

CITY OF Rancho
Cordova
Incorporated July 1, 2003



GROWING STRONG

CITY OF RANCHO CORDOVA, CALIFORNIA

Comprehensive Annual Financial Report

For the Year Ended June 30, 2012

**CITY OF RANCHO CORDOVA
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012**

**Prepared by
FINANCE DEPARTMENT**

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2012

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December 18, 2012

To the Honorable Mayor, Members of the Council, and
Citizens of the City of Rancho Cordova,

Staff proudly presents the Comprehensive Annual Financial Report (CAFR) of the City of Rancho Cordova (City) for the fiscal year ended June 30, 2012. We are pleased to report our ninth consecutive General Fund surplus and to welcome the beginning of an economic recovery. The net results of operations in the General Fund, which is the primary operating fund of the City, exceeded our original budget, producing a larger surplus than originally budgeted. Higher than anticipated revenues, allowed higher than anticipated expenditures and produced a general fund surplus of \$474,305, which exceeded our budgeted surplus of \$10,300.

This results in an ending General Fund balance of \$26,249,384. Results for the fiscal year were better than both the original budget and the interim results reported to the Council in February. At that time we were anticipating a surplus of \$294,300. Our final results comply with the city's policy of constraining current year expenses to current year revenues.

REPORT PURPOSE AND ORGANIZATION

The purpose of this letter is to introduce the basic financial statements and provide an analytical overview of the City's financial activities. This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) which can be found immediately following the report of the independent auditors.

This report is published in accordance with State law that requires financial statements be presented in conformity with accounting principles generally accepted in the United States of America, and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. It is also prepared to meet reporting standards set forth by the Governmental Finance Officers Association. This report consists of management's representations

concerning the finances of the City of Rancho Cordova. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect the governments' assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of this report in conformity with U.S. generally accepted accounting principles (GAAP).

The independent audit of the financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. This separately prepared report is available from the Department of Finance upon request.

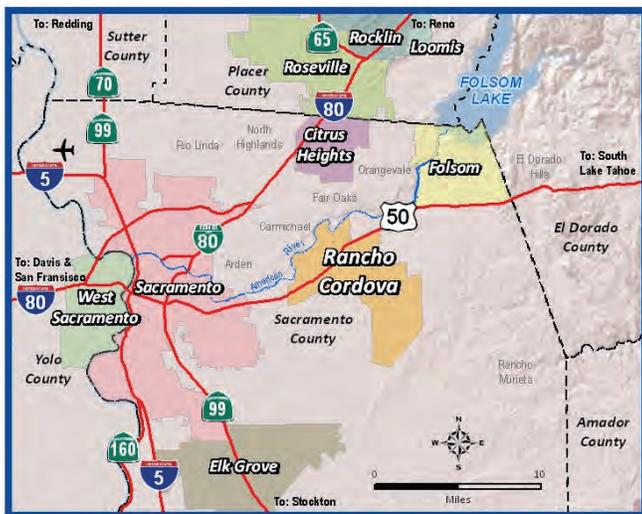
Responsibility for both the accuracy of the data and the completeness and fairness of the presentation rests with City management. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data is accurate in an all material respects and is reported in a manner designed to present fairly the financial position and the changes in financial position of the City activities and the various funds of the City; and includes all disclosure necessary to enable the reader to gain an understanding of the City's financial affairs.

This report is presented in four sections; Introduction, Financial, Supplemental and Statistical Section.

1. The Introduction section includes this transmittal letter an organization chart, a listing of principal officers, and a listing of the Citywide Goals.
2. The Financial section consists of four parts; the independent auditors' report, management's discussion and analysis, the basic financial statements, and required supplementary information.
3. The Supplemental section includes the combining fund financial statements and schedules.
4. Lastly, the Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

ABOUT THE CITY

Not everyone who reads this report is familiar with our City and it is hard to understand a government's finances without knowing something about the government and how it operates. Let us tell you a little about the City of Rancho Cordova!



Rancho Cordova is located in the north-eastern central valley of California, and is California's 4th youngest city, having incorporated July 1, 2003 following an electoral vote in November of 2002.

The former Mather Air Force Base and Aerojet Manufacturing, a major supplier of space and defense missiles, were the driving economic forces that established the pre-cityhood community of Rancho

Cordova. Since the end of the Cold War and closing of Mather Air Force Base in 1992, the area that would eventually be the City of Rancho Cordova emerged as a commercial center in Sacramento County with more than 50,000 jobs in over 3,000 business establishments.

Organized as a General Law City under State of California law, the City of Rancho Cordova operates under the Council-Manager form of government with policy-making and legislative authority vested in a governing council. The City Council is responsible for the appointment of the City Manager and the City Attorney, who both serve under contract to the City. All department directors are appointed by the City Manager.

The City provides municipal services within its 34.8 square mile border for a population of 66,093, according to estimates of the State of California Department of Finance. The City of Rancho Cordova contracts many of its residential services to outside agencies. The largest contracts are for law enforcement services with the Sacramento County Sheriff's Department and street maintenance services with the Sacramento County Public Works Department.

Other City contract services include planning, street sweeping, refuse removal, and legal, which are all provided by private companies. City residents receive fire protection services from the Sacramento Metropolitan Fire District and parks and recreation services from the Cordova Recreation and Parks District. Services provided from in-house staff include Code Enforcement, Animal Services, Public Works, Building and Safety, Housing, Economic Development and general City administration.

Financial data for all funds through which services are provided by the City have been included in this report. The Financial Statements include the City and its component units, the City of Rancho Cordova Community Redevelopment Agency and the Rancho Cordova Financing Authority. They are blended in the report since they are governed by the City Council sitting in a separate capacity or provide services exclusively to the City. However, the State of California passed ABx1 26, resulting in the dissolution of the Redevelopment Agency as of January 31, 2012. Therefore, the activities of the Community Redevelopment Agency are broken out in this report into those activities occurring prior to January 31, 2012 and those occurring from the point of dissolution to the end of the fiscal year. Activities of the Redevelopment Agency through January 31, 2012 are blended in the report but activities after that point are reported

separately in this report as a Private Purpose Trust Fund. The City operates on a fiscal year that runs from July 1 through June 30. The annual budget process is integral to the success of the organization. The process begins in February each year at our Council – Staff retreat wherein we determine council's priorities for the next fiscal year. Then in February we hold our Annual Corporate Report, which is a past recipient of the prestigious Helen Putnam award from the League of California Cities, for excellence in Internal Administration. The Annual Corporate Report begins by partnering with the Chamber of Commerce to hear from renowned economists on the state of the global, national, state and regional economy. That information is used as context to present the results of operations from the previous fiscal year, the status of the current year budget to actual analysis, and our three year financial forecast. All of this information collectively is used to begin the budget process for the next year.

The budget is first presented to the council and community at a workshop in May and is formally adopted by June 30 of each year. By formally adopting the budget the council sets the maximum expenditures for each fund. The City Manager retains the ability to adjust spending within a fund during the year, but cannot spend more than council authorized without seeking council approval for a budget amendment. The City's budgetary procedures are further discussed in Note 2 to the Financial Statements.

ABOUT THE ECONOMY

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. Understanding that property and sales taxes generate the City's largest two sources of revenue, it is important to look at the economy in the context of people's wherewithal for producing general fund tax revenues.

Sacramento County was hit particularly hard by the Great Recession, but has begun a slow recovery. The recovery is evidenced by slight improvements in the unemployment rate, consumer spending, building permits, and hotel occupancy rates. Office and industrial vacancy rates have begun to improve as well. The housing market, while starting to show signs of life,

continues to result in decreasing assessed valuation rates, but foreclosure rates have improved significantly, as discussed below.

Unemployment rates in Sacramento County continued to be higher than the national average at 11% in 2011, but this is down from 11.8% in the prior year, signaling an economic recovery in the region.

Foreclosures in Rancho Cordova continue to be an issue, but have significantly declined from the past two years. In 2011 there were approximately 173 foreclosures on the market in Rancho Cordova, down from 282 in 2010 and 235 in calendar year 2009. The data points to a couple of factors. First, fewer homes are being foreclosed upon by the banks. Second, when foreclosed homes hit the market, they are quickly being purchased. They do not sit on the market as long as in previous years.



For the fourth time since the passage of Proposition 13 in 1978, the County of Sacramento's Assessor's property tax rolls declined. However, the rate of decline was substantially lower for the current fiscal year. In fiscal years 2010/11 and 2009/10, property tax revenues declined 5.6% and 5.5% respectively. In fiscal year 2011/12 we saw a decline in property tax revenue of just 1.86%. Since peaking in

fiscal year 2007/08, property tax revenues have declined 14.3%. We anticipate property taxes will stabilize and gradually increase over the next few years.

Commercial real estate vacancy rates rose between 2009 and 2011 but have now begun to fall. Both the office and the industrial vacancy rates have fallen from 2011, but the flex rate has continued to climb. The flex rate reflects properties that can be either office, industrial or a mix of both. The office vacancy rate improved from 18.9% to 17.4% and the industrial vacancy rate has improved from 14.5 to 10.9%. The flex rate increased from 22.5% to 24.9%. At a minimum we expect to see a stabilization of vacancy rates, if not continued growth.

Rancho Cordova's unemployment rate, while higher than the national average and the Sacramento Region, improved from the prior year. The Rancho Cordova unemployment rate fell from 14.5% in 2011 to 12.6% in 2012, again signaling an economic recovery.

LOOKING AHEAD

The City of Rancho Cordova manages its fiscal environment by prudently planning for the future. Annually adjusting City expenditures to less than projected revenues is the centerpiece of producing balanced budgets. We are very proud to have made it through the Great Recession with annual surpluses in the General Fund. To effectively "see down the road," the City manages a five year Capital Improvement Projects ("CIP") budget in addition to annually projecting General Fund revenues for the coming three years. Our projections have identified several key challenges which include:

Declining Assessed Valuation – *property tax revenues are the City's largest source of revenues. The dramatic decline in property values seen over the past few years have led the County Tax Assessor's office to systematically reduce the assessed valuations of properties throughout the county. This has led to a sharp decline in our property tax revenues. Until the housing market stabilizes and the County Assessor's office ceases automatic rollbacks of assessed valuation, we will continue to experience declining or stagnant property tax revenues.*



Revenue Neutrality Payments to the County – *as part of the agreement reached with the County upon City incorporation, we are obligated to share a fixed dollar amount of our property taxes with the County each year through 2027/28. In a period of declining property values this presents a problem as the payment is growing, but the revenues from which we make the payment are shrinking. Our payment for the next fiscal year increases by \$399,519, yet we are expecting a \$725,000 decline in Property Tax Revenue.*

Unwinding the former Redevelopment Agencies.

Rancho Cordova is unique in that it was the last city in the State of California to create a Redevelopment Agency and form a plan area, before the State passed ABx1 26, dissolving Redevelopment Agencies as of January 31, 2012. Because the agency was formed near the peak of the housing market the current assessed valuation in the former agency is below the base year, resulting in no property tax revenue to meet the obligations of the Agency. One of the obligations of the former Redevelopment Agency is repayment of a loan from the City's General fund in the amount of \$5,858,078. Repayment will depend upon a number factors including agreement from the California State Department of Finance that the loan balance is an enforceable obligation, the amount of proceeds from the sale of the Agency's assets and a recovery in assessed valuation in the Agency. For more information on the dissolution of the Redevelopment Agency, please see note 15 to the Financial Statements.

While the economy is certainly exerting downward pressure on our outlook, there are a few bright spots.

- The voters of Rancho Cordova approved Measure E in the November 2010 election. As a result, our existing Utility Users Taxes are protected from the threat of litigation due to the technical language in the old ordinance and the new ordinance incorporates new communication technologies. Utility User Tax revenues increased by approximately \$665,000 in fiscal year 2011/12, due in large part to the passage of Measure E.
- On July 1, 2010 the City welcomed the "finger" area into the City boundaries. Comprised of the area running east of Sunrise from Folsom Blvd. south to Costco, this 1.2 square mile area currently includes 500 businesses, almost no residents and will provide logical City boundaries. In fiscal year 2011/12 the annexation area provided net additional revenues of approximately \$1.3 million in the General Fund.
- The voters of Rancho Cordova approved Measure L in the November 2012 election. As a result, the two card rooms in the City will be required to pay a gross gaming revenue tax beginning in January of 2014. The amount of revenues generated will be dependent upon their annual gaming revenues but it is currently estimated to produce up to \$200,000 for the General Fund.

RELEVANT FINANCIAL POLICIES

The City has adopted a comprehensive set of financial policies as guidelines for the budget process. The City's adopted budget document contains a comprehensive listing and explanation of these policies. One of these policies is that all current operating expenditures will be paid for with current revenues. As previously mentioned our results for fiscal year ended June 30, 2012 are consistent with that policy.

The City's reserve policy requires us to maintain an Economic Uncertainty Reserve of at least 20% of operating expenses. This reserve is currently funded at 23% of operating expenditures for fiscal year 2012/13.

MAJOR INITIATIVES

The City has many goals and projects planned for the 2012/13 fiscal year, all of which are described in the budget document which can be located on our website at www.cityofranhocordova.org. Some of these projects may either affect the General Fund or be large enough to warrant mention in this letter.

- **Economic Development:** The demise of the Redevelopment Agency DOES NOT mean that Economic Development in Rancho Cordova ceases to be a major focus. In fact, it has caused us to double our efforts! Work will ensue this year on an innovation scorecard and summit, as well as a branding effort, marketing campaign and a retail site plan.



- **Growing Strong Neighborhood (GSN):** the City has committed to focus on the GSN effort. The mission of the GSN effort is to improve the quality of life in Rancho Cordova and increase property values by encouraging residents and business owners to enhance their homes, property, streets and community.

AWARDS AND ACKNOWLEDGEMENTS

The City is a proud recipient of the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. This certificate is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports. While the certificate is only valid for a period of one year, we believe our current CAFR continues to conform to the requirements and we will be submitting it for continued award consideration. The preparation and development of this report, and the aforementioned award, would not be possible without the year-round efficiency of the Finance staff and their special efforts. The professionalism, commitment and effort of each member of the Finance Department have made this presentation possible.

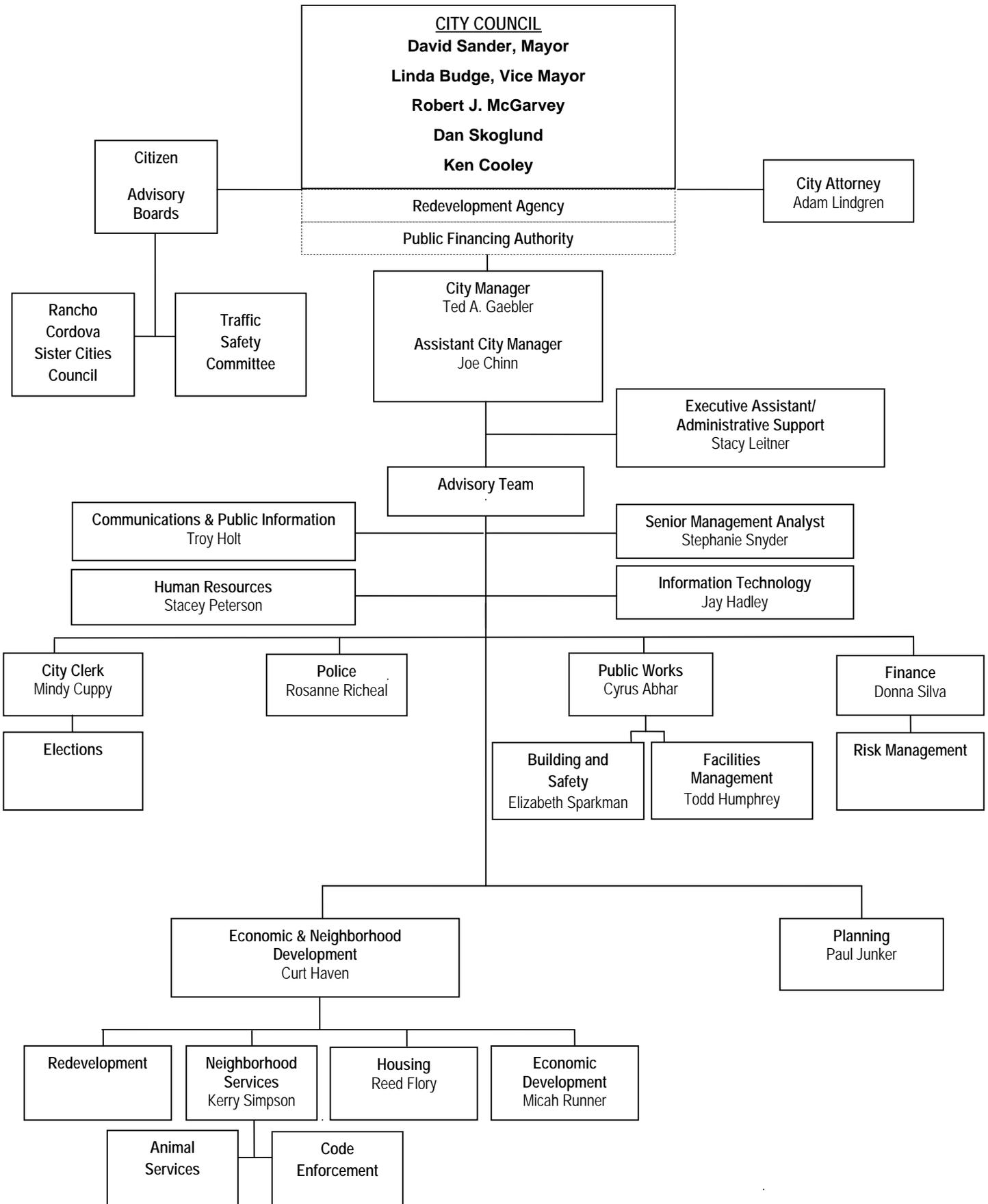
We also want to thank the other City departments who assisted and contributed to the preparation of this report. Finally, we appreciate the dedication of the Mayor, City Council and City Manager's Office, who have supported our goal of excellence in all aspects of financial management, consistent with the City's mission to protect, preserve and enhance the quality of life for present and future generations.

Respectfully Submitted,

Donna Silva, CPA
Finance Director

ORGANIZATIONAL CHART - CITY OF RANCHO CORDOVA

JULY 1, 2011 – JUNE 30, 2012



**CITY OF RANCHO CORDOVA
PRINCIPAL OFFICERS
JUNE 30, 2012**

ELECTED OFFICIALS

David Sander
Mayor

Linda Budge
Vice Mayor

Ken Cooley
Council Member

Dan Skoglund
Council Member

Robert J. McGarvey
Council Member

EXECUTIVE TEAM

Ted Gaebler
City Manager

Joe Chinn
Assistant City Manager

Adam Lindgren
City Attorney

Mindy Cuppy
City Clerk

Curt Haven
Economic Development and Neighborhood Services Director

Donna Silva
Finance Director

Paul Junker
Planning Director

Rosanne Richeal
Police Chief

Cyrus Abhar
Public Works Director, Chief Building Official



City of Rancho Cordova Citywide Goals

1. Promote the Positive Image of Rancho Cordova
2. Ensure a Safe, Inviting and Livable Community
3. Empower Responsible Citizenship
4. Establish Logical City Boundaries that Provide Regional Leadership and Address Financial Challenges
5. Ensure the Availability of the Best Public Services in the Region while Practicing Sound Fiscal Management
6. Drive Diverse Economic Opportunities

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rancho Cordova
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Dandison

President

Jeffrey R. Emer

Executive Director

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rancho Cordova (the City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in the financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Rancho Cordova Community Redevelopment Agency has been dissolved and its assets turned over to and liabilities assumed by Successor Agencies effective January 31, 2012. Certain transactions undertaken by the Rancho Cordova Community Redevelopment Agency prior to the date of dissolution may be subject to review by the State as discussed in Note 15, but the effect of that review can not be determined as of June 30, 2012.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and budgetary comparison information for the General Fund and the Sunrise Douglas, Traffic Mitigation, General Plan and Grants Special Revenue Funds be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements. The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the financial statements as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



November 19, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Rancho Cordova, CA (the City), is pleased to offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City during the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with our letter of transmittal which begins on page i and the basic financial statements, beginning on page 27.

FINANCIAL HIGHLIGHTS

- As of June 30, 2012, total assets of the City exceeded its liabilities by \$379.1 million (net assets). Of this amount, \$23.1 million (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, but is subject to designation for specific City programs; \$62.6 million of the total amount are restricted net assets and must be used only for specific purposes. The remaining \$293.4 million is invested in capital assets, net of related debt.
- As of June 30, 2012, the City's governmental activities reported combined net assets of \$379.2 million. Of that, \$24.7 million is available to meet the City's current and future needs (unrestricted net assets).
- The City's reserve policy requires a minimum fund balance reserve be maintained at all times in the General Fund. The minimal, optimal level required for this reserve is 20% of the General Fund operating budget. At the end of the fiscal year, the economic uncertainty reserve balance was \$9.4 million, unchanged from last year. The General Fund budget for 2012/13 is \$40.3 million, requiring a \$7.9 million reserve at a minimum. In light of the current economic situation, management felt it prudent to maintain the existing reserve balance. Therefore, our current funded reserve is at 23% of the General Fund's operating budget for 2011/12 fiscal year.
- **The City's General Fund reported a surplus of \$474,305 for the year ending June 30, 2012, creating an ending fund balance of \$26.2 million.**

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The financial statements presented herein include all of the activities of the City of Rancho Cordova and its component units using the integrated approach as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34. The City's basic financial statements consist of three components: **1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.** This report also includes supplementary information in addition to the basic financial statements themselves.

The report includes the financial activities of the City of Rancho Cordova, the primary government, and its component units, which are the City of Rancho Cordova Community

Redevelopment Agency (the final seven months) and the City of Rancho Cordova Public Financing Corporation. Financial information for the City and these component units are accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by GASB. The City Council members, in concurrent session, serve as the governing board of the Redevelopment Agency and the Public Financing Corporation, and, as such, these entities are presented on a blended basis.

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

- **The City of Rancho Cordova Community Redevelopment Agency** (“the Agency”) – The Agency was established December 6, 2004 pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law". The Agency was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of blighted areas within the geographic boundaries of the City. City staff provides management assistance to the Agency. The redevelopment agency was dissolved on January 31, 2012, in accordance with the provisions of ABx1 26. The City of Rancho Cordova elected to become the Housing Successor and the Successor Agency and on February 1, 2012 the Redevelopment Agency’s remaining assets were distributed to and liabilities were assumed by the Successor Agency. Activity of the Agency up to its dissolution on January 31, 2012 is reported in a Special Revenue Fund, which is a blended component unit and has been included in the governmental activities in the financial statements. The Housing Successor activities are now part of the City and are also reported in a Special Revenue Fund. However, since the Successor Agency’s board is governed by an Oversight Board, consisting of members from outside agencies, it is reported as a separate Private Purpose Trust Fund and is not considered a component unit of the City of Rancho Cordova. Therefore, it is not included in the governmental activities in the financial statements. For more information on the dissolution of the Redevelopment Agency, and its financial implications to the City of Rancho Cordova, please refer to Note 15 of the Financial Statements.

- **The City of Rancho Cordova Public Financing Corporation** (the Corporation) is a joint powers authority organized pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the California Government Code on February 15, 2005, between the City and the Agency for the purpose of acting as a vehicle for various financing activities of the City and the Agency. The Authority's Board of Directors is the City Council. The funds of the Corporation have been included in the governmental activities in the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

The Government-Wide Financial Statements can be found on pages 28 and 29 of this report.

FUND FINANCIAL STATEMENTS

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

projects). The basis of accounting used in each fund depends upon the fund type, i.e. Governmental, Fiduciary or Proprietary.

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

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

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

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

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

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

The governmental fund financial statements can be found on pages 32 and 36 of this report.

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

The proprietary fund financial statements can be found on pages 46 and 47 of this report.

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

The fiduciary fund financial statements can be found on pages 50 and 51.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the financial statements, beginning with page 53.

