-read analysis of where the City's revenue comes from and how it's used, as well as our fiscal condition moving forward. The data in this report was taken from the audited financial information appearing in the Comprehensive Annual Financial Report (CAFR) and demonstrates the City's strong financial position.

The Citizens' Financial Report is also an important component of the City's Annual Corporate Report, not a document but a *day-long event each year* that educates the public on the City's finances in the context of our national, state and regional economies. This year's Corporate Report will be held on February 24, 2012 at City Hall. Please see our website for more details.

Fiscal year 2010/11 was an important milestone for our city. We welcomed the area south of Highway 50 and east of Sunrise Blvd. into our city limits! Additionally, many long awaited projects were completed such as the connection between International Drive and Sunrise Blvd., the relocation and renovation of the Police Department to 2897 Kilgore Road, and the completion of the Zinfandel Drive extension. We were able to resurface 14 miles of roadways and install or repair 22,500 square feet of sidewalk. For a complete list of accomplishments look to our Annual Budget for the 2011/12 fiscal year, available on our website at [www.cityofranhocordova.org](http://www.cityofranhocordova.org).

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

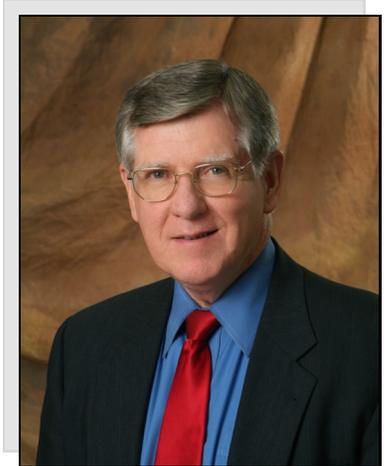


Ted A. Gaebler, City Manager  
City of Rancho Cordova



Donna Silva, Finance Director  
City of Rancho Cordova

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



City Manager, Ted Gaebler



Finance Director, Donna Silva

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



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

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

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

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



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

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

The City of Rancho Cordova is unique among new California cities in that it has about the same amount of jobs as residents. The City's population is estimated at 65,000 and accommodates approximately 50,000 employees. This large employment base will continue to drive both residential and commercial growth within the City.



Since incorporation in July of 2003, the City has welcomed 4,242 new single family homes and according to a study by the Sacramento Area Council of Governments its population may grow to more than 300,000 by 2050.

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

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

Have a place in the region as a vibrant destination;

Control its destiny, including the establishment of meaningful boundaries;

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

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

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

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

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

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

- General Fund
- Other Funds

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

## THE GENERAL FUND

### Revenues

The General Fund is where we account for the majority of services delivered to the citizens of the City and where we record the general cost of City Government. The majority of General Fund

revenues come from a variety of taxes; Property, Sales, Transient Occupancy ("TOT"), Utility Users ("UUT"), Property Transfer and Police.

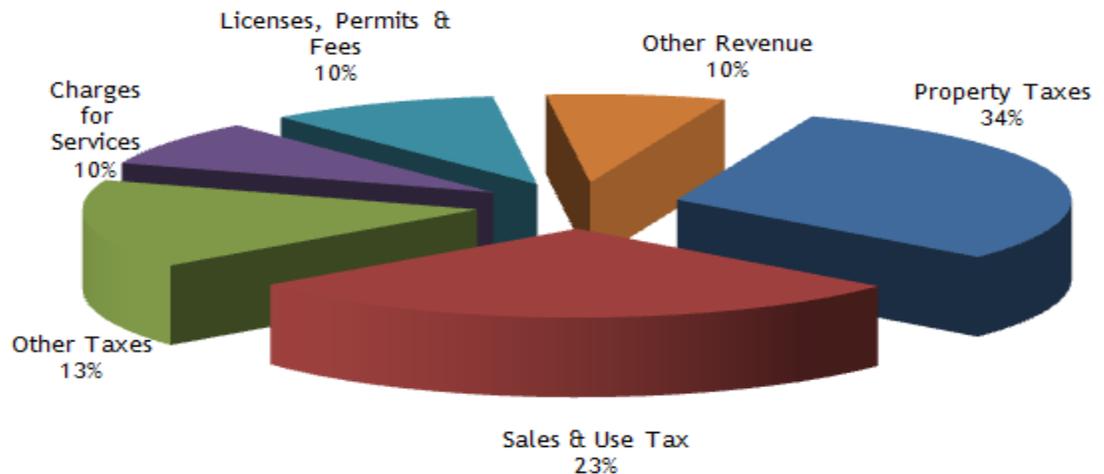
For fiscal year ending June 30, 2011, the General Fund collected revenues of \$40 million, an increase over the prior year of \$3 million. The bulk of the increase was from the expansion of the city limits to encompass the 1.2 square mile area east of Sunrise Blvd. and south of Hwy 50. This area, rich in tax revenues, was not included in the original city limits but was annexed in effective July 1, 2010. This area is commonly referred as the "annexation area". The voter approval of Measure E, in November 2010, expanded the applicability of the UUT, contributing to the increase in revenues this year.

All categories of tax revenues increased over the prior with the exception of Property Tax revenues, which continued a downward trend. Properties are taxed based upon their valuation, which is usually different from the market value. The County continues adjusting assessed valuations downward to get the property tax roll on par with the current market conditions. Property Tax revenues are expected to continue to decline over the next few years.

### Expenditures

For fiscal year ending June 30, 2011, the General Fund expenditures totaled \$39.4 million, which is an increase from the prior year of \$563,000. However, this increase was planned and was less than the increase in revenues, producing our eighth consecutive surplus in the

2010/11 General Fund Revenues—\$40 Million



General Fund, a high priority for the council and the community.

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

### **General Government**

Expenditures in this category are incurred for the administrative offices including among others, City Manager, Finance, Legal, Human Resources and City Clerk. Expenses in this category were relatively stable, increasing by 3.9% from the prior year. In general, the services provided by these departments do not flow with the economy. However, the departments continually seek ways to innovate and deliver efficiencies.

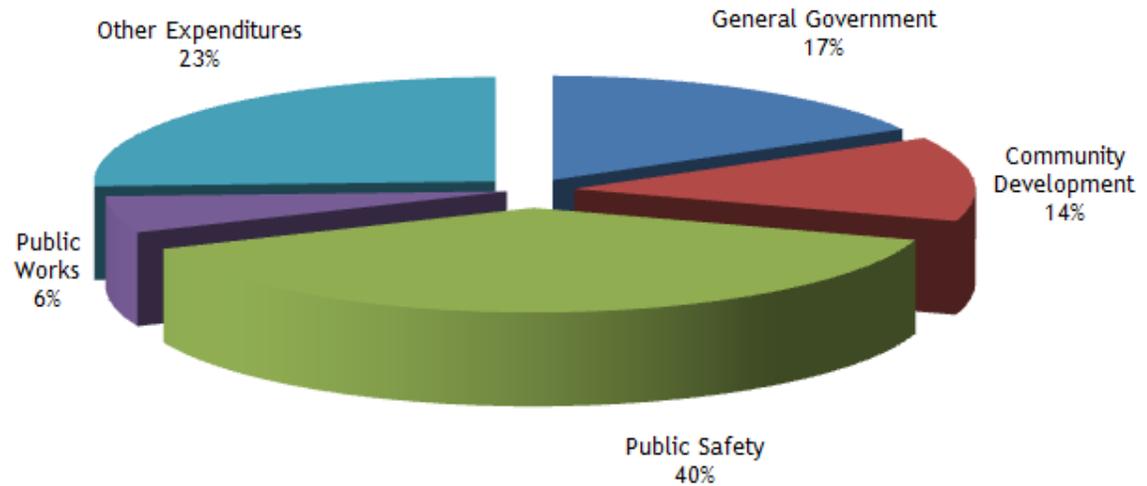
### **Public Safety**

This category represents the expenditures associated with providing police operations for the City. The majority of the expenses are paid to the Sacramento County Sheriff’s Department as they serve under contract as the Rancho Cordova Police Department. Current year expenses increased by 0.5 % from the prior year.