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

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

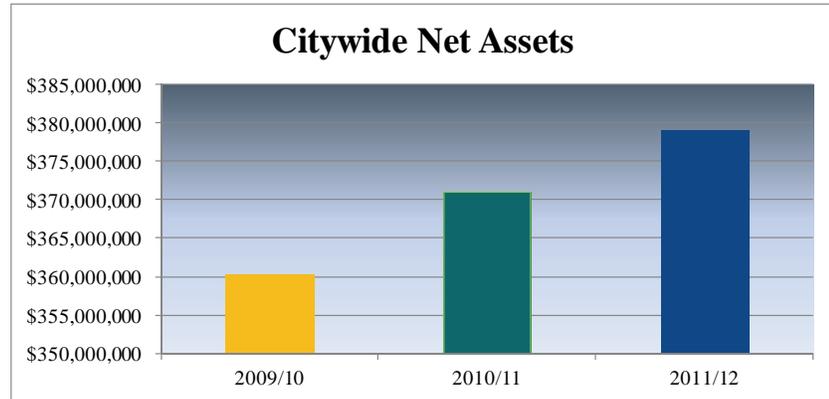
This report also contains statistical information that may be useful to readers of this report. This information can be found in the last section of this report, starting at page 155.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

STATEMENT OF NET ASSETS

As noted earlier, net assets serve over time as a useful indicator of results of the City's operations. At June 30, 2012, total net assets of the City were \$379.2 million which is an increase of \$8.2 million from 2010/11 and an increase of \$18.9 million from 2009/10. The continued increases in net assets each year indicate the City is consistently maintaining or improving its financial position, as illustrated in the chart above. City policymakers,

management and staff have diligently monitored City activities and adjusted to changing economic conditions. Governmental activities assets (*exceeding liabilities*) increased by \$8.2 million over last year and by \$19.0 million



over 2009/10. Business-type activities assets (*exceeding liabilities*) decreased by \$52,000 from last year and decreased by \$103,000 as compared to the 2009/10 fiscal year.

The condensed Statement of Net Assets for the fiscal years ended June 30, 2012, 2011 and 2010, below, allows for analysis of the City's net assets as a whole.

Net Assets of Governmental and Business-type Activities

	Governmental Activities			Business-Type Activities			Total		
	2011/12	2010/11	2009/10	2011/12	2010/11	2009/10	2011/12	2010/11	2009/10
Current assets	\$ 100,758,886	\$ 100,932,850	\$ 96,977,339	\$ (1,586,511)	\$ (1,566,278)	\$ (1,465,656)	\$ 99,172,375	\$ 99,366,572	\$ 95,511,683
Capital assets	314,278,768	309,223,863	298,557,017	1,472,178	1,502,122	1,477,013	315,750,946	310,725,985	300,034,030
Total Assets	415,037,654	410,156,713	395,534,356	(114,333)	(64,156)	11,357	414,923,321	410,092,557	395,545,713
Current liabilities	\$ 13,552,314	\$ 16,029,145	\$ 11,408,819	\$ 5,887	\$ 3,762	\$ 5,386	\$ 13,558,201	\$ 16,032,907	\$ 11,414,205
Long-term liabilities outstanding	22,258,200	23,094,105	23,845,155	-	-	-	22,258,200	23,094,105	23,845,155
Total Liabilities	35,810,514	39,123,250	35,253,974	5,887	3,762	5,386	35,816,401	39,127,012	35,259,360
Net Assets:									
Invested in capital, net of related debt	\$ 291,926,279	\$ 284,145,506	\$ 272,812,541	\$ 1,472,178	\$ 1,502,122	\$ 1,477,013	\$ 293,398,457	\$ 285,647,628	\$ 274,289,554
Restricted	62,607,924	56,953,066	59,207,574	-	-	-	62,607,924	56,953,066	59,207,574
Unrestricted	24,692,937	29,934,891	28,260,267	(1,592,398)	(1,570,040)	(1,471,042)	23,100,539	28,364,851	26,789,225
Total Net Assets	\$ 379,227,140	\$ 371,033,463	\$ 360,280,382	\$ (120,220)	\$ (67,918)	\$ 5,971	\$ 379,106,920	\$ 370,965,545	\$ 360,286,353

The City's net assets as of June 30, 2012, were comprised of the following:

- Again this year, the largest portion of total assets consists of capital assets (for example, land, buildings and infrastructure), totaling \$315.8 million or 76.1% of total net assets.
- Cash and investments comprised \$72.1 million in the city treasury and \$2.5 million of restricted cash held with fiscal agents. Substantially all of these amounts were held in relatively short-term investments in governmental securities, as detailed in Note 3 of the financial statements. To meet current needs, the significant cash and investment reserves provide ongoing operating resources.
- Receivables, totaling \$19.6 million, consist of accounts receivable, notes receivable and monies due from other governments. These are detailed in Note 4 of the financial statements.
- Net assets invested in capital, net of related debt (\$293.4 million) represents the City's investment in infrastructure and other capital assets, net of the debt issued to construct or acquire those assets.
- Restricted net assets, totaling \$62.6 million, represent resources that are subject to restrictions on how they may be used, such as to construct specified capital projects, debt service or for other community projects.
- Unrestricted net assets that can be used to meet the government's ongoing obligations to citizens and creditors increased to \$24.7 million.

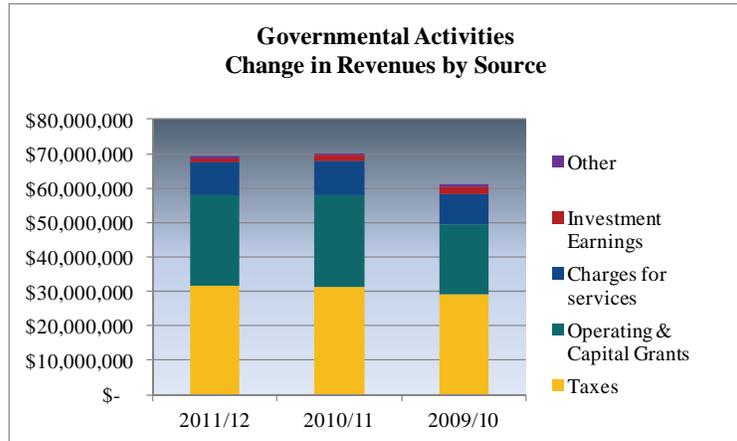
The following is a condensed Statement of Activities and Changes in Net Assets for the fiscal years ending June 30, 2012, 2011 and 2010:

	Changes in Net Assets								
	Governmental Activities			Business-Type Activities			Total		
	2011/12	2010/11	2009/10	2011/12	2010/11	2009/10	2011/12	2010/11	2009/10
Revenues:									
Program Revenues									
Charges for services	\$ 9,548,242	\$ 9,853,667	\$ 9,168,604	\$ 11,400	\$ 6,850	\$ 8,000	\$ 9,559,642	\$ 9,860,517	\$ 9,176,604
Operating grants & contributions	8,924,056	5,543,162	8,816,551	-	-	-	8,924,056	5,543,162	8,816,551
Capital grants & contributions	17,600,808	21,104,022	11,145,048	-	-	-	17,600,808	21,104,022	11,145,048
General Revenues:									
Taxes	31,532,319	31,399,334	29,321,329	-	-	-	31,532,319	31,399,334	29,321,329
Investment Earnings	1,122,769	1,789,392	1,958,977	107	180	147	1,122,876	1,789,572	1,959,124
Extraordinary Item (Note 15A)	265,589	-	-	-	-	-	265,589	-	-
Other	227,747	254,170	828,474	-	-	-	227,747	254,170	828,474
Total Revenues	69,221,530	69,943,747	61,238,983	11,507	7,030	8,147	69,233,037	69,950,777	61,247,130
Expenses:									
General Government	26,389,142	31,391,098	23,975,190	-	-	-	26,389,142	31,391,098	23,975,190
Community Development	7,627,192	5,948,790	6,139,788	-	-	-	7,627,192	5,948,790	6,139,788
Public Safety	15,878,548	15,310,983	15,288,923	-	-	-	15,878,548	15,310,983	15,288,923
Public Works	9,911,194	4,955,151	5,781,813	-	-	-	9,911,194	4,955,151	5,781,813
Interest and fiscal charges	1,221,777	1,584,644	1,384,583	-	-	-	1,221,777	1,584,644	1,384,583
Cemetery	-	-	-	63,809	80,919	89,905	63,809	80,919	89,905
Total Expenses	61,027,853	59,190,666	52,570,297	63,809	80,919	89,905	61,091,662	59,271,585	52,660,202
Change in Net Assets	8,193,677	10,753,081	8,668,686	(52,302)	(73,889)	(81,758)	8,141,375	10,679,192	8,586,928
Net Assets -- Beginning of Year	371,033,463	360,280,382	351,611,696	(67,918)	5,971	87,729	370,965,545	360,286,353	351,699,425
Net Assets -- End of Year	\$ 379,227,140	\$ 371,033,463	\$ 360,280,382	\$ (120,220)	\$ (67,918)	\$ 5,971	\$ 379,106,920	\$ 370,965,545	\$ 360,286,353

REVENUE HIGHLIGHTS

The Chart below shows total revenues received from the Governmental Activities, as shown in the condensed Statement of Activities and Changes in Net Assets, by revenue source. Capital and Operating Grants have been combined to show total grant activity.

This year, City revenues were relatively stable, with just a slight decrease from the prior year. Total revenues decreased by \$711,000 which is about 1% less than the prior year. With the exception of tax revenue, all revenue sources declined slightly from the prior year.



Tax revenues, our largest revenue category, were up due to increased sales tax revenues. Sales tax revenues

were up by \$187,000 from last year and up by \$2.5 million from two years ago. Property taxes continued to decrease as the County continued roll backs in the assessed valuation of real property. Property taxes decreased by \$929,910 as compared to last year and decreased by \$2.96 million compared to two years ago. Overall, the city has started to see increases in the tax revenues as the economy recovers from the recent recession. Property Tax revenues appear to be approaching, or are at, the bottom. Market conditions suggest that we may begin to see stabilization in fiscal year 2013/2014 with increases in assessed valuation beginning in the 2014/15 fiscal year.

The City continues to be very aggressive in its pursuit of grant revenues. Together capital and operating grants represent 38% of the City’s total revenues. Impact Fees, paid by developers are included in total grant revenue on the Statement of Activities. Capital grants provide the majority of the funding for our infrastructure projects. For example, in this year, grants continued to provide the majority of funding for the second phase of the Folsom Boulevard road enhancement project, as well as various other street rehabilitation projects and the construction of the Crossings @ New Rancho affordable housing complex.

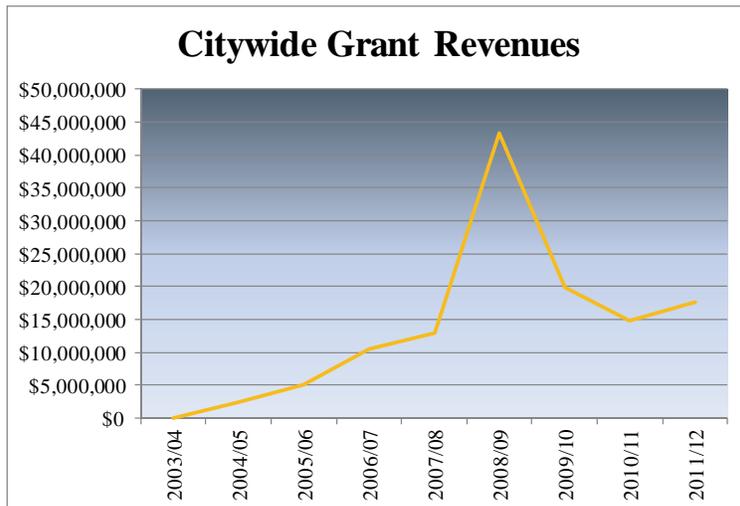
The City received and spent various operating grants during the 2011/12 fiscal year. The U.S. Department of Housing and Urban Development (HUD) provided a grant, which we passed through to the Cordova Parks and Recreation, to construct a community building at White Rock Park. The Police Department received a grant from the California Emergency Management Agency for Gang Reduction, Intervention and Prevention Program in order to conduct extra patrols and work with our Police Activities League to provide various programs for children in the community. The Police Department continues to have multiple Office of Traffic Safety (OTS) grants for various programs, such as the Selective Traffic Enforcement and Multilingual Child Passenger Safety Program and the DUI Enforcement and Awareness Program. Another grant was received

from the United States Environmental Protection Agency to conduct a community wide assessment of potential Brownsfield sites contaminated with petroleum and hazardous substances, along with public outreach and community involvement/public participation processes. The city also continued to receive grant funds from the State of California, Department of Conservation, to provide funds for beverage container recycling opportunities at multifamily complexes with the City.

Other grant funds the City continues to receive are the Community Development Block Grant (CDBG), the State’s Citizens Option for Public Safety Program Funds (COPS) and Used Oil Block Grants. The CDBG program provides communities with resources for community development needs. Some of the programs under the CDBG program are a Seniors Nutrition Program, Cordova Activities for Kids, Domestic Violence Counseling, and Emergency Housing Repair Loans. The COPS grant provides start up monies for new programs relating to traffic safety and for new police equipment such as mobile cameras, electronic speed signs, replacement helmets, PDA’s for traffic and parking enforcement and crime prevention events and educational supplies. The COPS grant also provided funds for the installation of camera systems on to the police motorcycles. The Used Oil Block grants are to provide funds for outreach programs and the collection of used oil within the City.

The majority of grant revenues received by the City are from reimbursement type grants where costs are incurred up front and then reimbursed from the grantor, usually on a quarterly basis. Grant revenue is recorded when the expenditure is incurred, not when the grant is awarded, or the funds received.

As illustrated in the graph to the right, the City’s grant revenues have increased each year, with a high spike in the 2008/09 fiscal year. During the 2008/09 fiscal year, developers dedicated infrastructure to the City, causing a large spike in these revenues.



Grant revenues are not indicative of the amount of grants awarded. Many of the City’s grants are multi-year grants that total thousands, even millions of dollars. In fiscal year 2011/12, the City was awarded grants totaling \$24.9 million. Last year grants awarded totaled \$18.9 million and in fiscal year 2009/10 it was \$22.3 million.

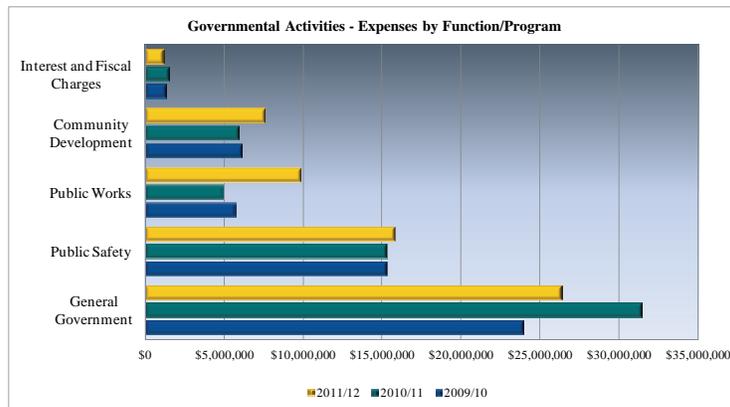
The City’s investment policy places the highest priority on asset safety. This means that the majority of our cash is invested in very secure treasuries and other like instruments. These investments are experiencing record low yields. While the City’s portfolio still contains some long-term investments yielding relatively high interest, as they mature, or are called, they are being replaced with investments offering lower yields due to current depressed interest rates. We do not expect this to change in the short term. As such, we have extended the term of a portion of our investment portfolio in an attempt to garner higher yields. We carefully structure the mix of long and short term investment to maximize our return without hindering our ability to capture investments with higher rates as the market recovers.

The Kilgore Cemetery (the City’s lone business-type activity) remains in its infancy. The City has continued its partnership with the Fair Oaks Cemetery District, established in 2007/08, for cemetery sales and recordkeeping services. In fiscal year 2011/12, the City sold burial rights totaling \$11,400. Total expenses exceeded total revenues and will continue to do so until phase 2 of the cemetery expansion is completed. Phase 2 of the expansion will create additional burial plots and associated endowment revenues, which will provide ongoing interest income necessary to provide for the maintenance of the facility. Construction of phase 2 is on hold pending available funding.

EXPENSE HIGHLIGHTS

As previously mentioned in the revenue discussion, the Kilgore Cemetery continued to have minimal activity this year. The total expenses of approximately \$63,800 were primarily on-going maintenance and utility costs.

A comparison of Governmental Expenditures, by functional program is shown below.



General Government expenses of \$26.4 million comprised 43% of total expenses, and decreased by \$5 million from the prior year, primarily due to an increase in depreciation expense. Public Works costs have increased by \$5 million, and were 16.2% of total expenses. During fiscal year 2011/12, there was an increase in Measure A funds available for construction projects. As a result, expenses were up relating to these projects. Also, there was increased grant funds available which in turn increased expenses as projects commenced. Public Safety costs increased by \$568,000, or 0.001%, primarily due to increases in salaries and benefits; however, the total expenditures did come in under budget for the year. Community Development expenses increased by 2.75% from the prior year, in response to the increase in the processing of permits for development projects.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

GOVERNMENTAL FUNDS - The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the City's financing requirements. Fund accounting utilizes the modified accrual method of accounting which expenses the purchase of capital assets and current-year debt payments. Revenues earned during the year are only recognized if received within a short time frame of year end. This is the basis of accounting used for the quarterly financial reporting to the City Council.

The six major funds that make up the City's total Governmental Funds are the General Fund, the Sunrise Douglas Special Revenue fund, the Traffic Mitigation Special Revenue fund, General Plan Special Revenue fund, Grants Special Revenue fund and the Capital Improvement Projects fund. All of these funds are included in the City's governmental funds financial statements for fiscal year 2011/12.

An analysis of the significant balances and transactions in these funds is shown below.

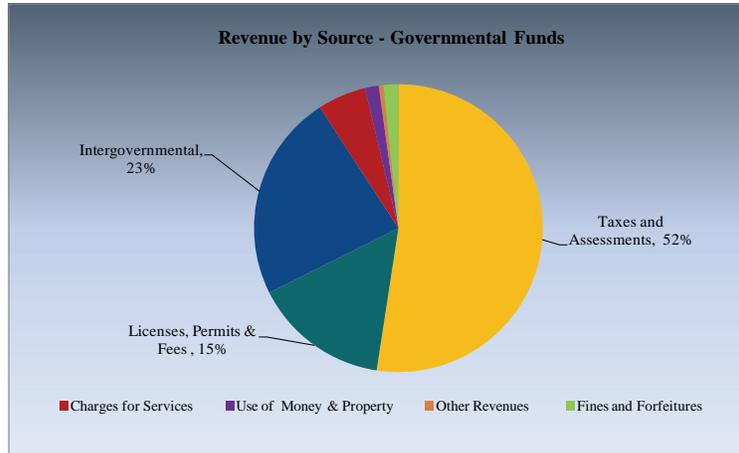
**Revenues, Expenditures and Changes in Fund Balances
Governmental Funds**

	<u>2011/12</u>	<u>2010/11</u>	<u>2009/10</u>
Revenues:			
Taxes and Assessments	\$ 34,165,037	\$ 31,763,342	\$ 30,133,667
Licenses, Permits & Fees	9,894,338	8,392,039	9,719,697
Fines and Forfeitures	1,083,794	1,236,844	1,135,908
Use of Money & Property	1,015,217	1,750,334	1,927,424
Intergovernmental Revenues	15,148,811	14,169,350	14,183,280
Charges for Services	3,533,612	3,918,943	3,078,720
Other Revenues	338,618	477,040	575,108
Total Revenues	<u>65,179,427</u>	<u>61,707,892</u>	<u>60,753,804</u>
Expenditures:			
General Government	14,855,261	14,868,621	13,780,896
Community Development	6,469,795	5,948,790	6,135,973
Public Safety	15,795,913	15,310,983	15,288,923
Public Works	6,466,683	4,938,302	3,970,479
Debt Service	2,008,750	2,320,863	2,079,950
Est reduction in fair value of land held for resale	1,157,397	-	-
Capital Outlay	18,901,174	20,406,701	17,962,305
Total Expenditures	<u>65,654,973</u>	<u>63,794,260</u>	<u>59,218,526</u>
Excess (Deficiency) of Revenues over Expenditures	(475,546)	(2,086,368)	1,535,278
Other Financing Sources (Uses):			
Issuance of capital lease	-	55,365	-
Transfers In	17,732,940	26,720,749	24,838,370
Transfers Out	(19,215,839)	(26,198,217)	(25,066,927)
Total Other Financing Sources (Uses)	<u>(1,482,899)</u>	<u>577,897</u>	<u>(228,557)</u>
Net Change in Fund Balances before Extraordinary Item	(1,958,445)	(1,508,471)	1,306,721
Extraordinary Item (Note 15A):			
Assets transferred to/liabilities assumed by the Successor Agency	<u>265,589</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,692,856)	(1,508,471)	1,306,721
Fund Balances, beginning of year, as restated (Note 9E)	<u>84,315,203</u>	<u>85,823,674</u>	<u>84,516,953</u>
Fund Balances, end of year	<u>\$ 82,622,347</u>	<u>\$ 84,315,203</u>	<u>\$ 85,823,674</u>

At the end of fiscal year 2011/12, the City’s governmental funds reported a total combined ending fund balance of \$82.6 million, a net decrease of \$1.7 million from the prior year. Of the fund balance, \$12.2 million was non-spendable, and \$61.9 million was restricted.

As shown in the table on page 14, Governmental Revenues increased by \$3.4 million, or 5.6% from the prior year, primarily due to increases in tax revenues.

Taxes and assessments remain the largest revenue source at 52.4% of total revenue. The overall increase in tax revenue of \$2.4 million was due to the receipt of Storm Water Utility Tax revenues from the County. The City is assuming storm drain maintenance responsibilities. We therefore negotiated to receive the collected but unspent maintenance funds from the County. The total amount received was \$2.3 million.



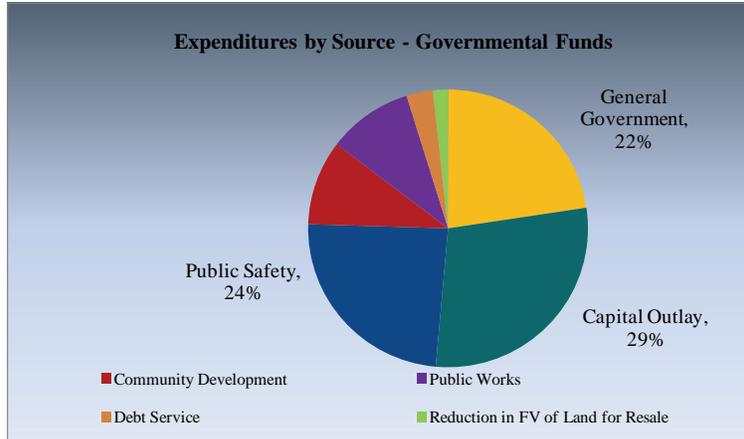
Increases in Utility Users Tax revenue offset decreases in Property Tax Revenues. Sales Tax revenues were stable, with a slight increase of \$187,000.

License, Permit and Fee revenues increased by \$1.5 million from fiscal year 2010/11, due to an increase in construction activity, specifically new commercial construction. The increased commercial activity resulted in an increase in special revenue impact fees, specifically the Traffic Mitigation Fee, which is applied at a higher rate for commercial than residential activity.

Intergovernmental revenues increase by \$980,000. This increase is primarily due to the receipt of Measure A funds to support the Folsom Blvd. streetscape enhancement project.

The City continues to manage its operating expenditures to ensure they do not exceed annual operating revenues. The total cost of all programs and services was \$65.7 million which is an increase of \$1.9 million over the prior year. Expenditures increased primarily due to a reduction in the fair value of land held for resale. Governmental Accounting rules require that land held for resale be recorded at the lower of fair market value or estimated realizable value. Since the City now intends to donate the land for the construction of a community college campus, the estimated realizable value is zero and an adjustment was required.

General Government expenditures of \$14.8 million include the fiscal year 2011/12 annual property tax obligation due to the County under the Revenue Neutrality Agreement (\$6.9 million this year). Total General Government expenditures were relatively unchanged from the prior year.



Public Safety costs of \$15.8 million, or 24% of total expenditures, increased 3% over the prior year due to an increase in salaries benefits as required by the employment contracts negotiated and managed by the County of Sacramento.