### **Community Development**

This category represents expenditures associated with Economic Development, Housing, Neighborhood Services (which includes Code Enforcement and Animal

2010/11 General Fund Expenditures – \$39.4 Million



Control), Planning, Building and Safety, and Facilities Management. Current year expenses increased by 5% from the prior year, in response to the economy starting to recover and the increase in the processing of development projects.

### **Public Works**

This category reflects the expenditures associated with street maintenance, graffiti removal, engineering and project management for Capital Improvement Projects, issuance of street use, encroachment and transportation permits. Current year expenditures remained relatively the same as the prior year, with only a 5% decrease.

### **Other Expenditures**

Expenditures in this category represent the expenses incurred for debt service, capital outlay, and transfers out to other funds. Also included in this category is the revenue neutrality payment to the County of Sacramento, a required sharing of property tax revenues, through year 2028. The current year payment was \$6,715,615. Current year expenses in the “Other Expenditures” category increased by 19.3%. The majority of this increase is due to transfers out to the reserve funds for future capital and infrastructure projects.

**City of Rancho Cordova Balance Sheet**  
June 30, 2011

ASSETS	General Fund	Other Funds	Total
Cash and Investments	\$ 13,537,459	\$ 67,562,184	\$ 81,099,643
Receivables	3,098,520	992,199	4,090,719
Due from Other Government Agencies	2,029,105	5,642,182	7,671,287
Due from /Advances to Other Funds	12,790,418	73,000	12,863,418
Prepaid Costs and Other Assets	29,769	5,828,129	5,857,898
<b>Total Assets</b>	<b>\$ 31,485,271</b>	<b>\$ 80,097,694</b>	<b>\$111,582,965</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 4,962,231	\$ 5,964,002	\$ 10,926,233
Other Payables	721,720	2,309	724,029
Deferred Revenues	26,241	711,462	737,703
Due to/Advances from Other Funds	-	12,863,418	12,863,418
<b>Total Liabilities</b>	<b>\$ 5,710,192</b>	<b>\$ 19,541,191</b>	<b>\$ 25,251,383</b>
<b>FUND BALANCE</b>			
<b>Reserved for:</b>			
Low and Moderate Income Housing	\$ -	\$ 1,287,145	\$ 1,287,145
Debt Service		1,915,211	1,915,211
Advances to other Funds	7,011,136	-	7,011,136
Prepaid Costs & Deposits	29,769	405,963	435,732
Long Term Loans Receivable	258,924	-	258,924
Economic Uncertainty Reserve	9,419,717	-	9,419,717
Unrealized Gain on Investments	238,254	-	238,254
<b>Unreserved:</b>			
Unreserved and Available	8,817,279	56,948,184	65,765,463
<b>Total Fund Balance</b>	<b>\$ 25,775,079</b>	<b>\$ 60,556,503</b>	<b>\$ 86,331,582</b>