GENERAL FUND FINANCIAL INFORMATION

GENERAL FUND BALANCE SHEET

	Balance Sheet General Fund		
	2011/12	2010/11	2009/10
Assets			
Cash and Investments	\$ 12,185,101	\$ 13,537,459	\$ 18,190,763
Receivables	12,357,681	5,127,625	2,981,956
Due from Other Funds	3,995,369	5,779,282	5,923,971
Advances to Other Funds	3,127,643	7,011,136	4,170,924
Prepays	47,932	29,769	50,226
Total Assets	31,713,726	31,485,271	31,317,840
Liabilities			
Accounts Payable	\$ 4,650,771	\$ 4,962,231	\$ 3,466,680
Accrued Liabilities	75,660	65,068	217,678
Refundable Deposits	638,698	656,652	971,357
Deferred Revenue	99,213	26,241	24,530
Total Liabilities	5,464,342	5,710,192	4,680,245
Fund Balances			
Nonspendable	12,178,697	8,811,161	4,480,074
Unassigned	14,070,687	16,963,918	22,157,521
Total Fund Balances	26,249,384	25,775,079	26,637,595
Total Liabilities and Fund Balances	\$ 31,713,726	\$ 31,485,271	\$ 31,317,840

The General Fund is the chief operating fund of the City. The total fund balance has increased to \$26.2 million, of which \$12.2 million is non-spendable and \$14.1 million is unassigned. While technically considered “unassigned,” included in the unassigned fund balance is the City’s Economic Uncertainty Reserve of \$9.4 million which represents

23.4% of next year's General Fund expenditures. While the reserve policy only requires a reservation of 20% of the next year's expenditures, management has declined to reduce the reservation in order to provide an additional cushion.

For the fiscal year ended June 30, 2012, cash and investments were \$12.2 million; other assets were \$19.5 million while overall assets were \$31.7 million. Liabilities included accounts payable of \$4.7 million due mainly to contract service companies. Other liabilities include refundable deposits of \$639,000 which consists of deposits by developers to cover the cost of processing their development plans.

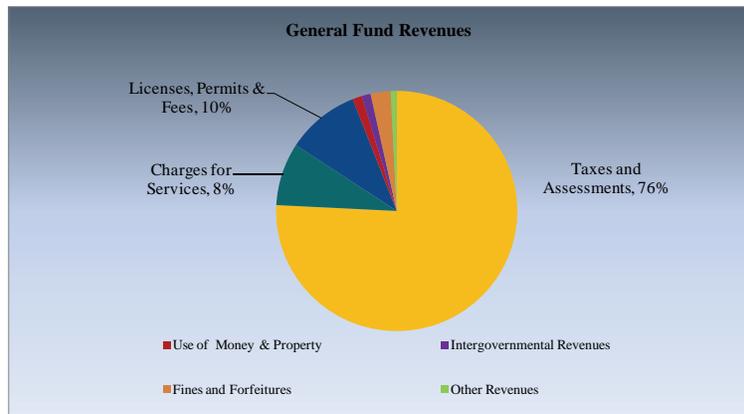
GENERAL FUND REVENUE AND EXPENDITURES

Revenues, Expenditures and Changes in Fund Balances General Fund

	<u>2011/12</u>	<u>2010/11</u>	<u>2009/10</u>
Revenues:			
Taxes and Assessments	\$ 30,766,679	\$ 29,919,564	\$ 26,982,131
Licenses, Permits & Fees	3,975,946	3,791,921	3,519,432
Fines and Forfeitures	1,082,819	1,235,160	1,063,016
Use of Money & Property	516,810	734,300	1,068,991
Intergovernmental Revenues	482,075	374,365	911,307
Charges for Services	3,437,101	3,331,235	2,908,646
Other Revenues	338,618	365,174	291,588
Total Revenues	<u>40,600,048</u>	<u>39,751,719</u>	<u>36,745,111</u>
Expenditures:			
General Government	13,532,570	13,355,802	12,851,281
Community Development	5,030,178	5,160,504	4,916,712
Public Safety	15,514,247	15,184,268	15,108,811
Public Works	3,172,366	2,237,833	2,347,855
Debt Service	12,671	-	-
Capital Outlay	159,857	378,897	529,681
Total Expenditures	<u>37,421,889</u>	<u>36,317,304</u>	<u>35,754,340</u>
Excess (Deficiency) of Revenues over Expenditures	3,178,159	3,434,415	990,771
Other Financing Sources (Uses):			
Issuance of capital lease	-	55,365	-
Transfers In	175,528	173,987	746,412
Transfers Out	<u>(2,497,892)</u>	<u>(3,034,999)</u>	<u>(1,500,701)</u>
Total Other Financing Sources (Uses)	<u>(2,322,364)</u>	<u>(2,805,647)</u>	<u>(754,289)</u>
Net Change in Fund Balances before Extraordinary Item	855,795	628,768	236,482
Extraordinary Item (Note 15A):			
Assets transferred to/liabilities assumed by the Successor Agency	<u>(381,490)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	474,305	628,768	236,482
Fund Balances, beginning of year	<u>25,775,079</u>	<u>25,146,311</u>	<u>26,401,113</u>
Fund Balances, end of year	<u>\$ 26,249,384</u>	<u>\$ 25,775,079</u>	<u>\$ 26,637,595</u>

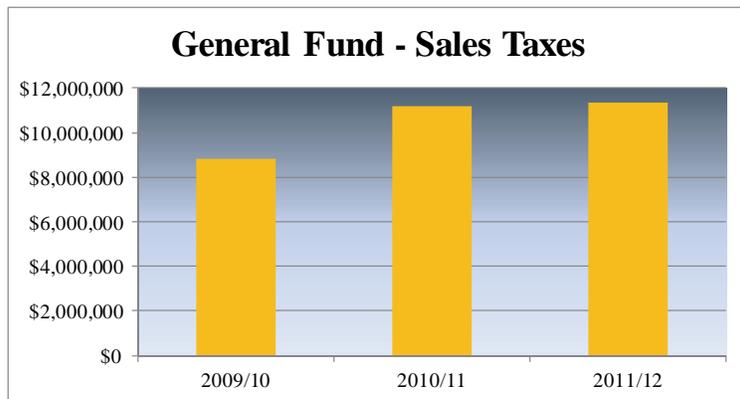
Total General Fund revenues increased over the prior year by \$848,000, primarily due to an increase in Tax and Assessment revenue.

The majority (75.8%) of General Fund Revenues comes from Taxes and Assessments. These revenues increased by \$847,000 over the prior year. This revenue category includes Property Tax, Sales Tax, Transient Occupancy Tax (TOT), Utility Users Tax (UUT), Property Transfer Tax and the Police Tax.



While the tax revenue category increased over the prior year, Property Tax revenues, the largest revenue source for the General Fund, experienced a decline 1.8% from the prior year, due to a still depressed housing market. This is however a marked improvement over the prior year decline of 5.6%. Current market conditions suggest that property tax revenue may begin to stabilize in fiscal year 2013/14 and may begin to slowly increase in fiscal year 2014/15.

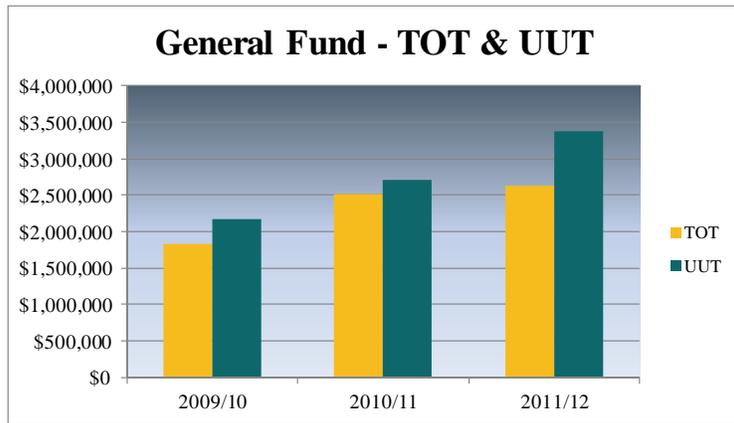
Sales tax revenues were relatively stable, up this year by just \$187,000 as compared to the 2010/11 fiscal year but are up by \$2.5 million as compared to 2009/10 fiscal year (due primarily to the revenue sharing agreement from the annexation of a mostly commercial area). This increase is indicative of an improvement in the local economy.



TOT increased by \$111,000 and UUT increased by \$668,000, for a combined increase of almost \$779,000 from the prior year. The increase in TOT is attributable to the beginnings of an economic recovery with more activity in the local hotels. The increase in UUT is largely due to the passage of Measure E in the November 2010 election. Fiscal year 2011/12 is the first full year of revenues collected under the expanded, voter approved, Utility Users Tax ordinance.

Licenses, Permits and Fees increased by 5% compared to last year, with the largest share coming from and increase in business license revenue from increased enforcement. Charges for Services consist primarily of cost recovery revenue for City provided services and increased by 3% from the prior year, due to a slight increase in development activity.

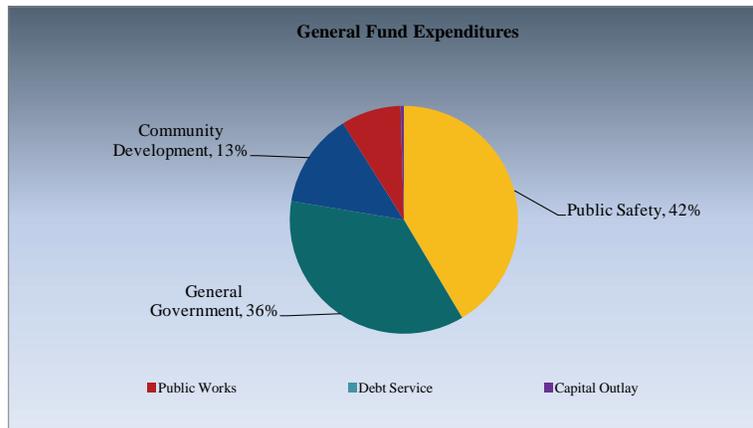
General Fund expenditures increased from the prior year by \$1.1 million, primarily in response to the increase in revenues. The relationship of revenue to expenditures has produced our ninth consecutive surplus in the General Fund, a high priority for the council and the community



As indicated in the chart to the right, the largest expenditure in the General Fund is Public Safety at \$15.5 million or 42% of total expenditures. The City contracts with the Sacramento County Sheriff's Department for law enforcement. Public Safety expenditures this year increased from last year by \$330,000.

General Government expenditures, the second largest expenditure, were \$13.5 million (36.2%), and included the following departments: City Council, Advisory Boards, City Attorney, City Manager, City Clerk, Public Information Office (PIO), Human Resources, Administrative Support, Finance, and Information Technology. General Government expenditures were relatively stable from the prior year.

Community Development, consisting of Economic Development, Facilities Management, Planning, Building & Safety and Neighborhood Services expended \$5.0 million, relatively constant with the prior year.



Public Works General Fund expenditures were \$3.2 million, an increase of approximately \$1 million from the prior year. The increase in revenues over the prior year afforded the Public Works department the opportunity to perform additional road maintenance activities within the General fund.

The dissolution of the Redevelopment Agency, in accordance with the provisions of ABx1 26 and AB 1484 caused an extraordinary gain in the General Fund which is described in more detail in note 15A to the Financial Statements.

Management continues to proactively manage our activities and our expenses to match our available revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City had one amendment to its budget during the year to adjust for significant variances in expenditures not originally anticipated in the budget. This amendment affected the budgets various Special Revenue Funds, Internal Service Funds, the Successor Agency to the Community Redevelopment Agency Funds and certain Agency Funds. City Council policy allows for an automatic budget adjustment in the General Fund to transfer a set portion of the General Fund surplus, if any, to the Capital and Infrastructure Internal Service Funds, this automatic adjustment is in addition to the one described above.

General Fund Budgetary Highlights					
	Original Budget	Final Budget	Actual	Variance	Percent Variance with Final Budget
Revenues:					
Taxes and Assessments	\$ 29,537,000	\$ 30,905,000	\$ 30,766,679	\$ (138,321)	-0.4%
Licenses, Permits & Fees	3,390,200	3,390,200	3,975,946	\$ 585,746	17.3%
Fines and Forfeitures	1,395,000	1,395,000	1,082,819	\$ (312,181)	-22.4%
Use of Money & Property	615,700	615,700	516,810	\$ (98,890)	-16.1%
Intergovernmental Revenues	338,000	338,000	482,075	\$ 144,075	42.6%
Charges for Services	3,470,800	3,470,800	3,437,101	\$ (33,699)	-1.0%
Other Revenues and Transfers In	881,800	926,300	514,146	\$ (412,154)	-44.5%
Total Revenues and Transfers	<u>39,628,500</u>	<u>41,041,000</u>	<u>40,775,576</u>	<u>(265,424)</u>	-0.6%
Expenditures					
General Government	13,841,900	13,841,900	13,532,570	(309,330)	-2.2%
Community Development	5,485,600	5,485,600	5,030,178	(455,422)	-8.3%
Public Safety	15,896,800	15,896,800	15,514,247	(382,553)	-2.4%
Public Works	3,175,900	3,175,900	3,172,366	(3,534)	-0.1%
Capital Outlay	384,100	384,100	159,857	(224,243)	-58.4%
Debt Service	13,700	13,700	12,671	(1,029)	-7.5%
Transfers Out	820,200	2,242,300	2,497,892	255,592	11.4%
Total Expenditures and Transfers	<u>39,618,200</u>	<u>41,040,300</u>	<u>39,919,781</u>	<u>(1,120,519)</u>	-2.7%
Excess/(Deficiency) of					
Revenues over Expenditures	<u>\$ 10,300</u>	<u>\$ 700</u>	<u>\$ 855,795</u>		

Total Revenues were within 3% of the original budget and .6% of the final budget. The largest variances from the original budget were seen in Tax Revenues, Licenses, Permits and Fees, Fines and Forfeitures and Other Revenues and Transfers. Budget amendments were processed for Taxes and for Other Revenues and Transfers.

Tax revenues outperformed the original budget by \$1.2 million, a 4% positive variance from the original budget. Sales tax revenue, as compared to the original budget, was \$811,000 over the budgeted amount. The actual revenue for TOT and UUT also outperformed the budgeted amount by \$176,000 and \$261,000, respectively. Property tax revenues underperformed from the original budget.

Licenses, Permits and Fees were higher than expected. A significant outreach to bring unlicensed businesses into compliance resulted in additional Business License revenues that weren't anticipated in the original budget. This effort continues in fiscal year 2012/13.

Fine revenues were lower than expected. About a third of the decrease was due to activities in the Code Enforcement division. Because the collection of Code Enforcement fines is highly uncertain, the City only recognizes this revenue when received, not when assessed. The other two-thirds of the decrease were due to lower than anticipated revenues from the court system, i.e. ticketing revenue. We suspect ticket revenues to be down due to a combination of people not paying their tickets and the court system not having enough resources to take action on past due tickets.

Other Revenues and Transfers varied significantly from the original and final budget due to a change in the way we recorded reimbursements to the General Fund from Special Revenue funds. Historically when salaries and benefits were being repaid to the General Fund from grant funds, or other special revenues, the time was tracked and a transfer was done to reimbursement General Fund. We are now direct coding our time to the special revenue funds so a transfer is no longer necessary.

The City was able to manage its General Fund expenditure activity to produce actual expenditures that were 2.7% less than the final budget and just .76% above the original budget. While the original budget had anticipated a surplus of \$10,300 we are pleased that improvements in revenues, and continued management of expenditures led to an actual increase in net fund balance of \$474,305.

FINANCIAL ANALYSIS OF MAJOR GOVERNMENTAL FUNDS

Five major funds, in addition to the General Fund, were included in the City's governmental fund statements for fiscal year 2011/12. An analysis of significant balances and transactions are as follows:

Sunrise Douglas Special Revenue Fund – These specific plan development impact fees are imposed on development in the Sunridge Specific Plan, which is part of the Sunrise Douglas Community Plan development area. It includes additional fees for roadway improvements, transit shuttles, supplemental offsite water facilities, interim sewer facilities, park development improvements, library facilities and fee program updates. The revenues consist of impact fees of \$2.5 million and interest earnings of \$116,815. Expenditures this year included developer fee credits of \$1.0 million. The City's capital improvement projects, recorded in the Capital Improvements Project Fund, were funded by transfers out of \$799,307.

Traffic Mitigation Special Revenue Fund – This development impact fee is a citywide fee imposed on new development in the City to cover the fair share cost of traffic impacts resulting from new development. The funds collected are used for the construction of transportation improvements listed in the Transportation CIP Development Impact Fee Program. The revenues consist of impact fees totaling \$2.1 million and interest earnings of \$164,687. Expenditures this year included a \$1.8 million transfer to the Capital Improvements Project Fund for various projects, including the International Drive Extension project, Kiefer Blvd Improvements and the White Rock Road Improvements.

General Plan Fund – The General Plan impact fee is imposed on all new development to defray the costs of completing the City’s General Plan and pay for the maintenance of that plan over the next ten years. Revenues this year totaled \$60,267 with expenditures of \$27,128.

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

Capital Improvements Projects Fund – This fund is used to account for expenditures relating to capital improvements projects. Funding for these projects is transferred into this fund from other City funds. In fiscal year 2011/12, most of the projects tracked in this fund are Public Works infrastructure projects, with the exception of one project for Housing.

FINANCIAL ANALYSIS OF NON-MAJOR GOVERNMENTAL FUNDS

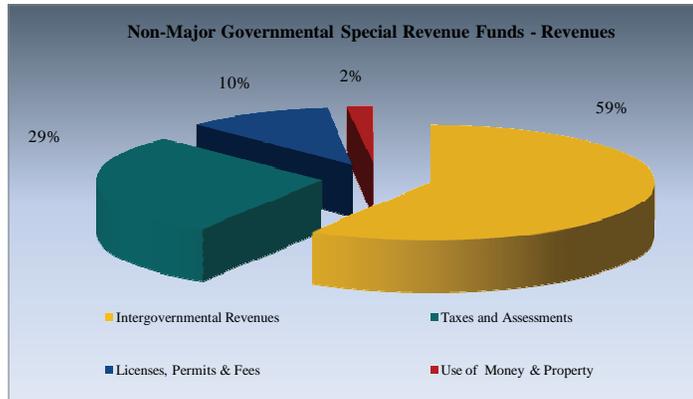
These funds, consisting mostly of Special Revenue Funds, were not of sufficient volume to warrant a “major-fund” designation. Some of these funds are as follows:

Gas Tax Fund – The Gas Tax revenue is generated from the per gallon state tax on fuel used in a motor vehicle or aircraft. These funds can be used for construction, improvements, studies and/or maintenance of public streets. The funds received in fiscal year 2011/12 were \$1.9 million. Public Works capital improvement projects funded by the Gas Tax Fund expended \$1.1 million of the total Gas Tax monies available, resulting in a remaining fund balance of \$3.5 million.

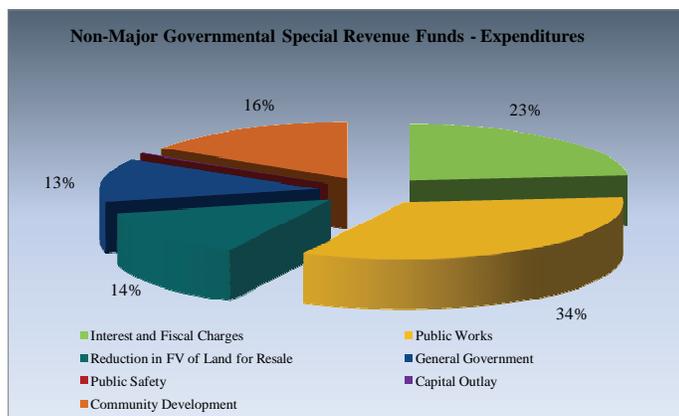
Community Facilities Fees Fund – There are several development impact fees that are collected by the City to cover the costs of municipal facilities required to serve an increased population as a result of new development. These facilities primarily include city hall, police station, community center, corporation yard, library, city museum, and a parking structure. During fiscal year 2011/12, \$677,034 was collected in impact fees. Transfers out of \$1.2 million were made to support debt service payments on City Hall and the Kilgore Police Station.

Measure A Special Revenue Fund – Measure A is a voter approved one-half percent sales tax in Sacramento County to be levied over a 20-year period (1989-2009). The proceeds of the tax are used to fund a comprehensive program of roadway and transit improvements. In 2004, voters approved a 30-year extension of this program that went into effect in April 2009. Once approved, bonds were sold to provide funding for capital projects in addition to the monies available from the first measure for maintenance and capital projects. This year the City received \$4.3 million in Measure A revenues. The City expended \$1.1 million on maintenance and \$2.7 in capital improvement projects such as the Folsom Boulevard Enhancement project.

The graph to the right provides the makeup of the *revenues* associated with all Non-Major Governmental Special Revenue Funds.



The graph to the right provides the makeup of the *expenditures* associated with all Non-Major Governmental Special Revenue Funds.



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following schedule shows the changes in the capital assets for the year.

Capital Assets
For the fiscal years ending June 30, 2012, 2011, 2010

	Governmental Activities			Business Activities			Total		
	2011/12	2010/11	2009/10	2011/12	2010/11	2009/10	2011/12	2010/11	2009/10
Land	\$ 6,925,393	\$ 6,925,393	\$ 8,536,325	\$ 225,000	\$ 225,000	\$ 225,000	\$ 7,150,393	\$ 7,150,393	\$ 8,761,325
Construction in progress	49,313,115	49,141,258	44,810,296	199,800	199,650	142,600	49,512,915	49,340,908	44,952,896
Infrastructure	322,192,925	306,767,263	290,018,956	-	-	-	322,192,925	306,767,263	290,018,956
Building & Improvements	27,349,734	26,862,493	21,933,057	1,197,003	1,197,003	1,197,003	28,546,737	28,059,496	23,130,060
Equipment	4,135,129	3,894,292	3,314,107	6,049	6,049	6,049	4,141,178	3,900,341	3,320,156
Accumulated Depreciation	(95,637,528)	(84,366,836)	(70,055,724)	(155,674)	(125,580)	(93,639)	(95,793,202)	(84,492,416)	(70,149,363)
Total	\$ 314,278,768	\$ 309,223,863	\$ 298,557,017	\$ 1,472,178	\$ 1,502,122	\$ 1,477,013	\$ 315,750,946	\$ 310,725,985	\$ 300,034,030

The City's investment in capital assets includes land, infrastructure, building and improvements, equipment and construction in progress. The City completed 14 capital improvement projects this year, contributing to the increase in depreciable assets of \$16.2 million, and removing \$15.6 million from construction in progress. Activities from new and ongoing projects resulted in the addition of \$12.5 million to construction in progress this year. Additional information on our capital assets and depreciation can be found in Note 6 of the financial statements.

Debt

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

Long-Term Debt
For the fiscal years ending June 30, 2012, 2011, 2010

	Governmental Activities			Business Activities			Total		
	2011/12	2010/11	2009/10	2011/12	2010/11	2009/10	2011/12	2010/11	2009/10
Compensated Absences	\$ 663,727	\$ 675,874	\$ 626,745	\$ -	\$ -	\$ -	\$ 663,727	\$ 675,874	\$ 626,745
Certificates of Participation	23,295,000	24,100,000	24,865,000	-	-	-	23,295,000	24,100,000	24,865,000
Less deferred amount on refunding	(93,910)	(98,069)	(102,228)	-	-	-	(93,910)	(98,069)	(102,228)
Issuance discounts	(274,185)	(286,273)	(298,361)	-	-	-	(274,185)	(286,273)	(298,361)
Capital Lease Obligations	45,340	55,365	-	-	-	-	45,340	55,365	-
Total	\$23,635,972	\$24,446,897	\$25,091,156	\$ -	\$ -	\$ -	\$23,635,972	\$24,446,897	\$25,091,156

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's primary revenue sources are affected by the economy and by 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.

Although the Great Recession technically ended in June 2009, the recovery has been excruciatingly slow. The California economy is recovering slower than the rest of the nation. The national unemployment rate was 8.22% in June 2012, California's was 10.7%. California's unemployment rate fell to 10.1% by October 2012 and the national unemployment rate was down to 7.9% in November 2012.

As with all local governments, we are heavily affected and have deep concern with the continued California state budget crisis. The passage of Proposition 22 in the November 2010 election prohibits the state, even during a period of severe financial hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services.

In spite of Proposition 22, in an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, which suspended new redevelopment activities and dissolved redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allowed redevelopment agencies to avoid dissolution by the City opting into an “alternative voluntary redevelopment program” requiring specified substantial annual contributions to local schools and special districts. On July 18, 2011, the California Redevelopment Association, the League of California Cities and others challenged the validity and constitutionality of ABx1 26 and 27 to the California Supreme Court on numerous grounds, including that the acts violate certain provisions of the California Constitution.

The California Supreme Court decided that ABx1 27 was unconstitutional but upheld the provisions of ABx1 26. As such, Rancho Cordova’s Redevelopment Agency was dissolved as of January 31, 2012. Future property tax revenues from the former Redevelopment Agency are to be used, along with the proceeds of the sale of Agency assets, to satisfy the enforceable obligations of the former agency.

The crash in the housing market has severely impacted the revenues generated by the Redevelopment Agency. In fact, the 2011/12 assessed valuation in the Redevelopment Agency fell below its base year assessed valuation, and assessed valuation remains below the base to this day. This means that there are no property tax revenues available to meet the Agency’s enforceable obligations. The City has entered into an agreement, allowed under subsequent legislation AB 1484 wherein it is loaning funds to meet certain enforceable obligations of the former Agency and to fund the wind down activities. With the dissolution of Redevelopment Agencies, cities across the State have lost a major economic development tool. A major ongoing focus for the City is finding new ways to foster Economic Development.

Our budget for fiscal year 2012/13 anticipates General Fund revenues of \$40.3 million, which is slightly less than we received in 2011/12. We believe that our midyear analysis will result in an increase in our revenue adjustment as we continue to see signs of an economic recovery. While we anticipate increases in most revenue categories we do still anticipate declines in Property Tax revenues. Current market conditions indicate that they may stabilize in fiscal year 2013/14 and begin to increase in fiscal year 2014/15.

The City of Rancho Cordova places an emphasis on the generation and protection of revenue, as well as the management of expenditures. Over the past few years we have secured significant ongoing additional revenues for our General Fund, such as the negotiation of a revenue sharing agreement with the County over the revenues generated in the newly annexed commercial area, the passage of Measure E in November 2010 expanding the applicability of our Utility Users Tax, a settlement with the County over their charges for Property Tax Administration fees and the passage of a Card Room tax in the November 2012 election. We continue to place a high regard on maintaining a flexible structure that allows us to adjust to changing economic conditions in order to continue living within our means.

We are proud to report that we made it through the Great Recession without the use of our General Fund balance or Economic Uncertainty Reserve and in spite of the recession and the slow recovery, we remain fiscally strong. We have a fully funded economic uncertainty reserve, in excess of the minimum level set by our City Council. We do not anticipate dipping into that reserve fund. The recession has resulted in an internal team focused on finding innovative ways of generating new revenues, honing our administrative processes and evaluating the best use of our limited and precious resources. This team will continue with its efforts into the future to ensure we are well prepared to offer the best public service in the region, while maintaining fiscal strength, as the economy continues its slow but cyclical recovery.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The CAFR is intended to provide citizens, taxpayers, investors and creditors with a general overview of the City's finances. This report will also be provided on the City's website at: www.cityofranhocordova.org. Questions concerning any of the information contained in the CAFR should be addressed to the City of Rancho Cordova, Finance Department, 2729 Prospect Park Drive, Rancho Cordova, CA 95670 or send us a message online. Log onto our website and click on *My City Hall Online* to submit your question/request. We can also be found on Facebook.

CITY OF RANCHO CORDOVA

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

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

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

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

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

CITY OF RANCHO CORDOVA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	\$76,360,724	\$12,217	\$76,372,941
Restricted cash and investments with fiscal agent (Note 3)	2,543,589		2,543,589
Receivables:			
Accounts, net (Note 4)	853,569		853,569
Interest	6,902	1	6,903
Due from other governments (Note 4)	9,059,997		9,059,997
Loans (Note 4)	9,328,765		9,328,765
Other (Note 4)	338,923		338,923
Internal balances (Note 5)	1,598,729	(1,598,729)	
Prepays	47,932		47,932
Bond issuance costs, net of amortization	619,756		619,756
Capital assets (Note 6):			
Nondepreciable	56,238,508	424,800	56,663,308
Depreciable, net	258,040,260	1,047,378	259,087,638
Total Assets	415,037,654	(114,333)	414,923,321
LIABILITIES			
Accounts payable and accrued liabilities	10,598,322	5,887	10,604,209
Interest payable	444,531		444,531
Refundable deposits	638,698		638,698
Unearned revenue	492,991		492,991
Compensated absences (Note 1F):			
Due within one year	527,327		527,327
Due in more than one year	136,400		136,400
Long-term debt (Note 7):			
Due within one year	850,445		850,445
Due in more than one year	22,121,800		22,121,800
Total Liabilities	35,810,514	5,887	35,816,401
NET ASSETS (Note 9)			
Invested in capital assets, net of related debt	291,926,279	1,472,178	293,398,457
Restricted for:			
Debt service	1,864,340		1,864,340
Sunrise Douglas development	17,258,458		17,258,458
Traffic Mitigation	20,739,972		20,739,972
Community facilities	2,259,378		2,259,378
Park development	865,889		865,889
Villages of Zinfandel development	503,928		503,928
Mather Field traffic	12,957		12,957
Transit related services	413,135		413,135
Grant-funded projects	679,257		679,257
Asset forfeiture	32,507		32,507
Community development	97,131		97,131
Road improvements	11,239,698		11,239,698
Landscape and lighting	2,897,601		2,897,601
Rental code compliance	8,402		8,402
Storm water improvements	1,664,633		1,664,633
Measure A funds	2,070,638		2,070,638
Total Restricted Net Assets	62,607,924		62,607,924
Unrestricted (Deficit)	24,692,937	(1,592,398)	23,100,539
Total Net Assets (Deficit)	\$379,227,140	(\$120,220)	\$379,106,920

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$26,389,142	\$1,045,377		\$763,219	(\$24,580,546)		(\$24,580,546)
Community Development	7,627,192	2,607,312		2,801,365	(2,218,515)		(2,218,515)
Public Safety	15,878,548	2,107,741	\$481,235		(13,289,572)		(13,289,572)
Public Works	9,911,194	3,787,812	8,442,821	14,036,224	16,355,663		16,355,663
Interest on long-term debt	1,221,777				(1,221,777)		(1,221,777)
Total Governmental Activities	61,027,853	9,548,242	8,924,056	17,600,808	(24,954,747)		(24,954,747)
Business-type Activities:							
Cemetery	63,809	11,400			(\$52,409)		(52,409)
Total Business-type Activities	63,809	11,400			(52,409)		(52,409)
Total Primary Government	\$61,091,662	\$9,559,642	\$8,924,056	\$17,600,808	(24,954,747)	(52,409)	(25,007,156)
General revenues:							
Taxes:							
Property taxes					7,250,433		7,250,433
Property taxes in lieu of vehicle license fees					5,012,950		5,012,950
Sales taxes					11,354,606		11,354,606
Transient occupancy					2,625,755		2,625,755
Utility user taxes					3,380,600		3,380,600
Other taxes					1,907,975		1,907,975
Use of money and property					1,122,769	107	1,122,876
Other					227,747		227,747
Extraordinary item (Note 15A)							
Assets transferred to / liabilities assumed by Successor Agency					265,589		265,589
Total general revenues and extraordinary item					33,148,424	107	33,148,531
Change in Net Assets					8,193,677	(52,302)	8,141,375
Net Assets (Deficit) - Beginning					371,033,463	(67,918)	370,965,545
Net Assets (Deficit) - Ending					\$379,227,140	(\$120,220)	\$379,106,920

See accompanying notes to financial statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year. The funds described below were determined to be Major Governmental Funds by the City for fiscal 2012. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

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

SUNRISE DOUGLAS SPECIAL REVENUE FUND

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

TRAFFIC MITIGATION SPECIAL REVENUE FUND

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

GENERAL PLAN SPECIAL REVENUE FUND

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

GRANTS SPECIAL REVENUE FUND

Accounts for grant monies awarded to the City.

CAPITAL IMPROVEMENT PROJECTS CAPITAL PROJECTS FUND

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

CITY OF RANCHO CORDOVA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012

	General Fund	Sunrise Douglas	Traffic Mitigation	General Plan	Grants
ASSETS					
Cash and investments (Note 3)	\$12,185,101	\$17,257,138	\$20,760,817		
Restricted cash and investments with fiscal agent (Note 3)					
Receivables:					
Accounts, net (Note 4)	853,569				
Interest	919	1,320	1,762		
Other (Note 4)	338,923				
Due from other governmental agencies (Note 4)	2,061,935				\$4,646,414
Loans (Note 4)	9,102,335				
Due from other funds (Note 5)	3,995,369				
Advances to other funds (Note 5)	3,127,643				
Prepays	47,932				
	<u>31,713,726</u>	<u>17,258,458</u>	<u>20,762,579</u>	<u>1,528,914</u>	<u>4,646,414</u>
Total Assets	<u>\$31,713,726</u>	<u>\$17,258,458</u>	<u>\$20,762,579</u>	<u>\$1,528,914</u>	<u>\$4,646,414</u>
LIABILITIES					
Accounts payable	\$4,650,771		\$22,607		\$1,120,527
Accrued liabilities	75,660				
Refundable deposits	638,698				
Due to other funds					3,415,780
Advances from other funds				\$1,528,914	
Deferred revenue	99,213				3,103,593
	<u>5,464,342</u>		<u>22,607</u>	<u>1,528,914</u>	<u>7,639,900</u>
Total Liabilities	<u>5,464,342</u>		<u>22,607</u>	<u>1,528,914</u>	<u>7,639,900</u>
FUND BALANCES (Note 9)					
Nonspendable	12,178,697				
Restricted		\$17,258,458	20,739,972		
Unassigned	14,070,687			(1,528,914)	(2,993,486)
	<u>26,249,384</u>	<u>17,258,458</u>	<u>20,739,972</u>	<u>(1,528,914)</u>	<u>(2,993,486)</u>
Total Fund Balances (Deficits)	<u>26,249,384</u>	<u>17,258,458</u>	<u>20,739,972</u>	<u>(1,528,914)</u>	<u>(2,993,486)</u>
Total Liabilities and Fund Balances	<u>\$31,713,726</u>	<u>\$17,258,458</u>	<u>\$20,762,579</u>	<u>\$1,528,914</u>	<u>\$4,646,414</u>

See accompanying notes to financial statements

Capital Improvement Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$500,774	\$21,414,654	\$72,118,484
679,339	1,864,250	2,543,589
		853,569
	2,702	6,703
		338,923
526,000	1,825,648	9,059,997
	226,430	9,328,765
		3,995,369
		3,127,643
		47,932
<u>\$1,706,113</u>	<u>\$25,333,684</u>	<u>\$101,420,974</u>
\$2,253,049	\$257,440	\$8,304,394
		75,660
		638,698
	579,589	3,995,369
		1,528,914
476,053	576,733	4,255,592
<u>2,729,102</u>	<u>1,413,762</u>	<u>18,798,627</u>
		12,178,697
	23,930,237	61,928,667
(1,022,989)	(10,315)	8,514,983
<u>(1,022,989)</u>	<u>23,919,922</u>	<u>82,622,347</u>
<u>\$1,706,113</u>	<u>\$25,333,684</u>	<u>\$101,420,974</u>

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CITY OF RANCHO CORDOVA
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET ASSETS
 JUNE 30, 2012

Total fund balances reported on the governmental funds balance sheet \$82,622,347

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 314,278,768

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance, vehicle and equipment replacement, and technology enhancement and replacement to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Assets.

Cash and investments	4,242,240
Interest receivable	199
Accounts payable	(302,034)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 3,762,601

LONG TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Bond issuance costs	619,756
Accounts payable and accrued liabilities	(1,916,234)
Interest payable	(444,531)
Long-term debt	(22,972,245)
Governmental activities portion of compensated absences	<u>(663,727)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$379,227,140

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

	General	Sunrise Douglas	Traffic Mitigation	General Plan	Grants
REVENUES					
Property taxes	\$12,027,442				
Sales taxes	11,354,606				
Utility user taxes	3,380,600				
Other taxes	4,004,031				
Charges for services	3,437,101				\$1,714
Licenses, permits and fees	3,975,946	\$2,539,431	\$2,082,034	\$60,267	
Fines, forfeitures and penalties	1,082,819				
Intergovernmental	482,075				7,730,963
Use of money and property	516,810	116,815	164,687		139
Other	338,618				
Total Revenues	40,600,048	2,656,246	2,246,721	60,267	7,732,816
EXPENDITURES					
Current:					
General Government	13,532,570				247,623
Community Development	5,030,178			27,128	59,759
Public Safety	15,514,247				281,666
Public Works	3,172,366	121,293	173,130		110,889
Estimated reduction in fair value of land held for resale (Note 11)					
Capital outlay	159,857	152,302			2,581,240
Debt service:					
Principal	10,025				
Interest and fiscal charges	2,646				
Total Expenditures	37,421,889	273,595	173,130	27,128	3,281,177
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,178,159	2,382,651	2,073,591	33,139	4,451,639
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 5)	175,528				
Transfers (out) (Note 5)	(2,497,892)	(799,307)	(1,765,730)		(7,288,212)
Total Other Financing Sources (Uses)	(2,322,364)	(799,307)	(1,765,730)		(7,288,212)
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	855,795	1,583,344	307,861	33,139	(2,836,573)
EXTRAORDINARY ITEM (NOTE 15A)					
Assets transferred to/liabilities assumed by the Successor Agency	(381,490)				
NET CHANGE IN FUND BALANCES	474,305	1,583,344	307,861	33,139	(2,836,573)
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED (Note 9E)	25,775,079	15,675,114	20,432,111	(1,562,053)	(156,913)
ENDING FUND BALANCES (DEFICITS)	\$26,249,384	\$17,258,458	\$20,739,972	(\$1,528,914)	(\$2,993,486)

See accompanying notes to financial statements

<u>Capital Improvement Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	\$1,127,355	\$13,154,797
		11,354,606
		3,380,600
	2,271,003	6,275,034
\$93,297	1,500	3,533,612
	1,236,660	9,894,338
	975	1,083,794
	6,935,773	15,148,811
2,570	214,196	1,015,217
		338,618
<u>95,867</u>	<u>11,787,462</u>	<u>65,179,427</u>
	1,075,068	14,855,261
	1,352,730	6,469,795
		15,795,913
	2,889,005	6,466,683
	1,157,397	1,157,397
15,987,274	20,501	18,901,174
	805,000	815,025
	1,191,079	1,193,725
<u>15,987,274</u>	<u>8,490,780</u>	<u>65,654,973</u>
<u>(15,891,407)</u>	<u>3,296,682</u>	<u>(475,546)</u>
14,961,037	2,596,375	17,732,940
(140,352)	(6,724,346)	(19,215,839)
<u>14,820,685</u>	<u>(4,127,971)</u>	<u>(1,482,899)</u>
(1,070,722)	(831,289)	(1,958,445)
	647,079	265,589
(1,070,722)	(184,210)	(1,692,856)
<u>47,733</u>	<u>24,104,132</u>	<u>84,315,203</u>
<u>(\$1,022,989)</u>	<u>\$23,919,922</u>	<u>\$82,622,347</u>

CITY OF RANCHO CORDOVA
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2012

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$1,692,856)

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

CAPITAL ASSETS TRANSACTIONS

Governmental Funds include capital outlays in departmental expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. The capital outlay expenditures are therefore added back to fund balance 16,306,217
 Retirements are deducted from the fund balance. (807,515)
 Depreciation expense is deducted from the fund balance (11,237,995)
 Contributions of infrastructure and improvements by Developers are capitalized in the Statement of Activities, but are not recorded in the Fund Statements because no cash changed hands 72,670

LONG TERM DEBT PROCEEDS AND PAYMENTS

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

Repayment of debt principal is added back to fund balance 815,025
 Amortization of deferred amount on refunding and issuance discounts is deducted from fund balance (16,247)

ACCRUAL OF NON-CURRENT ITEMS

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

Bond issuance costs (27,269)
 Accounts payable and accrued liabilities 38,125
 Interest payable 15,464
 Deferred revenue 3,640,397
 Compensated absences 12,147

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

Change in Net Assets - All Internal Service Funds 1,075,514

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$8,193,677

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$12,159,000	\$12,159,000	\$12,027,442	(\$131,558)
Sales taxes	10,544,000	11,912,000	11,354,606	(557,394)
Transient occupancy taxes	2,450,000	2,450,000	2,625,755	175,755
Utility user taxes	3,120,000	3,120,000	3,380,600	260,600
Other taxes	1,264,000	1,264,000	1,378,276	114,276
Charges for services	3,470,800	3,470,800	3,437,101	(33,699)
Licenses, permits and fees	3,390,200	3,390,200	3,975,946	585,746
Fines, forfeitures and penalties	1,395,000	1,395,000	1,082,819	(312,181)
Intergovernmental	338,000	338,000	482,075	144,075
Use of money and property	615,700	615,700	516,810	(98,890)
Other	53,100	53,100	338,618	285,518
Total Revenues	38,799,800	40,167,800	40,600,048	432,248
EXPENDITURES:				
Current				
General Government	13,841,900	13,841,900	13,532,570	309,330
Community Development	5,485,600	5,485,600	5,030,178	455,422
Public Safety	15,896,800	15,896,800	15,514,247	382,553
Public Works	3,175,900	3,175,900	3,172,366	3,534
Capital outlay	384,100	384,100	159,857	224,243
Debt service:				
Principal	13,700	13,700	10,025	3,675
Interest and fiscal charges			2,646	(2,646)
Total Expenditures	38,798,000	38,798,000	37,421,889	1,376,111
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,800	1,369,800	3,178,159	1,808,359
OTHER FINANCING SOURCES (USES)				
Transfers in	828,700	873,200	175,528	(697,672)
Transfers (out)	(820,200)	(2,242,300)	(2,497,892)	(255,592)
Total other financing sources (uses)	8,500	(1,369,100)	(2,322,364)	(953,264)
NET CHANGE IN FUND BALANCE BEFORE EXTRAORDINARY ITEM	10,300	700	855,795	855,095
EXTRAORDINARY ITEM (Note 15A)				
Assets transferred to/liabilities assumed by the Successor Agency			(381,490)	(381,490)
NET CHANGE IN FUND BALANCE	10,300	700	474,305	473,605
Fund balance, July 1	25,775,079	25,775,079	25,775,079	
Fund balance, June 30	<u>\$25,785,379</u>	<u>\$25,775,779</u>	<u>\$26,249,384</u>	<u>\$473,605</u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
SUNRISE DOUGLAS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses, permits and fees	\$2,597,100	\$2,597,100	\$2,539,431	(\$57,669)
Use of money and property			116,815	116,815
Total Revenues	<u>2,597,100</u>	<u>2,597,100</u>	<u>2,656,246</u>	<u>59,146</u>
EXPENDITURES:				
Current				
General Government	200,000	200,000		200,000
Public Works	404,700	404,700	121,293	283,407
Capital outlay	<u>590,000</u>	<u>590,000</u>	<u>152,302</u>	<u>437,698</u>
Total Expenditures	<u>1,194,700</u>	<u>1,194,700</u>	<u>273,595</u>	<u>921,105</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,402,400</u>	<u>1,402,400</u>	<u>2,382,651</u>	<u>980,251</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(4,988,000)</u>	<u>(4,988,000)</u>	<u>(799,307)</u>	<u>4,188,693</u>
Total other financing sources (uses)	<u>(4,988,000)</u>	<u>(4,988,000)</u>	<u>(799,307)</u>	<u>4,188,693</u>
NET CHANGE IN FUND BALANCE	(3,585,600)	(3,585,600)	1,583,344	5,168,944
Fund balance, July 1	<u>15,675,114</u>	<u>15,675,114</u>	<u>15,675,114</u>	
Fund balance, June 30	<u><u>\$12,089,514</u></u>	<u><u>\$12,089,514</u></u>	<u><u>\$17,258,458</u></u>	<u><u>\$5,168,944</u></u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
 TRAFFIC MITIGATION SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses, permits and fees	\$1,009,900	\$1,009,900	\$2,082,034	1,072,134
Use of money and property			164,687	164,687
Total Revenues	<u>1,009,900</u>	<u>1,009,900</u>	<u>2,246,721</u>	<u>1,236,821</u>
EXPENDITURES:				
Current				
Public Works	1,281,600	1,281,600	173,130	1,108,470
Total Expenditures	<u>1,281,600</u>	<u>1,281,600</u>	<u>173,130</u>	<u>1,108,470</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(271,700)</u>	<u>(271,700)</u>	<u>2,073,591</u>	<u>2,345,291</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(7,278,700)</u>	<u>(7,278,700)</u>	<u>(1,765,730)</u>	<u>5,512,970</u>
Total other financing sources (uses)	<u>(7,278,700)</u>	<u>(7,278,700)</u>	<u>(1,765,730)</u>	<u>5,512,970</u>
NET CHANGE IN FUND BALANCE	(7,550,400)	(7,550,400)	307,861	7,858,261
Fund balance, July 1	<u>20,432,111</u>	<u>20,432,111</u>	<u>20,432,111</u>	
Fund balance, June 30	<u><u>\$12,881,711</u></u>	<u><u>\$12,881,711</u></u>	<u><u>\$20,739,972</u></u>	<u><u>\$7,858,261</u></u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
GENERAL PLAN SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses, permits and fees	\$15,800	\$15,800	\$60,267	\$44,467
Total Revenues	15,800	15,800	60,267	44,467
EXPENDITURES				
Current:				
Community development	105,000	105,000	27,128	77,872
Total Expenditures	105,000	105,000	27,128	77,872
NET CHANGE IN FUND BALANCE	(89,200)	(89,200)	33,139	122,339
Fund balance, (deficit) July 1	<u>(1,562,053)</u>	<u>(1,562,053)</u>	<u>(1,562,053)</u>	
Fund balance, (deficit) June 30	<u><u>(\$1,651,253)</u></u>	<u><u>(\$1,651,253)</u></u>	<u><u>(\$1,528,914)</u></u>	<u><u>\$122,339</u></u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$12,374,800	\$12,374,800	\$7,730,963	(\$4,643,837)
Charges for services			1,714	1,714
Use of money and property			139	139
Total Revenues	<u>12,374,800</u>	<u>12,374,800</u>	<u>7,732,816</u>	<u>(4,641,984)</u>
EXPENDITURES				
Current:				
General Government			247,623	(247,623)
Community Development	10,000	10,000	59,759	(49,759)
Public Safety	10,000	10,000	281,666	(271,666)
Public Works	203,900	203,900	110,889	93,011
Capital outlay	3,800,000	3,800,000	2,581,240	1,218,760
Total Expenditures	<u>4,023,900</u>	<u>4,023,900</u>	<u>3,281,177</u>	<u>742,723</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>8,350,900</u>	<u>8,350,900</u>	<u>4,451,639</u>	<u>(3,899,261)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(8,350,900)	(8,350,900)	(7,288,212)	1,062,688
Total other financing sources (uses)	<u>(8,350,900)</u>	<u>(8,350,900)</u>	<u>(7,288,212)</u>	<u>1,062,688</u>
NET CHANGE IN FUND BALANCE			(2,836,573)	(2,836,573)
Fund balance, (deficit) July 1	(156,913)	(156,913)	(156,913)	
Fund balance (deficit), June 30	<u>(\$156,913)</u>	<u>(\$156,913)</u>	<u>(\$2,993,486)</u>	<u>(\$2,836,573)</u>

See accompanying notes to financial statements

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MAJOR PROPRIETARY FUND

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

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

KILGORE CEMETERY

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

CITY OF RANCHO CORDOVA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2012

	<u>Business-type Activities- Enterprise Fund</u>	<u>Governmental Activities- Internal Service Funds</u>
	<u>Kilgore Cemetery</u>	
ASSETS		
Current assets:		
Cash and investments	\$12,217	\$4,242,240
Receivables:		
Interest	<u>1</u>	<u>199</u>
Total current assets	<u>12,218</u>	<u>4,242,439</u>
Noncurrent assets:		
Capital assets:		
Nondepreciable	424,800	337,079
Depreciable, net	<u>1,047,378</u>	<u>1,314,890</u>
Total noncurrent assets	<u>1,472,178</u>	<u>1,651,969</u>
Total Assets	<u>1,484,396</u>	<u>5,894,408</u>
LIABILITIES		
Current liabilities:		
Accounts payable	<u>5,887</u>	<u>302,034</u>
Total current liabilities	<u>5,887</u>	<u>302,034</u>
Noncurrent liabilities:		
Advance from other funds	<u>1,598,729</u>	
Total noncurrent liabilities	<u>1,598,729</u>	
Total Liabilities	<u>1,604,616</u>	<u>302,034</u>
NET ASSETS		
Invested in capital assets	1,472,178	1,651,969
Unrestricted	<u>(1,592,398)</u>	<u>3,940,405</u>
Total Net Assets (Deficit)	<u>(\$120,220)</u>	<u>\$5,592,374</u>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities- Enterprise Fund	Governmental Activities -
	Kilgore Cemetery	Internal Service Funds
OPERATING REVENUES		
Service charges	\$11,400	
Total Operating Revenues	11,400	
OPERATING EXPENSES		
Administration	33,715	\$308,033
Depreciation	30,094	124,674
Total Operating Expenses	63,809	432,707
Operating Income (Loss)	(52,409)	(432,707)
NONOPERATING REVENUES (EXPENSES)		
Interest income	107	25,322
Total Nonoperating Revenues (Expenses)	107	25,322
Income (Loss) Before Transfers	(52,302)	(407,385)
TRANSFERS		
Transfers in (Note 5)		1,484,452
Transfers (out) (Note 5)		(1,553)
Net transfers		1,482,899
Change in net assets	(52,302)	1,075,514
BEGINNING NET ASSETS (DEFICIT)	(67,918)	4,516,860
ENDING NET ASSETS (DEFICIT)	(\$120,220)	\$5,592,374