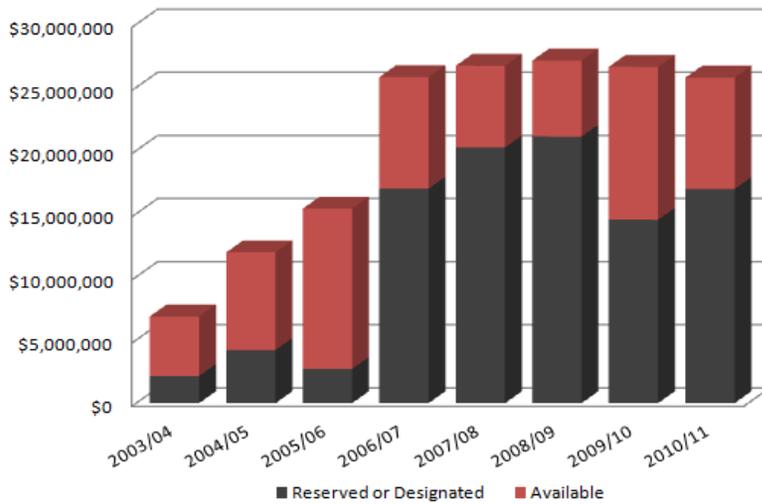
**Fiscal Condition**

At June 30, 2011, the General Fund had total assets of \$31.5 million and total liabilities of \$5.7 million, leaving a fund balance of \$25.8 million. Of this fund balance, \$16.9 million is classified as reserved leaving \$8.8 million as unreserved and available.

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

As shown in the graph on the next page, the City of Rancho Cordova has been experiencing an increase in its fund balance in most years since incorporation, indicative of its strong fiscal health. In fiscal year 2009/10, there was a slight decline in the fund balance due to a prior period adjustment (see Note 9E in the CAFR) correcting General Plan costs within the General Fund. In fiscal year 2010/11, there was another slight decline due to an adjustment made in the debt service payments. The decision to utilize the property at 2897 Kilgore Road for a police station resulted in the need to change the allocation of debt service payments made in prior years.

**General Fund - Fund Balance**



The General Fund is currently subsidizing three funds, General Plan Fund, Redevelopment Agency and Kilgore Cemetery. These three funds continue to operate at a deficit, increasing the subsidy from the General Fund. The sum of these amounts are included in the reserved fund balance.

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

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

**OTHER FUNDS**

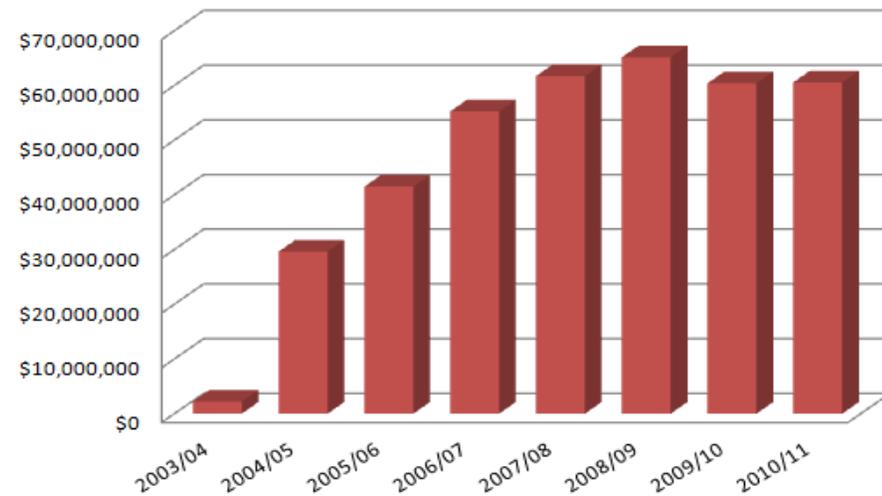
Other Funds include the Special Revenue Funds, which are

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

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

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

**Other Funds - Fund Balance**



# CONTACT INFORMATION



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

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

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

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

The information in this report was derived from the City of Rancho Cordova's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011. This report and the CAFR are both available on the City of Rancho Cordova's website. Additional copies of this report and the CAFR may be obtained by contacting the Finance Department at (916) 851-8730.

## CITY STAFF DIRECTORY

City Manager  
**Ted A. Gaebler**

Assistant City Manager  
**Joe Chinn**

City Attorney  
**Adam Lindgren**

City Clerk  
**Mindy Cuppy**

Public Information/Legislative  
Affairs Manager  
**Troy Holt**

Economic Development  
Director  
**Curt Haven**

Finance Director  
**Donna Silva**

Planning Director  
**Paul Junker**

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

Human Resources Manager  
**Stacey Peterson**

Information Technology Manager  
**Jay Hadley**

Police Chief  
**Doug Diamond**



## **City of Rancho Cordova**

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Rancho Cordova, CA 95670

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