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities- Enterprise Fund	Governmental Activities- Internal Service Funds
	Kilgore Cemetery	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$11,400	
Reimbursements from suppliers		\$3,866
Payments to suppliers	(31,590)	(9,865)
Cash Flows from (Used by) Operating Activities	(20,190)	(5,999)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund receipts	21,861	
Transfers in		1,484,452
Transfers (out)		(1,553)
Cash Flows from Noncapital Financing Activities	21,861	1,482,899
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(150)	(846,202)
Cash Flows from Capital and Related Financing Activities	(150)	(846,202)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	109	25,740
Cash Flows from Investing Activities	109	25,740
Net Cash Flows	1,630	656,438
Cash and investments at beginning of period	10,587	3,585,802
Cash and investments at end of period	\$12,217	\$4,242,240
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:		
Operating income (loss)	(\$52,409)	(\$432,707)
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	30,094	124,674
Change in assets and liabilities:		
Accounts payable	2,125	302,034
Cash Flows from (Used by) Operating Activities	(\$20,190)	(\$5,999)

See accompanying notes to financial statements

FIDUCIARY FUNDS

FIDUCIARY FUNDS

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

CITY OF RANCHO CORDOVA
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2012

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund	Total Agency Funds
ASSETS		
Cash and investments (Note 3)	\$419,297	\$12,205,501
Restricted cash and investments (Note 3)		13,965,955
Receivables:		
Accounts		571
Interest		3,315
Due from other governments	150	132,156
Other	51	
Prepays	167,072	
Land held for resale (Note 15B)	2,542,254	
 Total Assets	 3,128,824	 \$26,307,498
 LIABILITIES		
Accounts payable and accrued liabilities	39,152	\$25,835
Refundable deposits payable		100,211
Due to assessment district bondholders		18,910,512
Due to assessment holders		7,270,940
Long-term obligations (Note 15C):		
Due in more than one year	5,858,078	
 Total Liabilities	 5,897,230	 \$26,307,498
 NET ASSETS (DEFICIT) HELD IN TRUST FOR OTHER GOVERNMENTS	 (\$2,768,406)	

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2012

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund <hr style="border: 0.5px solid black;"/>
ADDITIONS	
Property taxes	
Use of money and property	\$30,625
	<hr style="border: 0.5px solid black;"/>
Total Additions	30,625
	<hr style="border: 0.5px solid black;"/>
DEDUCTIONS	
Community Development	160,546
Estimated reduction in fair value of land held for resale (Note 15B)	2,341,381
Debt service:	
Interest and fiscal charges	31,515
	<hr style="border: 0.5px solid black;"/>
Total Deductions	2,533,442
	<hr style="border: 0.5px solid black;"/>
CHANGE IN NET ASSETS BEFORE EXTRAORDINARY ITEM	(2,502,817)
EXTRAORDINARY ITEM (Note 15A) Assets transferred to/liabilities assumed by the Successor Agency	(265,589)
	<hr style="border: 0.5px solid black;"/>
CHANGE IN NET ASSETS	(2,768,406)
BEGINNING NET ASSETS	<hr style="border: 0.5px solid black;"/>
NET ASSETS (DEFICIT) HELD IN TRUST FOR OTHER GOVERNMENTS	(\$2,768,406)
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See accompanying notes to financial statements

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CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. *Reporting Entity*

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

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

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

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

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The **City of Rancho Cordova Community Redevelopment Agency (the Agency)** - The Agency was formed as a separate legal entity under the Community Redevelopment Law. The City Council acts as the governing board of the Agency in concurrent session. The City Manager acts as the Redevelopment Agency's executive director. The Agency's Board of Directors approves the annual budget. The State's redevelopment process provides communities at a local level with a comprehensive tool for economic development. These tools are the powers of land assembly and site preparation for private development, the ability to finance necessary public improvements, the authority to impose conditions and restrictions for the quality of developments of an area, and the capability to broaden financing capabilities utilizing a variety of public and private sources. The major source of financing to undertake redevelopment is a "tax increment." The tax increment is the additional property taxes that are paid on the value of new development within the redevelopment project area. This increment can then be leveraged for financial investments to fund the identified projects. However, the amount of this tax increment revenue will not be sufficient until future years; therefore, the General Fund will fund the activities until that time. The Agency provides services entirely for the benefit of the City and is presented as one Special Revenue Fund, two Capital Projects Funds, and one Debt Service Fund. Separate financial statements are not issued for the Agency. As discussed in Note 15, the Agency was dissolved effective January 31, 2012.

B. Basis of Presentation

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

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

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

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

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C. Major Funds

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

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

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

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

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

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

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

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

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

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

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

Fiduciary Funds - Fiduciary Funds account for assets held by the City as an agent for various functions. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. Agency Funds account for assets held by the City in a purely custodial capacity. Agency Funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The City's Agency Funds also account for assets held by the City as an agent for bonded assessment districts. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

D. Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

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

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

E. *Property Tax*

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

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

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

F. *Compensated Absences*

City employees are granted universal leave in varying amounts based on classification and length of service. City employees have vested interests in the amount of universal leave accrued and are paid on termination. Up to 40 hours of universal leave may be cashed out to be paid in either one pay period or broken into two separate pay periods during the fiscal year, as long as the employee leaves 40 hours of leave in their universal leave bank. 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.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The changes in compensated absences were as follows:

	Governmental Activities
Beginning Balance	\$675,874
Additions	623,269
Payments	(635,416)
Ending Balance	\$663,727
Current Portion	\$527,327

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

G. *Prepaid Costs*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements, using the consumption method. Prepaid costs in governmental funds are equally offset with nonspendable fund balance to indicate they do not constitute resources available for appropriation.

H. *Refundable Deposits Payable*

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

I. *Land Held for Resale*

The Redevelopment Agency had purchased parcels of land as part of its efforts to develop or redevelop blighted properties within the Redevelopment areas. As discussed in Note 15, due to the dissolution of the Redevelopment Agency, the land held for resale of the Low and Moderate Income Housing Fund was transferred to the City as successor to the housing activities of the Agency and the land held for resale of the Redevelopment Administration Fund was transferred to the Successor Agency as of January 31, 2012. Such land parcels are accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer.

During the year ended June 30, 2012 the City reviewed the estimated market value for the housing parcel and as a result of a pending Exclusive Negotiating Rights Agreement with a developer in which the City anticipates transferring the land to the developer with no compensation, the City has reduced the carrying value of the parcel by \$1,157,397.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. *New and Closed Funds*

The Low and Moderate Income Housing Asset Special Revenue Fund was established to account for the activities related to the assets assumed by the City as Housing Successor to the housing activities of the former Rancho Cordova Community Redevelopment Agency.

The Successor Agency to the Redevelopment Agency Private Purpose Trust Fund was established to account for the activities of the Successor Agency to the former Rancho Cordova Community Redevelopment Agency.

The Redevelopment Administration Special Revenue Fund, Redevelopment Debt Service Fund, Low/Moderate Income Housing Capital Projects Fund and Redevelopment Capital Projects Fund were closed as of January 31, 2012 as the result of the dissolution of the Redevelopment Agency discussed in Note 15.

K. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

A. *Budgeting Procedures*

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

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

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

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)

B. Excess of Expenditures over Appropriations

During fiscal 2012, the Gas Tax Special Revenue Fund had expenditures in excess of budget of \$955,757. The fund had sufficient resources to finance these expenditures.

NOTE 3 – CASH AND INVESTMENTS

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

A. Policies

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

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

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

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 3 - CASH AND INVESTMENTS (Continued)

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

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

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	Minimum Credit Quality
Local Agency Investment Fund	N/A	None	\$50 Million	None
California Asset Management Program	N/A	None	\$40 Million	None
Certificates of Deposit	360 Days	20%	None	None
Negotiable Certificates of Deposit	5 years	30%	None	AA
Banker's Acceptances	180 Days	40%	30%	None
U. S. Treasury Bonds, Notes and Bills	5 years	None	None	None
U.S. Federal Agency Securities	5 years	None	None	None
Repurchase Agreements	30 Days	20%	None	A-1
Commercial Paper	270 Days	25%	(A)	Highest Rating
Money Market Mutual Funds	N/A	20%	None	Highest Rating
Local Agency Bonds	5 years	None	None	None

(A) May not exceed 10% of the outstanding paper of the issuing corporation.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 3 - CASH AND INVESTMENTS (Continued)

C. Investments Authorized by Debt Agreements

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

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

* Approved in writing by Insurer.

D. Classification

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

Cash and investments as of June 30, 2012 consist of the following:

City cash and investments:	
Cash and investments	\$76,372,941
Restricted cash and investments with fiscal agents	2,543,589
Total City cash and investments	78,916,530
Cash and investments in Fiduciary Funds (Separate Statement):	
Cash and investments	12,624,798
Restricted cash and investments with fiscal agents	13,965,955
Total cash and investments	\$105,507,283

As of June 30, 2012, the City's cash and investments consisted of the following:

Cash on hand	\$1,700
Deposits with financial institutions	7,531,868
Investments	97,973,715
Total cash and investments	\$105,507,283

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 3 - CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

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

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

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	More than 36 Months	Total
<i>Cash and Investments in City Treasury:</i>					
U.S. Federal Agency Securities	\$10,926,031	\$12,031,346	\$6,940,008	\$2,373,282	\$32,270,667
U.S. Treasury Notes	1,292,305		6,059,544	6,906,066	14,257,915
Municipal Bond				497,650	497,650
California Local Agency Investment Fund	9,159,031				9,159,031
California Asset Management Program	23,978,426				23,978,426
Money Market Mutual Funds (U.S. Securities)	163,146				163,146
Financing Corporation Bonds				5,610	5,610
Commercial Paper	498,367				498,367
Negotiable Certificates of Deposit	675,297	628,240			1,303,537
<i>Held by Fiscal Agents:</i>					
California Asset Management Program	3,055,640				3,055,640
Money Market Mutual Funds (U.S. Securities)	10,485,464				10,485,464
Guaranteed Investment Agreements				2,298,262	2,298,262
Total Investments	<u>\$60,233,707</u>	<u>\$12,659,586</u>	<u>\$12,999,552</u>	<u>\$12,080,870</u>	<u>\$97,973,715</u>

Money market funds are available for withdrawal on demand and at June 30, 2012, have an average maturity of 52 days for the First American Treasury Obligation Money Market Fund, 45 days for the First American Prime Obligation Money Market Funds, and 39 days for the Wells Fargo Advantage Treasury Plus Money Market Fund.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 3 - CASH AND INVESTMENTS (Continued)

F. Credit Risk

Credit risk is the risk that an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2012 for the investment types provided by Standard and Poor's investment rating system.

Investments	AAA/AAAm	AA+	A+	A-1+	Total
U.S. Federal Agency Securities		\$32,270,667			\$32,270,667
California Asset Management Program	\$3,055,640				3,055,640
Money Market Mutual Funds (U.S. Securities)	10,476,300				10,476,300
Municipal Bonds	497,650				497,650
Financing Corporation Bonds			\$5,610		5,610
Commercial Paper				\$498,367	498,367
Negotiable Certificates of Deposit				1,253,871	1,253,871
Total rated	<u>\$14,029,590</u>	<u>\$32,270,667</u>	<u>\$5,610</u>	<u>\$1,752,238</u>	48,058,105
<i>Not rated:</i>					
California Local Agency Investment Fund					9,159,031
Guaranteed Investment Agreements					2,298,262
Certificate of Deposit					49,666
<i>Exempt from credit rating:</i>					
California Asset Management Program					23,978,426
Money Market Mutual Funds (U.S. Securities)					172,310
U.S. Treasury Notes					<u>14,257,915</u>
Total Investments					<u>\$97,973,715</u>

G. Concentration of Credit Risk

Investments in the securities of any individual issuers, other than U.S. Treasury securities, mutual funds, the California Local Agency Investment Fund and the California Asset Management Program, that represent 5% or more of total Government-wide investments, are as follows at June 30, 2012:

Issuer	Investment Type	Amount
Federal National Mortgage Association	Federal Agency Securities	\$11,777,695
Federal Home Loan Mortgage Corporation	Federal Agency Securities	14,110,598
Federal Home Loan Bank	Federal Agency Securities	4,619,360

Investments in the securities of any individual issuers, other than U.S. Treasury securities, mutual funds, the California Local Agency Investment Fund and the California Asset Management Program, that represent 5% or more of total Agency Funds at June 30, 2012 include a Guaranteed Investment Agreement with Ixis Funding Corporation in the amount of \$2,298,262.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 3 - CASH AND INVESTMENTS (Continued)

H. *Investments in LAIF*

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2012 these investments matured in an average of 268 days.

I. *Investments in CAMP*

The City is a participant in the California Asset Management Program (CAMP). Oversight of CAMP is provided by a Board of Trustees, which consists of seven trustees. The trustees are appointed to the Board of Trustees from members of the governing body, officers, or full-time employees of a public agency that is a participant in the trust and approved annually by the participants. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by CAMP for the entire CAMP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CAMP, which are recorded on an amortized cost basis. There are no CAMP funds invested in derivatives as of June 30, 2012.

J. *Change in Investment Market Values*

Unrealized gains or losses in investments result from changes in fair market values recognized for financial statement purposes, but are not realized since these investments have not been sold. At June 30, 2012, the City's investments include an unrealized gain in the amount of \$119,577.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 4 – RECEIVABLES

A. *Accounts Receivable and Due from other Governments*

Accounts receivable and other receivables consisted of the following at June 30, 2012:

Developer deposits	\$338,923
Transient occupancy taxes	373,195
Utility users taxes	349,612
Franchise fees	106,188
Fines	25,145
Other	14,009
Less: allowance for doubtful accounts	(14,580)
	<u>\$1,192,492</u>

Due from other governments consisted of the following at June 30, 2012:

Measure A funds	\$1,014,487
Grants	4,861,934
Property and related tax	234,143
Sales tax	1,667,400
Gas tax	187,388
Transportation Development Act funds	350,303
Fines	105,469
Other	638,873
	<u>\$9,059,997</u>

B. *Loans Receivable*

Loans receivable consisted of the following at June 30, 2012:

<i>General Fund:</i>	
Chamber of Commerce	\$251,202
Crossings @ New Rancho	2,923,055
Successor Agency to the Redevelopment Agency	5,858,078
Capital Air Show Group	70,000
<i>Community Development Block Grant Fund:</i>	
Emergency Repair Loan Program	122,946
Rehabilitation Loan Program	103,484
	<u>\$9,328,765</u>

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 4 – RECEIVABLES (Continued)

Chamber of Commerce Loan

Under an agreement dated March 5, 2008, as amended on December 12, 2008, and March 1, 2012, the City loaned \$237,727 to the Rancho Cordova Chamber of Commerce to repay outstanding debt of the Chamber and support ongoing operations. Under the terms of the agreement, the loan balance increased during the first two years of the loan as the City paid the interest on behalf of the Chamber for its bank loan. The City's loan to the Chamber is due on or before January 1, 2025 and bears simple interest at the rate equal to the Local Agency Investment Fund (LAIF) rate for the previous calendar year plus 1% for years 1 through 4. Loan repayments consist of interest-only in years 2 through 4 and principal and interest in years 5 through 10. Commencing on March 1, 2012 the interest rate is the LAIF interest rate plus 1% or a minimum of 2% at the discretion of the City. As a result, as of March 1, 2012, the interest rate is 2%. The Chamber was required to establish an escrow account, with the City as an additional beneficiary, into which 20% of all positive cash flow from events held by the Chamber, excluding regular monthly member programs, to be used for the repayment of the loan. Unpaid principal and accrued interest on the loan totaled \$251,202 at June 30, 2012.

Crossings @ New Rancho Loans

In November 2010, the City agreed to loan up to \$4,621,180 to UHC 00516 Rancho Cordova, LP, for construction of an affordable residential rental project, The Crossings @ New Rancho (Permanent Loan). The Permanent Loan is being funded by two Neighborhood Stabilization Program (NSP) federal grants received by the City. In addition, the City has agreed to provide a construction bridge loan (Bridge Loan) of up to \$3.8 million from the General Fund to pay approved construction disbursement requests from the developer, pending receipt of the NSP grant funds in accordance with the terms of the agreement. The Permanent Loan and Bridge Loan are secured by deeds of trust on the property. The Permanent Loan does not bear interest, is payable from residual receipts as defined in the agreement and is due the earlier of 55 years from the issuance of the final certificate of occupancy on the project or the 57th anniversary of the loan origination date. The Bridge Loan bears interest of 4.02% from the date of each disbursement, but total interest will not exceed \$80,000, and payments on the Bridge Loan are due on a quarterly basis as NSP grant proceeds are made available to the City. When the City receives the NSP grant proceeds, they automatically convert the Bridge Loan to the Permanent Loan.

Unpaid principal and accrued interest on the loans totaled \$2,923,055 at June 30, 2012.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 4 – RECEIVABLES (Continued)

Successor Agency to the Redevelopment Agency Loans

Prior to January 31, 2012, the Redevelopment Agency had received three advances from the General Fund: (1) Advances in the amount of \$592,972 are to be repaid from available tax increment revenues. These advances bear interest at the rate of 9.5%; (2) Advances in the amount of \$3,296,875 bore interest at the rate of 9.5% and were to be repaid from available tax increment revenues; (3) Advance in the amount of \$2,362,363 during fiscal year 2012. The balance of the advances, including principal and accrued interest, was \$6,252,210 as of January 31, 2012. The loans had previously been reported as an interfund advance. However, with the transfer of the associated liability to the Successor Agency, repayment of the first loan is contingent upon the Successor Agency having sufficient property tax revenues available for the repayment. Repayment of the other two loans is based upon whether the Successor Agency to the Redevelopment Agency receives a Finding of Completion from the State as discussed in Note 15. In addition, the interest rate on the second and third loans is limited to the Local Agency Investment Fund interest rate calculated from the inception of the loans. Therefore, the second and third loan balances were adjusted to reflect the revised interest rate, and this change has been reported as an Extraordinary Item as discussed in Note 15. The balance of the loans as of June 30, 2012 is \$5,858,078.

Capital Air Show Group

On February 17, 2012, the City agreed to loan up to \$100,000 to the Capital Air Show Group to be used to pay its current debt and provide short-term operational funding. The Loan bears interest of 4% per year from the date of the initial and any subsequent disbursements, continuing through the date the Loan is paid off in full. Payments on the loan are due on December 31, of each year for 3 years. The outstanding principal and accrued interest are due on December 31, 2014. The Capital Air Show Group drew down loan proceeds of \$70,000 during the fiscal year and as of June 30, 2012, the loan balance was \$70,000.

Emergency Repair Loan Program

The City operates an Emergency Repair Loan Program under its Community Development Block Grant Program which provides five-year forgivable loans of up to \$7,500 (\$5,000 for mobile homes) to repair a limited number of serious health and safety hazards in owner-occupied housing. The loans are available to households earning no more than 50 percent of the area median income. The loans do not bear interest and are forgivable 20% each year that the owner continues to occupy the home. The balance of the loan is due if the home is sold or no longer occupied by the owner. During the year ended June 30, 2012, the City issued 4 loans totaling \$22,475, loan balances forgiven totaled \$48,919, and as of June 30, 2012, there were 43 loans outstanding totaling \$122,946.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 4 – RECEIVABLES (Continued)

Rehabilitation Loan Program

During fiscal year 2011, the City began an Owner-Occupied Rehabilitation Program under its Community Development Block Grant Program that provides low-interest loans to homeowners who earn up to 80 percent of area median income. The loans bear simple interest of 3% and repayment of unpaid principal and interest is deferred for 15 years from the date of the loan agreement. The balance of the loan is due immediately if the home is sold or no longer occupied by the owner. As of June 30, 2012, there were 2 loans outstanding with principal and accrued interest totaling \$103,484.

NOTE 5 – INTERFUND TRANSACTIONS

A. *Transfers Between Funds*

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

Transfers between funds during the fiscal year ended June 30, 2012 were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
General Fund	Capital Improvement Projects Fund	\$78,000 (A)
	Non-Major Governmental Funds	97,528 (B)
Capital Improvement Projects Fund	Sunrise Douglas Fund	799,307 (C)
	Traffic Mitigation Fund	1,292,813 (C)
	Grants Fund	7,288,212 (C)
	Non-Major Governmental Funds	5,579,152 (C)
	Internal Service Funds	1,553 (C)
Non-Major Governmental Funds	General Fund	1,075,792 (D)
	Traffic Mitigation Fund	472,917 (A)
	Non-Major Governmental Funds	1,047,666 (A) (D) (E)
Internal Service Funds	General Fund	1,422,100 (B)
	Capital Improvement Projects Fund	<u>62,352 (B)</u>
Total Interfund Transfers		<u><u>\$19,217,392</u></u>

The reasons for these transfers are set forth below:

- | | |
|--|---|
| (A) To return unspent funds | (D) To fund debt service |
| (B) To fund administrative & equipment costs | (E) To transfer property taxes to fund operations |
| (C) To fund capital projects | |

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

B. Long-Term Advances

At June 30, 2012, the General Fund had made advances which were not expected to be repaid within the next fiscal year. The balance in the General Fund is offset with nonspendable fund balance.

Interfund advances are long-term loans and consisted of the following at June 30, 2012:

Advances from General Fund to:	
General Plan Special Revenue Fund	\$1,528,914
Kilgore Cemetery Enterprise Fund	<u>1,598,729</u>
Total	<u><u>\$3,127,643</u></u>

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

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

Due to the dissolution of the Redevelopment Agency, the General Fund’s prior advance to the Agency was assumed by a Successor Agency as of January 31, 2012. Therefore, as of June 30, 2012 the advance is recorded as a loan receivable as discussed in Note 4 above.

C. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2012, the Grants Special Revenue Fund and Non-Major Governmental Funds owed the General Fund \$3,415,780 and \$579,589, respectively.

D. Internal Balances

Internal balances are presented in the Government-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 6 – CAPITAL ASSETS

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

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

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

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

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

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 6 – CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	Balance at June 30, 2011	Additions	Retirements	Transfers	Balance at June 30, 2012
Governmental activities					
Capital assets not being depreciated:					
Land	\$6,386,496				\$6,386,496
Easements	538,897				538,897
Construction in progress	49,141,258	\$16,691,369	(\$806,284)	(\$15,713,228)	49,313,115
Total capital assets not being depreciated	<u>56,066,651</u>	<u>16,691,369</u>	<u>(806,284)</u>	<u>(15,713,228)</u>	<u>56,238,508</u>
Capital assets being depreciated:					
Infrastructure	306,767,263	72,670		15,352,992	322,192,925
Buildings and improvements	26,862,493	202,370		284,871	27,349,734
Office equipment and furniture	1,483,746	216,467	(75,865)		1,624,348
Software	2,037,727	42,213	(17,343)	75,365	2,137,962
Vehicles	372,819				372,819
Total capital assets being depreciated	<u>337,524,048</u>	<u>533,720</u>	<u>(93,208)</u>	<u>15,713,228</u>	<u>353,677,788</u>
Less accumulated depreciation for:					
Infrastructure	(77,457,926)	(9,945,722)			(87,403,648)
Buildings and improvements	(4,063,848)	(947,956)			(5,011,804)
Office equipment and furniture	(621,939)	(298,113)	74,634		(845,418)
Software	(1,898,914)	(137,183)	17,343		(2,018,754)
Vehicles	(324,209)	(33,695)			(357,904)
Total accumulated depreciation	<u>(84,366,836)</u>	<u>(11,362,669)</u>	<u>91,977</u>		<u>(95,637,528)</u>
Net capital assets being depreciated	<u>253,157,212</u>	<u>(10,828,949)</u>	<u>(1,231)</u>	<u>15,713,228</u>	<u>258,040,260</u>
Governmental activity capital assets, net	<u>\$309,223,863</u>	<u>\$5,862,420</u>	<u>(\$807,515)</u>		<u>\$314,278,768</u>
Business-type Activities					
Capital assets not being depreciated:					
Land	\$225,000				\$225,000
Construction in progress	199,650	\$150			199,800
Total capital assets not being depreciated	<u>424,650</u>	<u>150</u>			<u>424,800</u>
Capital assets being depreciated:					
Buildings	1,197,003				1,197,003
Software	6,049				6,049
Total capital assets being depreciated	<u>1,203,052</u>				<u>1,203,052</u>
Less accumulated depreciation for:					
Buildings	(119,700)	(29,925)			(149,625)
Software	(5,880)	(169)			(6,049)
Total accumulated depreciation	<u>(125,580)</u>	<u>(30,094)</u>			<u>(155,674)</u>
Net capital assets being depreciated	<u>1,077,472</u>	<u>(30,094)</u>			<u>1,047,378</u>
Business-type activity capital assets, net	<u>\$1,502,122</u>	<u>(\$29,944)</u>			<u>\$1,472,178</u>

During the year ended June 30, 2012, depreciation of \$11,237,995 was charged to the general government function, \$124,674 was charged to Internal Service Funds and \$30,094 was charged to the Kilgore Cemetery Enterprise Fund.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 6 – CAPITAL ASSETS (Continued)

B. Capital Asset Contributions

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

NOTE 7 – LONG-TERM DEBT

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

In the government-wide financial statements, long-term debt is reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and are amortized over the life of the related debt. Any differences between refunded debt and the debt issued to refund it is amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter.

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

A. Current Year Transactions and Balances

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

	Original Issue Amount	Balance June 30, 2011	Retirements	Balance June 30, 2012	Due within one year
Governmental Activity Debt					
Certificates of Participation:					
2005 Series A					
3.00-5.00%, due 9/1/2035	\$3,695,000	\$3,465,000	\$85,000	\$3,380,000	\$85,000
2005 Series B					
3.00-5.00%, due 9/1/2015	3,010,000	1,685,000	305,000	1,380,000	320,000
2007 Series A					
4.43% to 5.65%, due on 8/1/2035	12,100,000	12,100,000		12,100,000	
2007 Series B					
4.43% to 5.65%, due on 8/1/2024	8,300,000	6,850,000	415,000	6,435,000	435,000
Less: Deferred amount on refunding		(98,069)	(4,159)	(93,910)	
Issuance discounts		(286,273)	(12,088)	(274,185)	
Total Certificates of Participation		<u>23,715,658</u>	<u>788,753</u>	<u>22,926,905</u>	<u>840,000</u>
Capital Lease Obligations	55,365	<u>55,365</u>	<u>10,025</u>	<u>45,340</u>	<u>10,445</u>
Total Governmental Activity Debt		<u>\$23,771,023</u>	<u>\$798,778</u>	<u>\$22,972,245</u>	<u>\$850,445</u>

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 7 – LONG-TERM DEBT (Continued)

B. 2005 Series A & B Certificates of Participation

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

C. 2007 Series A & B Refunding Certificates of Participation

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

D. Prior Year Defeasance

The 2007 Certificates of Participation advance refunded the 2005 Certificates of Participation totaling \$19,465,000. Proceeds from the 2007 Certificates were used to purchase U.S. Treasury securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 Certificates. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. As of June 30, 2012, \$17,395,000 of the 2005 Certificates of Participation were outstanding.

E. Capital Lease Agreement

On June 1, 2011, the City entered into a capital lease agreement in the amount of \$55,365 with Governmental Capital Corporation for a SIRE server for the City Clerk's document management system. Principal and interest payments of \$3,168 are due every three months beginning August 15, 2011 through May 15, 2016.

F. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. At June 30, 2012, the City does not expect to incur a liability.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 7 – LONG-TERM DEBT (Continued)

G. Debt Service Requirements

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

For the Year Ending June 30	Principal	Interest
2013	\$850,445	\$1,102,703
2014	896,017	1,058,940
2015	941,621	1,012,731
2016	992,257	964,044
2017	635,000	922,483
2018 - 2022	3,740,000	4,055,889
2023 - 2027	4,820,000	2,980,922
2028 - 2032	5,980,000	1,812,916
2033 - 2036	4,485,000	410,401
Total payments due	23,340,340	<u>\$14,321,029</u>
Reconciliation of Long Term Debt:		
Deferred amount on refunding	(93,910)	
Issuance discounts	<u>(274,185)</u>	
	<u>\$22,972,245</u>	

NOTE 8 – ASSESSMENT DEBT WITHOUT CITY COMMITMENT

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

As of June 30, 2012, Special Tax Bonds outstanding were as follows:

Sunridge Anatolia CFD 2003 - 1 - Series 2003	\$23,320,000
Sunridge Anatolia CFD 2003 - 1 - Series 2005	14,490,000
Sunridge Anatolia CFD 2003 - 1 - Series 2007	20,335,000
Sunridge Park CFD 2004 - 1 - Series 2007	<u>13,345,000</u>
	<u>\$71,490,000</u>

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 9 – NET ASSETS AND FUND BALANCE

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

A. Net Assets

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

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

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

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

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for resale are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 9 – NET ASSETS AND FUND BALANCES (Continued)

Assigned fund balances are amounts constrained by the City’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee, the City Manager, and may be changed at the discretion of the City Council or the City Manager. This category includes encumbrances; nonspendables, when it is the City’s intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Detailed classifications of the City’s Fund Balances, as of June 30, 2012, are below:

Fund Balance Classifications	Special Revenue					Capital Projects	Other Governmental Funds	Total
	General Fund	Sunrise Douglas	Traffic Mitigation	General Plan	Grants	Capital Improvement Projects		
Nonspendables:								
Items not in spendable form:								
Prepaid Expenses	\$47,932							\$47,932
Notes Receivable	9,003,122							9,003,122
Advances to Other Funds	3,127,643							3,127,643
Total Nonspendable Fund Balances	12,178,697							12,178,697
Restricted for:								
Development Improvements		\$17,258,458					\$4,682,229	21,940,687
Traffic Mitigation			\$20,739,972					20,739,972
Debt Service							1,864,340	1,864,340
Transportation							11,404,370	11,404,370
Storm Water Improvements							1,664,633	1,664,633
Capital Projects								
Very Low Income Housing							97,131	97,131
Public Safety							32,507	32,507
Parks and Recreation							865,889	865,889
Transit Services							413,135	413,135
Environmental Mitigation								
Rental Code Compliance							8,402	8,402
Landscaping and Lighting							2,897,601	2,897,601
Total Restricted Fund Balances		17,258,458	20,739,972				23,930,237	61,928,667
Unassigned:								
General Fund	14,070,687							14,070,687
Other Governmental Fund								
Deficit Residuals				(\$1,528,914)	(\$2,993,486)	(\$1,022,989)	(10,315)	(5,555,704)
Total Unassigned Fund Balances	14,070,687			(1,528,914)	(2,993,486)	(1,022,989)	(10,315)	8,514,983
Total Fund Balances (Deficits)	\$26,249,384	\$17,258,458	\$20,739,972	(\$1,528,914)	(\$2,993,486)	(\$1,022,989)	\$23,919,922	\$82,622,347

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 9 – NET ASSETS AND FUND BALANCES (Continued)

C. Minimum Fund Balance Policy

The City’s annual budget requires the City to maintain a minimum fund balance reserve in the General Fund. The minimal, optimal level required for the reserve is 20% of the General Fund operating budget. The reserve can be drawn down as a funding source of last resort and used only after other reserve accounts have been accessed. At the end of each fiscal year, the actual and final General Fund surplus will first be used to fully fund the required reserve, and at the City Manager’s discretion, 75% of any remaining General Fund surplus will be automatically appropriated as a transfer out of the General Fund with 50% transferred to the Capital Facility Internal Service Fund and 25% transferred to the Infrastructure Internal Service Fund. As of June 30, 2012, the minimum fund balance reserve, which is reported within the unassigned fund balance of the General Fund, had a balance of \$9,419,717.

D. Fund Equity Deficits

The following funds have a fund deficit at June 30, 2012:

Fund	Amount
General Plan Special Revenue Fund	\$1,528,914
Grants Special Revenue Fund	2,993,486
Capital Improvement Projects Fund	1,022,989
Kilgore Cemetery Enterprise Fund	120,220
Community Development Block Grant Fund	10,315

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

E. Fund Balance Restatement

During fiscal year 2012, the City determined that Traffic Mitigation Special Revenue Fund revenue of \$472,917 for the year ended June 30, 2011 had been recorded in the Measure A Special Revenue Fund. Therefore, fund balances have been restated in the funds in that amount.

During fiscal year 2012, the City determined that an impact fee transaction between the Capital Improvement Projects Fund and various other funds had been recorded twice, overstating revenues and transfers for the year ended June 30, 2011 by \$3,660,299. Therefore, beginning fund balance of the Capital Improvement Projects Fund has been reduced in that amount, and the beginning fund balances of the Sunrise Douglas Special Revenue Fund, Traffic Mitigation Special Revenue Fund and Measure A Special Revenue Fund have been increased in the amounts of \$2,509,190, \$678,192, and \$472,917, respectively.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 10 – DEFINED BENEFIT PENSION PLANS

A. CalPERS Miscellaneous Employees Plan

The City contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. All permanent full and part time City employees working at least 1,000 hours per year are eligible to participate in CalPERS. Under CalPERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor times their highest average monthly salary over twelve consecutive months of employment. Benefit provisions and all other requirements are established by state statute. The establishment and amendment of specific benefit provisions of the plan is authorized by resolution of the City Council. Copies of CalPERS annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, California 95814.

Participants are required to contribute 8% of their annual covered salary, however, the City made 5.5% of the 8% participant contribution required by CalPERS through June 30, 2011 and 2.5% of the 8% participant contribution effective July 1, 2011, and the City made the contributions required of the City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

The Plan's provisions and benefits in effect at June 30, 2012 are summarized as follows:

	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefit factors, as a % of annual salary	2.0% - 2.7%
Required employee contribution rates	8%
Required employer contribution rates	14.628%

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$630,994	100%	\$0
June 30, 2011	460,003	100%	0
June 30, 2012	695,178	100%	0

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

CalPERS uses the market related value method of valuing the Plan’s assets. For the most recent actuarial report, as of June 30, 2010, an investment rate of return of 7.75% is assumed, including inflation at 3%. Annual salary increases are assumed to vary by duration of service. Changes in the liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over nineteen years for the Plan. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

As required by State law, effective July 1, 2005, the City’s Miscellaneous Plan was terminated, and the employees in the plan were required by CalPERS to join a State-wide pool. One of the conditions of entry to the pool was that the City true-up any unfunded liabilities in the former Plan, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CalPERS. The City satisfied its Miscellaneous Plan’s unfunded liability at July 1, 2005 by agreeing to contribute to the Side Fund through an addition to its normal contribution rates. The balance of the Side Fund was \$337,029 at June 30, 2011. The City paid off the balance of the side fund on September 1, 2011 in the amount of \$335,982, which was the balance as of that date.

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

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2008	\$1,823,366,479	\$1,529,548,799	\$293,817,680	83.9%	\$414,589,514	70.9%
2009	2,140,438,884	1,674,260,302	466,178,582	78.2%	440,071,499	105.9%
2010	2,297,871,345	1,815,671,616	482,199,729	79.0%	434,023,381	111.1%

The City’s Miscellaneous Plan represents approximately 0.012%, 0.012% and 0.011%, of the State-wide pool for the years ended June 30, 2010, 2009 and 2008, respectively, based on covered payroll of \$5,379,277, \$5,478,543, and \$4,797,262, for those years.

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

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS

The City provides health care benefits for retired employees based on negotiated employee contracts. Retirees may cover their spouse and other eligible dependents at their expense. If a covered spouse survives the retiree, the City will continue its contribution toward the spouse’s coverage until his or her death. Substantially all of the City’s employees and Council members may become eligible for those benefits if they reach the normal retirement age while working for the City.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

As provided by the Public Employees' Medical and Hospital and Care Act (PEMHCA), the City has been under contract with CalPERS for medical plan coverage since 2004 and has chosen to satisfy its retiree medical benefit commitment using the unequal contribution method. Under this method, the employer's contribution towards retiree medical benefits is determined by multiplying together the following three items:

- 5% *times*
- The number of prior years the employer has been contracted with PEMHCA *times*
- The contribution the employer makes towards active employee health benefits, but not less than the Minimum (required) Employer Contribution (MEC).

The City's contribution for active employees and Council members is the minimum required amount (e.g., \$112 for 2012). Therefore, the City's 2012 contribution toward health plan benefits for retired employees is 5% times 8 (years in CalPERS medical) times \$112 or \$45. This amount will increase for 15 more years when it is expected to equal the amount contributed to CalPERS for active employees. Retirees may cover their spouse and other eligible dependents at their expense. Survivors are eligible for CalPERS health benefits coverage if they qualify for a continuing monthly survivor allowance from CalPERS. CalPERS will deduct the monthly premium from the retirement check and the City will continue its contribution toward an eligible family member.

As of June 30, 2012, 3 participants were eligible to receive retirement health care benefits.

The City Council passed a resolution to participate the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT, an agent multiple-employer plan administered by CALPERS consisting of an aggregation of single-employer plans, is managed by an appointed board not under the control of City Council. This Trust is not considered a component unit by the City and has been excluded from these financial statements. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

Funding Policy and Actuarial Assumptions

The City's Policy is to prefund these benefits by accumulating assets with CERBT discussed above pursuant to Resolution 16-2010.

The annual required contribution (ARC) was determined as part of a July 1, 2011 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7% discount rate; (b) 3.25% projected annual salary increase, and (c) 4.5% health care cost trend rate increase. The health care cost trend rate is the rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a closed thirty year amortization period.

Funding Progress and Funded Status

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2012, the City contributed \$25,709 to the Plan to prefund benefits. As a result, the City has no recorded Net OPEB Asset or Net OPEB Obligation. The calculation of the Annual OPEB cost and actual contributions are presented below:

Annual required contribution (ARC)	\$27,007
Interest on Net OPEB Obligation	0
Adjustment to annual required contribution	<u>0</u>
Annual OPEB cost	27,007
Contributions made	(25,709)
Payments made to retiree	<u>(1,298)</u>
(Decrease) increase in net OPEB obligation	0
Net OPEB Asset at June 30, 2011	<u>0</u>
Net OPEB Obligation (Asset) at June 30, 2012	<u><u>\$0</u></u>

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated July 1, 2011, amounted to \$261,013. The AAL is partially funded since assets have been transferred into CERBT. The City's prior year contributions, the current year annual required contribution, along with investment income net of current year premiums resulted in assets with CERBT of \$379,234 as of June 30, 2012.

The Plan's annual required contributions and actual contributions are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2010	\$266,493	(\$266,493)	100%	\$0
June 30, 2011	35,480	(35,480)	100%	0
June 30, 2012	27,007	(27,007)	100%	0

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Liability (B)	Unfunded (Overfunded) Actuarial Liability (A - B)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(A - B)/C]
7/1/2009	\$0	\$215,433	\$215,433	0.00%	\$2,926,152	7.36%
7/1/2010	265,980	265,980	0	100.00%	3,021,252	0.00%
7/1/2011	350,649	261,013	(89,636)	134.34%	4,730,328	-1.89%

NOTE 12 - RISK MANAGEMENT

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

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the California State Association of Counties Excess Insurance Authority (CSAC EIA), a public entity risk pool of cities and counties within Northern California, for general liability and worker's compensation insurance. Loss contingency reserves established by the CSAC EIA are funded by contributions from member agencies. The City pays an annual contribution to the CSAC EIA, which includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the risk pool. The City paid premiums of \$318,538 for the year ended June 30, 2012. CSAC EIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained. CSAC EIA has never made an additional assessment and is currently fully funded. No provision has been made on these financial statements for liabilities related to possible additional assessments. The City also purchases commercial insurance through CSAC EIA for other risks of loss.

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

	Pool Coverage	Self-Insured Retention
General liability	\$35,000,000	\$10,000
Workers compensation	Statutory	0
Property - all risk	600,000,000	5,000
Property - all flood	610,000,000	5,000

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

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

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 13 – COMMITMENTS AND CONTINGENCIES

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

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

The City and County entered into a revenue neutrality agreement pursuant to Government Code §56845 as a means of mitigating the financial impacts of the incorporation of the City in 2003 on the County's general fund. A portion of the secured and unsecured ad valorem property taxes levied and collected pursuant to state law within the City's corporate limits are retained by the County, according to the Tax Sharing Agreement. The property taxes collected within the City's limits are shared with the County beginning fiscal year 2003/04 and continuing through fiscal year 2027/28. Amounts retained by the County are adjusted by a 2% inflation factor annually. Any tax increment related to redevelopment project areas are excluded from this Tax Sharing Agreement. For the fiscal year ended June 30, 2012, property taxes retained by the County in accordance with the revenue neutrality agreement totaled \$6,923,884.

The City has an agreement with the County to provide law enforcement services to the City through June 30, 2012. 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 2011/2012 projected total costs of \$15,500,000.

The City has an agreement with the County to provide maintenance services beginning July 1, 2004 and continuing through June 30, 2007. The agreement is renewable annually through June 30, 2014. Under the agreement, the City is required to budget \$1,000,000 annually for these services and is required to expend a minimum of \$750,000 each year of the contract. For the fiscal year ended June 30, 2012, actual costs totaled \$678,608 with the majority of the costs charged to the Measure A Special Revenue Fund.

During fiscal year 2010, the City annexed property known as the Sunrise-Folsom Area from the County and entered into a revenue sharing agreement with the County that became effective in fiscal year 2011. The agreement requires the City to transmit 75% of sales and use tax, transient occupancy and a portion of the utility users' tax revenues to the County. Since both parties and the Local Agency Formation Commission approved both agreements, the City was able to recover all of its costs of services to the area and all of its administrative costs in administering the agreements. The County was able to retain the property tax from the annexation area.

The City had outstanding contracts for services in the amount of \$29,079,548 and outstanding contracts for construction in the amount of \$7,825,057 at June 30, 2012.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 14 – OPERATING LEASES

The City has entered into various operating leases for buildings and equipment with lease terms in excess of one year. Future minimum lease payments under these agreements as of June 30, 2012, are as follows:

Year ending June 30,	Lease Payments
2013	\$65,656
2014	64,422
2015	58,043
2016	37,856
Total	<u><u>\$225,977</u></u>

Total costs of such leases were \$94,261 for the fiscal year ended June 30, 2012.

NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. REDEVELOPMENT DISSOLUTION

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

In addition, ABx1 26 and AB1484 direct the State Controller to review the activities of all redevelopment agencies and successor agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency. The State Controller's Office has not yet scheduled its asset transfer review.

Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain assets of the Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and all remaining Redevelopment Agency assets and liabilities were distributed to a Successor Agency.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and on February 1, 2012, certain housing assets were transferred to the City’s Low and Moderate Income Housing Asset Special Revenue Fund.

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment Agency’s remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established in April 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor.

The activities of the Housing Successor are reported in the Low and Moderate Income Housing Assets Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

A summary of the Redevelopment Agency’s assets distributed to and liabilities assumed by the Successor Agency and Housing Successor, reported as an Extraordinary Item, is presented below:

	Assets and Liabilities (Prior to transfer)	Transfer to Successor Agency	Transfer to Housing Successor	Other Adjustments	Ending Balance January 31, 2012
ASSETS					
Cash and investments	\$784,237	\$784,237			
Accounts receivable	32,312			\$32,312 (A)	
Land held for resale	6,041,030	4,883,633	\$1,157,397		
Total Assets	<u>6,857,579</u>	<u>5,667,870</u>	<u>1,157,397</u>	<u>32,312</u>	
LIABILITIES					
Accounts payable and accrued liabilities	50,563	50,563			
Long-term obligation	6,296,698	5,882,896		413,802 (B)	
Total Liabilities	<u>6,347,261</u>	<u>5,933,459</u>		<u>413,802</u>	
NET ASSETS (DEFICIT)	<u>\$510,318</u>	<u>(\$265,589)</u>	<u>\$1,157,397</u>	<u>(\$381,490)</u>	

(A) Prior to the State's adoption of AB1484, the City elected to be the Housing Successor and accounts receivable of the Low and Moderate Income Housing Fund of \$32,312 were transferred to the City's General Fund. The cash proceeds from the receivable were used to pay the property taxes on the housing land held for resale.

(B) Historical interest paid on certain advances from the City's General Fund was recalculated and reduced the outstanding liability as discussed in Note 4.

Cash and investments of the Successor Agency as of June 30, 2012 are discussed in Note 3 above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2012.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

B. LAND HELD FOR RESALE

The Successor Agency assumed the property held for resale of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency had purchased parcels of land as part of its efforts to develop or redevelop blighted properties within the Redevelopment areas. Such land parcels are accounted for at the lower of cost or net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer. During the year ended June 30, 2012 the Successor Agency reviewed the estimated market value for each of the parcels and, as a result of appraisals and the general decline in real estate values, has reduced the carrying value of the parcels by \$2,341,381.

C. LONG-TERM OBLIGATIONS

Prior to January 31, 2012, the Redevelopment Agency had received three advances from the General Fund: (1) Advances in the amount of \$592,972 are to be repaid from available tax increment revenues. This advance bears interest at the rate of 9.5%. (2) Advances in the amount of \$2,883,073 bear interest at the current LAIF rate in place during the fiscal year and are to be repaid from available tax increment revenues. (3) Advance in the amount of \$2,362,363 during fiscal year 2012 that bears interest at the current LAIF rate in place during the fiscal year. The balance of the advances, including principal and accrued interest, was \$5,838,408 as of January 31, 2012. With the dissolution of the Agency effective February 1, 2012, the Successor Agency assumed the obligation to repay the advances and has recorded a loan payable to the City's General Fund.

With the transfer of the associated liability to the Successor Agency, repayment of the first loan is contingent upon the Successor Agency having sufficient property tax revenues available for the repayment. Repayment of the other two loans is based upon whether the Successor Agency to the Redevelopment Agency receives a Finding of Completion, as defined in Health and Safety Code Section 34179.6. After the Successor Agency receives a Finding of Completion, and under the provisions of Health and Safety Code Section 34191.4(b)(2)(A), the loans can be repaid by the Successor Agency. However, the Successor Agency must apply for approval of the loans by the Oversight Board including a finding that the loans were for legitimate redevelopment purposes. If the Oversight Board finds that the loans are enforceable obligations, the loans are to be repaid in accordance with a defined schedule over a reasonable term of years. Repayment can not begin prior to fiscal year 2014 and the maximum annual repayment amount is limited based on calculations in the Code Section. In addition, the interest rate on the loans is limited to the Local Agency Investment Fund interest rate calculated from the inception of the loan. The loan balances were adjusted to reflect the revised interest rate prior to being assumed by the Successor Agency, and the balance of the loans including principal and accrued interest as of June 30, 2012 was \$5,858,408.

CITY OF RANCHO CORDOVA
Notes to Basic Financial Statements
For the Year Ended June 30, 2012

**NOTE 15 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

D. *COMMITMENTS AND CONTINGENCIES*

1. *State Approval of Enforceable Obligations*

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

2. *State Asset Transfer Review*

The activities of the former Redevelopment Agency and the Successor Agency are subject to further examination by the State of California and the amount, if any, of expenditures which may be disallowed by the State cannot be determined at this time. In addition, the State Controller's Office will be conducting a review of the propriety of asset transfers between the former Redevelopment Agency or the Successor Agency and any public agency that occurred on or after January 1, 2011 and the amount, if any, of assets that may be required to be returned to the Successor Agency cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NON-MAJOR SPECIAL REVENUE FUNDS
--

ASSET FORFEITURE FUND

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

VILLAGES OF ZINFANDEL FUND

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

COMMUNITY FACILITIES FEES FUND

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

PARK DEVELOPMENT FUND

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

GAS TAX FUND

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

STREET CUT FEES FUND

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

MATHER FIELD TRAFFIC IMPACT FEES FUND

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

CAP VILL PARK DEVELOPMENT FEES FUND

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

TRANSPORTATION DEVELOPMENT ACT FUND

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

VERY LOW INCOME HOUSING FUND

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

TRANSIT-RELATED SERVICES TAX FUND

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

ROAD MAINTENANCE FUND

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

NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
--

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND

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

RENTAL CODE COMPLIANCE PROGRAM FUND

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

ROADWAY IMPROVEMENT FUND

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

STORM WATER UTILITY TAX FUND

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

PROP 42 FUND

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

ENVIRONMENTAL MITIGATION FUND

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

LANDSCAPING AND LIGHTING FUND

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

MEASURE A SPECIAL REVENUE FUND

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

REDEVELOPMENT ADMINISTRATION SPECIAL REVENUE FUND

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

LOW/MOD INCOME HOUSING ASSET SPECIAL REVENUE FUND

Accounts for restricted assets and revenues associated with the housing assets of the former Redevelopment Agency.

NON-MAJOR DEBT SERVICE FUNDS

REDEVELOPMENT DEBT SERVICE FUND

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

FINANCING CORPORATION DEBT SERVICE FUND

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

NON-MAJOR CAPITAL PROJECTS FUNDS

LOW/MODERATE INCOME HOUSING FUND

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

REDEVELOPMENT CAPITAL PROJECTS FUND

This fund accounts for expenditures relating to capital improvements.

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2012

	SPECIAL REVENUE FUNDS					
	Asset Forfeiture	Villages of Zinfandel	Community Facilities Fees	Park Development	Gas Tax	Street Cut Fees
ASSETS						
Cash and investments	\$32,504	\$503,883	\$2,259,004	\$821,677	\$3,310,631	\$274,968
Restricted cash and investments						
Receivables:						
Interest	3	45	374	73	329	24
Due from other governmental agencies					187,388	
Loans						
Total Assets	\$32,507	\$503,928	\$2,259,378	\$821,750	\$3,498,348	\$274,992
LIABILITIES						
Accounts payable					\$34,637	
Due to other funds						
Deferred revenue						
Total Liabilities					34,637	
FUND EQUITY						
Fund balances (deficits)						
Restricted	\$32,507	\$503,928	\$2,259,378	\$821,750	3,463,711	\$274,992
Unassigned						
Total Fund Balances (Deficits)	32,507	503,928	2,259,378	821,750	3,463,711	274,992
Total Liabilities and Fund Balances	\$32,507	\$503,928	\$2,259,378	\$821,750	\$3,498,348	\$274,992

SPECIAL REVENUE FUNDS

Mather Field Traffic Impact Fees	Cap Vill Park Development Fees	Transportation Development Act	Very Low Income Housing	Transit- Related Services Tax	Road Maintenance	Community Development Block Grant	Rental Code Compliance Program
\$12,953	\$44,135		\$101,536	\$415,404	\$1,917,366		\$8,394
4	4		13	86	349		\$8
		\$350,303		390	2,354	\$265,469	
						226,430	
<u>\$12,957</u>	<u>\$44,139</u>	<u>\$350,303</u>	<u>\$101,549</u>	<u>\$415,880</u>	<u>\$1,920,069</u>	<u>\$491,899</u>	<u>\$8,402</u>
			\$4,418	\$2,745	\$14,103	\$12,815	
		\$350,303				262,969	
						226,430	
		<u>350,303</u>	<u>4,418</u>	<u>2,745</u>	<u>14,103</u>	<u>502,214</u>	
\$12,957	\$44,139		97,131	413,135	1,905,966		\$8,402
						(10,315)	
<u>12,957</u>	<u>44,139</u>		<u>97,131</u>	<u>413,135</u>	<u>1,905,966</u>	<u>(10,315)</u>	<u>8,402</u>
<u>\$12,957</u>	<u>\$44,139</u>	<u>\$350,303</u>	<u>\$101,549</u>	<u>\$415,880</u>	<u>\$1,920,069</u>	<u>\$491,899</u>	<u>\$8,402</u>

(Continued)

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2012

	SPECIAL REVENUE FUNDS					
	Roadway Improvement	Storm Water Utility Tax	Prop 42	Environmental Mitigation	Landscaping and Lighting	Measure A
ASSETS						
Cash and investments	\$5,594,526	\$1,664,694			\$2,923,345	\$1,529,134
Restricted cash and investments						
Receivables:						
Interest	503	\$149			511	137
Due from other governmental agencies					5,257	1,014,487
Loans						
Total Assets	\$5,595,029	\$1,664,843			\$2,929,113	\$2,543,758
LIABILITIES						
Accounts payable		\$210			\$31,512	\$156,500
Due to other funds						316,620
Deferred revenue						
Total Liabilities		210			31,512	473,120
FUND EQUITY						
Fund balances (deficits)						
Restricted	\$5,595,029	1,664,633			2,897,601	2,070,638
Unassigned						
Total Fund Balances (Deficits)	5,595,029	1,664,633			2,897,601	2,070,638
Total Liabilities and Fund Balances	\$5,595,029	\$1,664,843			\$2,929,113	\$2,543,758

<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>		<u>CAPITAL PROJECTS FUNDS</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Redevelopment Administration</u>	<u>Low/Mod Income Housing Asset</u>	<u>Redevelopment Debt Service</u>	<u>Financing Corporation Debt Service</u>	<u>Low/Moderate Income Housing</u>	<u>Redevelopment Capital Projects</u>	
			\$500			\$21,414,654
			1,864,250			1,864,250
			90			2,702
						1,825,648
						226,430
			<u>\$1,864,840</u>			<u>\$25,333,684</u>
			\$500			\$257,440
						579,589
						576,733
			500			1,413,762
			1,864,340			23,930,237
						(10,315)
			<u>1,864,340</u>			<u>23,919,922</u>
			<u>\$1,864,840</u>			<u>\$25,333,684</u>

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

SPECIAL REVENUE FUNDS						
	Asset Forfeiture	Villages of Zinfandel	Community Facilities Fees	Park Development	Gas Tax	Street Cut Fees
REVENUES						
Property taxes and assessments						
Other taxes						
Licenses, permits and fees		\$39,918	\$677,034	\$136,355		\$30,492
Fines, forfeitures and penalties	\$975					
Intergovernmental					\$1,843,521	
Charges for services						
Use of money and property	257	4,058	32,848	8,375	32,903	1,947
Total Revenues	<u>1,232</u>	<u>43,976</u>	<u>709,882</u>	<u>144,730</u>	<u>1,876,424</u>	<u>32,439</u>
EXPENDITURES						
Current:						
General Government		90		675,000		
Community Development						
Public Works					1,101,257	
Estimated reduction in fair value of land held for resale						
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures		<u>90</u>		<u>675,000</u>	<u>1,101,257</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,232</u>	<u>43,886</u>	<u>709,882</u>	<u>(530,270)</u>	<u>775,167</u>	<u>32,439</u>
OTHER FINANCING SOURCES (USES)						
Transfers in			43			
Transfers (out)		(8,076)	(1,241,559)	(2,628)	(1,593,007)	
Total Other Financing Sources (Uses)		<u>(8,076)</u>	<u>(1,241,516)</u>	<u>(2,628)</u>	<u>(1,593,007)</u>	
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	1,232	35,810	(531,634)	(532,898)	(817,840)	32,439
EXTRAORDINARY ITEM						
Assets transferred to/liabilities assumed by the Successor Agency						
NET CHANGE IN FUND BALANCE	<u>1,232</u>	<u>35,810</u>	<u>(531,634)</u>	<u>(532,898)</u>	<u>(817,840)</u>	<u>32,439</u>
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED	<u>31,275</u>	<u>468,118</u>	<u>2,791,012</u>	<u>1,354,648</u>	<u>4,281,551</u>	<u>242,553</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$32,507</u>	<u>\$503,928</u>	<u>\$2,259,378</u>	<u>\$821,750</u>	<u>\$3,463,711</u>	<u>\$274,992</u>

SPECIAL REVENUE FUNDS

Mather Field Traffic Impact Fees	Cap Vill Park Development Fees	Transportation Development Act	Very Low Income Housing	Transit- Related Services Tax	Road Maintenance	Community Development Block Grant	Rental Code Compliance Program
				\$120,100	\$434,028		
			\$104,688				\$85,024
						\$763,219	
\$841	\$351		1,413	1,500 2,861	13,715		378
841	351		106,101	124,461	447,743	763,219	85,402
			35,307			364,671	
				31,806	105,706		
			35,307	31,806	105,706	364,671	
841	351		70,794	92,655	342,037	398,548	85,402
(35,080)			(75,482)			(381,894)	(77,000)
(35,080)			(75,482)			(381,894)	(77,000)
(34,239)	351		(4,688)	92,655	342,037	16,654	8,402
(34,239)	351		(4,688)	92,655	342,037	16,654	8,402
47,196	43,788		101,819	320,480	1,563,929	(26,969)	
\$12,957	\$44,139		\$97,131	\$413,135	\$1,905,966	(\$10,315)	\$8,402

(Continued)

CITY OF RANCHO CORDOVA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS					
	Roadway Improvement	Storm Water Utility Tax	Prop 42	Environmental Mitigation	Landscaping and Lighting	Measure A
REVENUES						
Property taxes and assessments					\$573,915	
Other taxes		\$2,270,267				
Licenses, permits and fees	\$163,149					
Fines, forfeitures and penalties						
Intergovernmental						\$4,329,033
Charges for services						
Use of money and property	44,529	8,171			21,755	11,278
Total Revenues	<u>207,678</u>	<u>2,278,438</u>			<u>595,670</u>	<u>4,340,311</u>
EXPENDITURES						
Current:						
General Government						
Community Development						
Public Works		207,099			297,931	1,145,206
Estimated reduction in fair value of land held for resale						
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures		<u>207,099</u>			<u>297,931</u>	<u>1,145,206</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>207,678</u>	<u>2,071,339</u>			<u>297,739</u>	<u>3,195,105</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	115,194					472,917
Transfers (out)	(76,383)	(105,423)	(\$26,391)	(\$43)	(8,000)	(2,747,465)
Total Other Financing Sources (Uses)	<u>38,811</u>	<u>(105,423)</u>	<u>(26,391)</u>	<u>(43)</u>	<u>(8,000)</u>	<u>(2,274,548)</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	246,489	1,965,916	(26,391)	(43)	289,739	920,557
EXTRAORDINARY ITEM						
Assets transferred to/liabilities assumed by the Successor Agency						
NET CHANGE IN FUND BALANCE	<u>246,489</u>	<u>1,965,916</u>	<u>(26,391)</u>	<u>(43)</u>	<u>289,739</u>	<u>920,557</u>
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED	<u>5,348,540</u>	<u>(301,283)</u>	<u>26,391</u>	<u>43</u>	<u>2,607,862</u>	<u>1,150,081</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$5,595,029</u>	<u>\$1,664,633</u>			<u>\$2,897,601</u>	<u>\$2,070,638</u>

<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>		<u>CAPITAL PROJECTS FUNDS</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Redevelopment Administration</u>	<u>Low/Mod Income Housing Asset</u>	<u>Redevelopment Debt Service</u>	<u>Financing Corporation Debt Service</u>	<u>Low/Moderate Income Housing</u>	<u>Redevelopment Capital Projects</u>	
						\$1,127,355
						2,271,003
						1,236,660
						975
						6,935,773
						1,500
\$23,817		(48)	\$2,027	\$663	\$2,057	214,196
<u>23,817</u>			<u>2,027</u>	<u>663</u>	<u>2,057</u>	<u>11,787,462</u>
						1,075,068
1,351,178		837		715		1,352,730
						2,889,005
	\$1,157,397					1,157,397
20,501						20,501
			805,000			805,000
44,488			1,146,591			1,191,079
<u>1,416,167</u>	<u>1,157,397</u>	<u>837</u>	<u>1,951,591</u>	<u>715</u>		<u>8,490,780</u>
<u>(1,392,350)</u>	<u>(1,157,397)</u>	<u>(837)</u>	<u>(1,949,564)</u>	<u>(52)</u>	<u>2,057</u>	<u>3,296,682</u>
28,386		29,223	1,950,612			2,596,375
<u>(262,850)</u>		<u>(28,386)</u>	<u>(51,919)</u>	<u>(2,760)</u>		<u>(6,724,346)</u>
<u>(234,464)</u>		<u>837</u>	<u>1,898,693</u>	<u>(2,760)</u>		<u>(4,127,971)</u>
(1,626,814)	(1,157,397)		(50,871)	(2,812)	2,057	(831,289)
<u>1,246,386</u>	<u>1,157,397</u>			<u>(1,284,333)</u>	<u>(472,371)</u>	<u>647,079</u>
<u>(380,428)</u>			<u>(50,871)</u>	<u>(1,287,145)</u>	<u>(470,314)</u>	<u>(184,210)</u>
<u>380,428</u>			<u>1,915,211</u>	<u>1,287,145</u>	<u>470,314</u>	<u>24,104,132</u>
			<u>\$1,864,340</u>			<u>\$23,919,922</u>

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	ASSET FORFEITURE			VILLAGES OF ZINFANDEL		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Licenses, permits and fees				\$6,400	\$39,918	\$33,518
Fines, forfeitures and penalties		\$975	\$975			
Charges for services						
Intergovernmental						
Use of money and property		257	257		4,058	4,058
Total Revenues		<u>1,232</u>	<u>1,232</u>	<u>6,400</u>	<u>43,976</u>	<u>37,576</u>
EXPENDITURES						
Current:						
General Government				1,600		1,600
Community Development						
Public Works				1,500	90	1,410
Estimated reduction in fair value of land held for resale						
Capital outlay	\$25,000		25,000			
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>25,000</u>		<u>25,000</u>	<u>3,100</u>	<u>90</u>	<u>3,010</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(25,000)</u>	<u>1,232</u>	<u>26,232</u>	<u>3,300</u>	<u>43,886</u>	<u>40,586</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(180,400)	(8,076)	172,324
Total Other Financing Sources (Uses)				<u>(180,400)</u>	<u>(8,076)</u>	<u>172,324</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	<u>(25,000)</u>	<u>1,232</u>	<u>26,232</u>	<u>(177,100)</u>	<u>35,810</u>	<u>212,910</u>
EXTRAORDINARY ITEM						
Assets transferred to/liabilities assumed by the Successor Agency						
NET CHANGE IN FUND BALANCES	<u><u>(\$25,000)</u></u>	<u>1,232</u>	<u><u>\$26,232</u></u>	<u><u>(\$177,100)</u></u>	<u>35,810</u>	<u><u>\$212,910</u></u>
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED		<u>31,275</u>			<u>468,118</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u>\$32,507</u></u>			<u><u>\$503,928</u></u>	

COMMUNITY FACILITIES FEES			PARK DEVELOPMENT			GAS TAX		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$478,900	\$677,034	\$198,134	\$134,700	\$136,355	\$1,655			
	32,848	32,848		8,375	8,375	\$1,611,300	\$1,843,521	\$232,221
478,900	709,882	230,982	134,700	144,730	10,030	1,611,300	1,876,424	265,124
5,200		5,200	1,169,000	675,000	494,000			
						145,500	1,101,257	(955,757)
600,000		600,000						
605,200		605,200	1,169,000	675,000	494,000	145,500	1,101,257	(955,757)
(126,300)	709,882	836,182	(1,034,300)	(530,270)	504,030	1,465,800	775,167	(690,633)
100	43	(57)						
(1,257,000)	(1,241,559)	15,441	(2,700)	(2,628)	72	(4,236,800)	(1,593,007)	2,643,793
(1,256,900)	(1,241,516)	15,384	(2,700)	(2,628)	72	(4,236,800)	(1,593,007)	2,643,793
(1,383,200)	(531,634)	851,566	(1,037,000)	(532,898)	504,102	(2,771,000)	(817,840)	1,953,160
<u>(\$1,383,200)</u>	<u>(531,634)</u>	<u>\$851,566</u>	<u>(\$1,037,000)</u>	<u>(532,898)</u>	<u>\$504,102</u>	<u>(\$2,771,000)</u>	<u>(817,840)</u>	<u>\$1,953,160</u>
	2,791,012			1,354,648			4,281,551	
	<u>\$2,259,378</u>			<u>\$821,750</u>			<u>\$3,463,711</u>	

(Continued)

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	STREET CUT FEES			MATHER FIELD IMPACT FEES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Licenses, permits and fees	\$55,000	\$30,492	(\$24,508)			
Fines, forfeitures and penalties						
Charges for services						
Intergovernmental						
Use of money and property		1,947	1,947		\$841	\$841
Total Revenues	<u>55,000</u>	<u>32,439</u>	<u>(22,561)</u>		<u>841</u>	<u>841</u>
EXPENDITURES						
Current:						
General Government						
Community Development						
Public Works						
held for resale						
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>55,000</u>	<u>32,439</u>	<u>(22,561)</u>		<u>841</u>	<u>841</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(\$50,000)	(35,080)	14,920
Total Other Financing Sources (Uses)				<u>(50,000)</u>	<u>(35,080)</u>	<u>14,920</u>
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	55,000	32,439	(22,561)	(50,000)	(34,239)	15,761
EXTRAORDINARY ITEM						
Assets transferred to/liabilities assumed by the Successor Agency						
NET CHANGE IN FUND BALANCES	<u>\$55,000</u>	32,439	<u>(\$22,561)</u>	<u>(\$50,000)</u>	(34,239)	<u>\$15,761</u>
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED		<u>242,553</u>			<u>47,196</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$274,992</u>			<u>\$12,957</u>	

TRANSPORTATION DEVELOPMENT ACT			VERY LOW INCOME HOUSING			TRANSIT-RELATED SERVICES TAX		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$118,000	\$120,100	\$2,100
			\$15,000	\$104,688	\$89,688		1,500	1,500
\$37,860		(\$37,860)		1,413	1,413		2,861	2,861
<u>37,860</u>		<u>(\$37,860)</u>	<u>15,000</u>	<u>106,101</u>	<u>91,101</u>	<u>118,000</u>	<u>124,461</u>	<u>6,461</u>
			74,000	35,307	38,693			
						133,800	31,806	101,994
			<u>74,000</u>	<u>35,307</u>	<u>38,693</u>	<u>133,800</u>	<u>31,806</u>	<u>101,994</u>
<u>37,860</u>		<u>(\$37,860)</u>	<u>(59,000)</u>	<u>70,794</u>	<u>129,794</u>	<u>(15,800)</u>	<u>92,655</u>	<u>108,455</u>
			<u>(35,600)</u>	<u>(75,482)</u>	<u>(39,882)</u>	300		(300)
			<u>(35,600)</u>	<u>(75,482)</u>	<u>(39,882)</u>	<u>(300)</u>		<u>300</u>
<u>37,860</u>		<u>(\$37,860)</u>	<u>(94,600)</u>	<u>(4,688)</u>	<u>89,912</u>	<u>(15,800)</u>	<u>92,655</u>	<u>108,455</u>
<u>\$37,860</u>		<u>(\$37,860)</u>	<u>(\$94,600)</u>	<u>(4,688)</u>	<u>\$89,912</u>	<u>(\$15,800)</u>	<u>92,655</u>	<u>\$108,455</u>
				101,819			320,480	
				<u>\$97,131</u>			<u>\$413,135</u>	

(Continued)

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	ROAD MAINTENANCE			COMMUNITY DEVELOPMENT BLOCK GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$406,000	\$434,028	\$28,028			
Other taxes						
Licenses, permits and fees						
Fines, forfeitures and penalties						
Charges for services						
Intergovernmental				\$797,900	\$763,219	(\$34,681)
Use of money and property		13,715	13,715			
Total Revenues	406,000	447,743	41,743	797,900	763,219	(34,681)
EXPENDITURES						
Current:						
General government				102,900	364,671	(261,771)
Community development						
Public works	146,300	105,706	40,594			
Estimated reduction in fair value of land held for resale						
Capital outlay				414,600		414,600
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	146,300	105,706	40,594	517,500	364,671	152,829
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	259,700	342,037	82,337	280,400	398,548	118,148
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(280,400)	(381,894)	(101,494)
Total Other Financing Sources (Uses)				(280,400)	(381,894)	(101,494)
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	259,700	342,037	82,337		16,654	16,654
EXTRAORDINARY ITEM						
Assets transferred to/liabilities assumed by the Successor Agency						
NET CHANGE IN FUND BALANCES	\$259,700	342,037	\$82,337		16,654	\$16,654
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED		1,563,929			(26,969)	
ENDING FUND BALANCES (DEFICITS)		\$1,905,966			(\$10,315)	

RENTAL CODE COMPLIANCE PROGRAM			ROADWAY IMPROVEMENT			STORM WATER UTILITY TAX		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$77,000	\$85,024	\$8,024	\$94,160	\$163,149	\$68,989		\$2,270,267	\$2,270,267
	378	378		44,529	44,529	\$300,000	8,171	(300,000) 8,171
<u>77,000</u>	<u>85,402</u>	<u>8,402</u>	<u>94,160</u>	<u>207,678</u>	<u>113,518</u>	<u>300,000</u>	<u>2,278,438</u>	<u>1,978,438</u>
						300,000	207,099	92,901
						300,000	207,099	92,901
<u>77,000</u>	<u>85,402</u>	<u>8,402</u>	<u>94,160</u>	<u>207,678</u>	<u>113,518</u>		<u>2,071,339</u>	<u>2,071,339</u>
<u>(77,000)</u>	<u>(77,000)</u>		<u>100,000</u> <u>(175,000)</u>	<u>115,194</u> <u>(76,383)</u>	<u>15,194</u> <u>98,617</u>	<u>(100,000)</u>	<u>(105,423)</u>	<u>(5,423)</u>
<u>(77,000)</u>	<u>(77,000)</u>		<u>(75,000)</u>	<u>38,811</u>	<u>113,811</u>	<u>(100,000)</u>	<u>(105,423)</u>	<u>(5,423)</u>
	8,402	8,402	19,160	246,489	227,329	(100,000)	1,965,916	2,065,916
	<u>8,402</u>	<u>\$8,402</u>	<u>\$19,160</u>	<u>246,489</u>	<u>\$227,329</u>	<u>(\$100,000)</u>	<u>1,965,916</u>	<u>\$2,065,916</u>
				5,348,540			(301,283)	
	<u>\$8,402</u>			<u>\$5,595,029</u>			<u>\$1,664,633</u>	

(Continued)

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	PROP 42			ENVIRONMENTAL MITIGATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Licenses, permits and fees						
Fines, forfeitures and penalties						
Charges for services						
Intergovernmental						
Use of money and property						
Total Revenues						
EXPENDITURES						
Current:						
General government						
Community development						
Public works						
Estimated reduction in fair value of land held for resale						
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(\$27,000)	(\$26,391)	\$609	(\$100)	(\$43)	\$57
Total Other Financing Sources (Uses)	(27,000)	(26,391)	609	(100)	(43)	57
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(27,000)	(26,391)	609	(100)	(43)	57
EXTRAORDINARY ITEM						
Assets transferred to/liabilities assumed by the Successor Agency						
NET CHANGE IN FUND BALANCES	<u>(\$27,000)</u>	<u>(26,391)</u>	<u>\$609</u>	<u>(\$100)</u>	<u>(43)</u>	<u>\$57</u>
BEGINNING FUND BALANCES (DEFICITS) AS RESTATED		<u>26,391</u>			<u>43</u>	
ENDING FUND BALANCES (DEFICITS)		<u><u> </u></u>			<u><u> </u></u>	

LANDSCAPING AND LIGHTING			MEASURE A			REDEVELOPMENT ADMINISTRATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$597,000	\$573,915	(\$23,085)						
	21,755	21,755	\$6,515,500	\$4,329,033	(\$2,186,467)	\$54,000	\$23,817	(\$30,183)
597,000	595,670	(1,330)	6,515,500	4,340,311	(2,175,189)	54,000	23,817	(30,183)
476,800	297,931	178,869	1,607,500	1,145,206	462,294	799,800	1,351,178	(551,378)
						4,774,000	20,501	4,753,499
							44,488	(44,488)
476,800	297,931	178,869	1,607,500	1,145,206	462,294	5,573,800	1,416,167	4,157,633
120,200	297,739	177,539	4,908,000	3,195,105	(1,712,895)	(5,519,800)	(1,392,350)	4,127,450
200		(200)		472,917	472,917	106,000	28,386	(77,614)
(6,700)	(8,000)	(1,300)	(5,196,300)	(2,747,465)	2,448,835	(320,000)	(262,850)	57,150
(6,500)	(8,000)	(1,500)	(5,196,300)	(2,274,548)	2,921,752	(214,000)	(234,464)	(20,464)
113,700	289,739	176,039	(288,300)	920,557	1,208,857	(5,733,800)	(1,626,814)	4,106,986
							1,246,386	1,246,386
\$113,700	289,739	\$176,039	(\$288,300)	920,557	\$1,208,857	(\$5,733,800)	(380,428)	\$5,353,372
	2,607,862			1,150,081			380,428	
	\$2,897,601			\$2,070,638				

(Continued)

CITY OF RANCHO CORDOVA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>LOW/MODERATE INCOME HOUSING ASSET</u>			<u>REDEVELOPMENT DEBT SERVICE</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES						
Property taxes				\$530,000	(\$688)	(\$530,688)
Other taxes					736	736
Licenses, permits and fees						
Fines, forfeitures and penalties						
Charges for services						
Intergovernmental						
Use of money and property					(48)	(48)
Total Revenues				530,000		(530,000)
EXPENDITURES						
Current:						
General government						
Community development				10,000	837	9,163
Public works						
Estimated reduction in fair value of land held for resale		\$1,157,397	(\$1,157,397)			
Capital outlay	\$1,160,000		1,160,000			
Debt Service:						
Principal						
Interest and fiscal charges				308,000		308,000
Total Expenditures	1,160,000	1,157,397	2,603	318,000	837	317,163
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,160,000)	(1,157,397)	2,603	212,000	(837)	(212,837)
OTHER FINANCING SOURCES (USES)						
Transfers in					29,223	29,223
Transfers (out)	(133,000)		133,000	(212,000)	(28,386)	183,614
Total Other Financing Sources (Uses)	(133,000)		133,000	(212,000)	837	212,837
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	(1,293,000)	(1,157,397)	135,603			
EXTRAORDINARY ITEM						
Assets transferred to/liabilities assumed by the Successor Agency		1,157,397	1,157,397			
NET CHANGE IN FUND BALANCES	<u>(\$1,293,000)</u>		<u>\$1,293,000</u>			
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED						
ENDING FUND BALANCES (DEFICITS)						

<u>FINANCING CORPORATION DEBT SERVICE</u>			<u>LOW/MODERATE INCOME HOUSING</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
	\$2,027	\$2,027		\$663	\$663
	2,027	2,027		663	663
			\$214,000	715	213,285
\$805,000	805,000				
1,146,800	1,146,591	209			
1,951,800	1,951,591	209	214,000	715	213,285
(1,951,800)	(1,949,564)	2,236	(214,000)	(52)	213,948
1,951,800	1,950,612	(1,188)	106,000		(106,000)
(60,000)	(51,919)	8,081	(31,800)	(2,760)	29,040
1,891,800	1,898,693	6,893	74,200	(2,760)	(76,960)
(60,000)	(50,871)	9,129	(139,800)	(2,812)	136,988
				(1,284,333)	(1,284,333)
<u>(\$60,000)</u>	(50,871)	<u>\$9,129</u>	<u>(\$139,800)</u>	(1,287,145)	<u>(\$1,147,345)</u>
	1,915,211			1,287,145	
	<u>\$1,864,340</u>			<u></u>	

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SUBCOMBINING FUND SCHEDULES

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Sunrise Douglas Program Updates Fund	Sunrise Douglas Interim Sewer Fund	Sunrise Douglas Library Fund	Sunrise Douglas Offsite Water Fund	Sunrise Douglas Traffic Impact Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS					
Cash and investments	\$102,503	\$235,969	\$1,811,295	\$107,582	\$13,792,895
Receivables:					
Interest	<u> 9</u>	<u> 21</u>	<u> 161</u>	<u> 10</u>	<u> 1,012</u>
Total Assets	<u><u> \$102,512</u></u>	<u><u> \$235,990</u></u>	<u><u> \$1,811,456</u></u>	<u><u> \$107,592</u></u>	<u><u> \$13,793,907</u></u>
FUND BALANCES					
Restricted	<u> \$102,512</u>	<u> \$235,990</u>	<u> \$1,811,456</u>	<u> \$107,592</u>	<u> \$13,793,907</u>
Total Fund Balances	<u> 102,512</u>	<u> 235,990</u>	<u> 1,811,456</u>	<u> 107,592</u>	<u> 13,793,907</u>
Total Liabilities and Fund Balances	<u><u> \$102,512</u></u>	<u><u> \$235,990</u></u>	<u><u> \$1,811,456</u></u>	<u><u> \$107,592</u></u>	<u><u> \$13,793,907</u></u>

Sunrise Douglas Transit Shuttle Fund	Sunrise Douglas Admin Fund	Total Sunrise Douglas Special Revenue Fund
\$419,947	\$786,947	\$17,257,138
<u>37</u>	<u>70</u>	<u>1,320</u>
<u>\$419,984</u>	<u>\$787,017</u>	<u>\$17,258,458</u>
<u>\$419,984</u>	<u>\$787,017</u>	<u>\$17,258,458</u>
<u>419,984</u>	<u>787,017</u>	<u>17,258,458</u>
<u>\$419,984</u>	<u>\$787,017</u>	<u>\$17,258,458</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Sunrise Douglas Program Updates Fund	Sunrise Douglas Interim Sewer Fund	Sunrise Douglas Library Fund	Sunrise Douglas Offsite Water Fund	Sunrise Douglas Traffic Impact Fund
REVENUES					
Licenses, permits and fees	\$12,014	\$136,627	\$94,082	\$189,365	\$2,004,310
Use of money and property	775	1,438	14,134	610	90,205
Total Revenues	12,789	138,065	108,216	189,975	2,094,515
EXPENDITURES					
Current:					
Public Works					6,626
Capital outlay		20,754		131,548	
Total Expenditures		20,754		131,548	6,626
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,789	117,311	108,216	58,427	2,087,889
OTHER FINANCING SOURCES (USES)					
Transfers (out)					(799,307)
Total Other Financing Sources (Uses)					(799,307)
NET CHANGE IN FUND BALANCES	12,789	117,311	108,216	58,427	1,288,582
BEGINNING FUND BALANCES, AS RESTATED	89,723	118,679	1,703,240	49,165	12,505,325
ENDING FUND BALANCES	\$102,512	\$235,990	\$1,811,456	\$107,592	\$13,793,907

Sunrise Douglas Transit Shuttle Fund	Sunrise Douglas Admin Fund	Total Sunrise Douglas Special Revenue Fund
\$11,459	\$91,574	\$2,539,431
<u>3,316</u>	<u>6,337</u>	<u>116,815</u>
<u>14,775</u>	<u>97,911</u>	<u>2,656,246</u>
	114,667	121,293
		<u>152,302</u>
	<u>114,667</u>	<u>273,595</u>
<u>14,775</u>	<u>(16,756)</u>	<u>2,382,651</u>
		<u>(799,307)</u>
		<u>(799,307)</u>
14,775	(16,756)	1,583,344
<u>405,209</u>	<u>803,773</u>	<u>15,675,114</u>
<u>\$419,984</u>	<u>\$787,017</u>	<u>\$17,258,458</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Sunrise Douglas Program Updates Fund			Sunrise Douglas Interim Sewer Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$11,900	\$12,014	\$114	\$138,400	\$136,627	(\$1,773)
Use of money and property		775	775		1,438	1,438
Total Revenues	<u>11,900</u>	<u>12,789</u>	<u>889</u>	<u>138,400</u>	<u>138,065</u>	<u>(335)</u>
EXPENDITURES						
Current:						
General Government						
Public Works						
Capital outlay				240,000	20,754	219,246
Total Expenditures				<u>240,000</u>	<u>20,754</u>	<u>219,246</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,900</u>	<u>12,789</u>	<u>889</u>	<u>(101,600)</u>	<u>117,311</u>	<u>218,911</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	11,900	12,789	889	(101,600)	117,311	218,911
BEGINNING FUND BALANCES, AS RESTATED	<u>89,723</u>	<u>89,723</u>		<u>118,679</u>	<u>118,679</u>	
ENDING FUND BALANCES	<u>\$101,623</u>	<u>\$102,512</u>	<u>\$889</u>	<u>\$17,079</u>	<u>\$235,990</u>	<u>\$218,911</u>

Sunrise Douglas Library Fund			Sunrise Douglas Offsite Water Fund			Sunrise Douglas Traffic Impact Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$87,100	\$94,082	\$6,982	\$200,700	\$189,365	(\$11,335)	\$2,062,500	\$2,004,310	(\$58,190)
	14,134	14,134		610	610		90,205	90,205
87,100	108,216	21,116	200,700	189,975	(10,725)	2,062,500	2,094,515	32,015
						\$183,000	6,626	176,374
			350,000	131,548	218,452			
			350,000	131,548	218,452	183,000	6,626	176,374
87,100	108,216	21,116	(149,300)	58,427	207,727	1,879,500	2,087,889	208,389
						(4,988,000)	(799,307)	4,188,693
						(4,988,000)	(799,307)	4,188,693
87,100	108,216	21,116	(149,300)	58,427	207,727	(3,108,500)	1,288,582	4,397,082
1,703,240	1,703,240		49,165	49,165		12,505,325	12,505,325	
<u>\$1,790,340</u>	<u>\$1,811,456</u>	<u>\$21,116</u>	<u>(\$100,135)</u>	<u>\$107,592</u>	<u>\$207,727</u>	<u>\$9,396,825</u>	<u>\$13,793,907</u>	<u>\$4,397,082</u>

(Continued)

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Sunrise Douglas Transit Shuttle fund			Sunrise Douglas Admin Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$11,300	\$11,459	\$159	\$85,200	\$91,574	\$6,374
Use of money and property		3,316	3,316		6,337	6,337
Total Revenues	<u>11,300</u>	<u>14,775</u>	<u>3,475</u>	<u>85,200</u>	<u>97,911</u>	<u>12,711</u>
EXPENDITURES						
Current:						
General Government				200,000		200,000
Public Works				221,700	114,667	107,033
Capital outlay						
Total Expenditures				<u>421,700</u>	<u>114,667</u>	<u>307,033</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,300</u>	<u>14,775</u>	<u>3,475</u>	<u>(336,500)</u>	<u>(16,756)</u>	<u>319,744</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	11,300	14,775	3,475	(336,500)	(16,756)	319,744
BEGINNING FUND BALANCES, AS RESTATED	<u>405,209</u>	<u>405,209</u>		<u>803,773</u>	<u>803,773</u>	
ENDING FUND BALANCES	<u>\$416,509</u>	<u>\$419,984</u>	<u>\$3,475</u>	<u>\$467,273</u>	<u>\$787,017</u>	<u>\$319,744</u>

Total Sunrise Douglas
Special Revenue Fund

Budget	Actual	Variance Positive (Negative)
\$2,597,100	\$2,539,431	(\$57,669)
	116,815	116,815
<u>2,597,100</u>	<u>2,656,246</u>	<u>59,146</u>
200,000		200,000
404,700	121,293	283,407
<u>590,000</u>	<u>152,302</u>	<u>437,698</u>
<u>1,194,700</u>	<u>273,595</u>	<u>921,105</u>
<u>1,402,400</u>	<u>2,382,651</u>	<u>980,251</u>
<u>(4,988,000)</u>	<u>(799,307)</u>	<u>4,188,693</u>
<u>(4,988,000)</u>	<u>(799,307)</u>	<u>4,188,693</u>
(3,585,600)	1,583,344	5,168,944
<u>15,675,114</u>	<u>15,675,114</u>	
<u>\$12,089,514</u>	<u>\$17,258,458</u>	<u>\$5,168,944</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
TRAFFIC MITIGATION SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Traffic Mitigation Fund	Traffic Mitigation Admin Fund	Total Traffic Mitigation Special Revenue Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$20,515,903	\$244,914	\$20,760,817
Receivables:			
Interest	<u>1,740</u>	<u>22</u>	<u>1,762</u>
Total Assets	<u><u>\$20,517,643</u></u>	<u><u>\$244,936</u></u>	<u><u>\$20,762,579</u></u>
LIABILITIES			
Accounts payable	<u>\$22,607</u>		<u>\$22,607</u>
Total Liabilities	<u>22,607</u>		<u>22,607</u>
FUND BALANCES			
Restricted	<u>20,495,036</u>	<u>\$244,936</u>	<u>20,739,972</u>
Total Fund Balances	<u>20,495,036</u>	<u>244,936</u>	<u>20,739,972</u>
Total Liabilities and Fund Balances	<u><u>\$20,517,643</u></u>	<u><u>\$244,936</u></u>	<u><u>\$20,762,579</u></u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
TRAFFIC MITIGATION SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Traffic Mitigation Fund	Traffic Mitigation Admin Fund	Total Traffic Mitigation Special Revenue Fund
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Charges for services			
Licenses, permits and fees	2,042,997	\$39,037	\$2,082,034
Use of money and property	162,655	2,032	164,687
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>2,205,652</u>	<u>41,069</u>	<u>2,246,721</u>
EXPENDITURES			
Current:			
Public Works	137,002	36,128	173,130
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>137,002</u>	<u>36,128</u>	<u>173,130</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	<u>2,068,650</u>	<u>4,941</u>	<u>2,073,591</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(1,763,757)	(1,973)	(1,765,730)
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	<u>(1,763,757)</u>	<u>(1,973)</u>	<u>(1,765,730)</u>
NET CHANGE IN FUND BALANCES			
	304,893	2,968	307,861
BEGINNING FUND BALANCES, AS RESTATED			
	<u>20,190,143</u>	<u>241,968</u>	<u>20,432,111</u>
ENDING FUND BALANCES			
	<u>\$20,495,036</u>	<u>\$244,936</u>	<u>\$20,739,972</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TRAFFIC MITIGATION SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Traffic Mitigation Fund			Traffic Mitigation Admin Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Charges for services						
Licenses, permits and fees	\$990,100	\$2,042,997	\$1,052,897	\$19,800	\$39,037	\$19,237
Use of money and property		162,655	162,655		2,032	2,032
Total Revenues	990,100	2,205,652	1,215,552	19,800	41,069	21,269
EXPENDITURES						
Current:						
Public Works	1,116,000	137,002	978,998	165,600	36,128	129,472
Total Expenditures	1,116,000	137,002	978,998	165,600	36,128	129,472
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(125,900)	2,068,650	2,194,550	(145,800)	4,941	150,741
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(7,273,000)	(1,763,757)	5,509,243	(5,700)	(1,973)	3,727
Total Other Financing Sources (Uses)	(7,273,000)	(1,763,757)	5,509,243	(5,700)	(1,973)	3,727
NET CHANGE IN FUND BALANCES	(7,398,900)	304,893	7,703,793	(151,500)	2,968	154,468
BEGINNING FUND BALANCES, AS RESTATED	20,190,143	20,190,143		241,968	241,968	
ENDING FUND BALANCES	\$12,791,243	\$20,495,036	\$7,703,793	\$90,468	\$244,936	\$154,468

<u>Total Traffic Mitigation Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$1,009,900	\$2,082,034	\$1,072,134
	164,687	164,687
<u>1,009,900</u>	<u>2,246,721</u>	<u>1,236,821</u>
<u>1,281,600</u>	<u>173,130</u>	<u>1,108,470</u>
<u>1,281,600</u>	<u>173,130</u>	<u>1,108,470</u>
<u>(271,700)</u>	<u>2,073,591</u>	<u>2,345,291</u>
<u>(7,278,700)</u>	<u>(1,765,730)</u>	<u>5,512,970</u>
<u>(7,278,700)</u>	<u>(1,765,730)</u>	<u>5,512,970</u>
(7,550,400)	307,861	7,858,261
<u>20,432,111</u>	<u>20,432,111</u>	
<u>\$12,881,711</u>	<u>\$20,739,972</u>	<u>\$7,858,261</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
GRANT REVENUE SPECIAL REVENUE FUNDS
JUNE 30, 2012

	<u>State Grant Fund</u>	<u>Federal Grant Fund</u>	<u>Total Grant Special Revenue Fund</u>
ASSETS			
Receivables:			
Due from other governmental agencies	<u>\$722,622</u>	<u>\$3,923,792</u>	<u>\$4,646,414</u>
Total Assets	<u><u>\$722,622</u></u>	<u><u>\$3,923,792</u></u>	<u><u>\$4,646,414</u></u>
LIABILITIES			
Accounts payable	\$38,704	\$1,081,823	\$1,120,527
Due to other funds	271,787	3,143,993	3,415,780
Deferred revenue	<u>605,269</u>	<u>2,498,324</u>	<u>3,103,593</u>
Total Liabilities	<u>915,760</u>	<u>6,724,140</u>	<u>7,639,900</u>
FUND BALANCES (DEFICITS)			
Unassigned	<u>(193,138)</u>	<u>(2,800,348)</u>	<u>(2,993,486)</u>
Total Fund Balances (Deficits)	<u>(193,138)</u>	<u>(2,800,348)</u>	<u>(2,993,486)</u>
Total Liabilities and Fund Balances	<u><u>\$722,622</u></u>	<u><u>\$3,923,792</u></u>	<u><u>\$4,646,414</u></u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GRANT REVENUE SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>State Grant Fund</u>	<u>Federal Grant Fund</u>	<u>Total Grant Special Revenue Fund</u>
REVENUES			
Intergovernmental	\$2,246,030	\$5,484,933	\$7,730,963
Charges for services	1,714		1,714
Use of money and property	139		139
	<u>2,247,883</u>	<u>5,484,933</u>	<u>7,732,816</u>
Total Revenues			
EXPENDITURES			
Current:			
General Government		247,623	247,623
Community Development	1,370	58,389	59,759
Public Safety	98,335	183,331	281,666
Public Works	110,889		110,889
Capital outlay	112,073	2,469,167	2,581,240
	<u>322,667</u>	<u>2,958,510</u>	<u>3,281,177</u>
Total Expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,925,216</u>	<u>2,526,423</u>	<u>4,451,639</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(2,672,044)</u>	<u>(4,616,168)</u>	<u>(7,288,212)</u>
Total Other Financing Sources (Uses)	<u>(2,672,044)</u>	<u>(4,616,168)</u>	<u>(7,288,212)</u>
NET CHANGE IN FUND BALANCES	(746,828)	(2,089,745)	(2,836,573)
BEGINNING FUND BALANCES (DEFICITS)	<u>553,690</u>	<u>(710,603)</u>	<u>(156,913)</u>
ENDING FUND BALANCES (DEFICITS)	<u><u>(\$193,138)</u></u>	<u><u>(\$2,800,348)</u></u>	<u><u>(\$2,993,486)</u></u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANT REVENUE SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	State Grant Fund			Federal Grant Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Intergovernmental	\$3,607,800	\$2,246,030	(\$1,361,770)	\$8,767,000	\$5,484,933	(\$3,282,067)
Charges for services		1,714	1,714			
Use of money and property		139	139			
Total Revenues	3,607,800	2,247,883	(1,359,917)	8,767,000	5,484,933	(3,282,067)
EXPENDITURES						
Current:						
General Government					247,623	(247,623)
Community Development		1,370	(1,370)	10,000	58,389	(48,389)
Public Safety		98,335	(98,335)	10,000	183,331	(173,331)
Public Works	203,900	110,889	93,011			
Capital outlay		112,073	(112,073)	3,800,000	2,469,167	1,330,833
Total Expenditures	203,900	322,667	(118,767)	3,820,000	2,958,510	861,490
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,403,900	1,925,216	(1,478,684)	4,947,000	2,526,423	(2,420,577)
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(3,403,900)	(2,672,044)	731,856	(4,947,000)	(4,616,168)	330,832
Total Other Financing Sources (Uses)	(3,403,900)	(2,672,044)	731,856	(4,947,000)	(4,616,168)	330,832
NET CHANGE IN FUND BALANCES		(746,828)	(746,828)		(2,089,745)	(2,089,745)
BEGINNING FUND BALANCES (DEFICITS)	553,690	553,690		(710,603)	(710,603)	
ENDING FUND BALANCES (DEFICITS)	\$553,690	(\$193,138)	(\$746,828)	(\$710,603)	(\$2,800,348)	(\$2,089,745)

Totals		
Budget	Actual	Variance Positive (Negative)
\$12,374,800	\$7,730,963	(\$4,643,837)
	1,714	1,714
	139	139
<u>12,374,800</u>	<u>7,732,816</u>	<u>(4,641,984)</u>
	247,623	(247,623)
10,000	59,759	(49,759)
10,000	281,666	(271,666)
203,900	110,889	93,011
<u>3,800,000</u>	<u>2,581,240</u>	<u>1,218,760</u>
<u>4,023,900</u>	<u>3,281,177</u>	<u>742,723</u>
<u>8,350,900</u>	<u>4,451,639</u>	<u>(3,899,261)</u>
<u>(8,350,900)</u>	<u>(7,288,212)</u>	<u>1,062,688</u>
<u>(8,350,900)</u>	<u>(7,288,212)</u>	<u>1,062,688</u>
	(2,836,573)	(2,836,573)
<u>(156,913)</u>	<u>(156,913)</u>	
<u>(\$156,913)</u>	<u>(\$2,993,486)</u>	<u>(\$2,836,573)</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS
JUNE 30, 2012

	Villages of Zinfandel Roadway Fund	Villages of Zinfandel Admin Fund	Villages of Zinfandel Library Fund	Total Villages of Zinfandel Special Revenue Fund
ASSETS				
Cash and investments	\$303,003	\$6,792	\$194,088	\$503,883
Receivables:				
Interest	<u>27</u>	<u>1</u>	<u>17</u>	<u>45</u>
Total Assets	<u>\$303,030</u>	<u>\$6,793</u>	<u>\$194,105</u>	<u>\$503,928</u>
FUND BALANCES				
Restricted	<u>\$303,030</u>	<u>\$6,793</u>	<u>\$194,105</u>	<u>\$503,928</u>
Total Fund Balances	<u>303,030</u>	<u>6,793</u>	<u>194,105</u>	<u>503,928</u>
Total Liabilities and Fund Balances	<u>\$303,030</u>	<u>\$6,793</u>	<u>\$194,105</u>	<u>\$503,928</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Villages of Zinfandel Roadway Fund	Villages of Zinfandel Admin Fund	Villages of Zinfandel Library Fund	Total Villages of Zinfandel Special Revenue Fund
REVENUES				
Licenses, permits and fees	\$37,358	\$1,163	\$1,397	39,918
Use of money and property	2,461	54	1,543	4,058
Total Revenues	39,819	1,217	2,940	43,976
EXPENDITURES				
Current:				
Public works		90		90
Total Expenditures		90		90
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	39,819	1,127	2,940	43,886
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(8,076)			(8,076)
Total Other Financing Sources (Uses)	(8,076)			(8,076)
NET CHANGE IN FUND BALANCES	31,743	1,127	2,940	35,810
BEGINNING FUND BALANCES	271,287	5,666	191,165	468,118
ENDING FUND BALANCES	\$303,030	\$6,793	\$194,105	\$503,928

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Villages of Zinfandel Roadway Fund			Villages of Zinfandel Admin Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$2,700	\$37,358	\$34,658	\$200	\$1,163	\$963
Use of money and property		2,461	2,461		54	54
Total Revenues	2,700	39,819	37,119	200	1,217	1,017
EXPENDITURES						
Current:						
General Government				1,600		1,600
Public works				1,500	90	1,410
Total Expenditures				3,100	90	3,010
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,700	39,819	37,119	(2,900)	1,127	4,027
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(180,400)	(8,076)	172,324			
Total Other Financing Sources (Uses)	(180,400)	(8,076)	172,324			
NET CHANGE IN FUND BALANCES	(177,700)	31,743	209,443	(2,900)	1,127	4,027
BEGINNING FUND BALANCES	271,287	271,287		5,666	5,666	
ENDING FUND BALANCES	\$93,587	\$303,030	\$209,443	\$2,766	\$6,793	\$4,027

Villages of Zinfandel Library Fund			Totals		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$3,500	\$1,397	(\$2,103)	\$6,400	\$39,918	\$33,518
	1,543	1,543		4,058	4,058
<u>3,500</u>	<u>2,940</u>	<u>(560)</u>	<u>6,400</u>	<u>43,976</u>	<u>37,576</u>
			1,600		1,600
			1,500	90	1,410
			3,100	90	3,010
<u>3,500</u>	<u>2,940</u>	<u>(560)</u>	<u>3,300</u>	<u>43,886</u>	<u>40,586</u>
			(180,400)	(8,076)	172,324
			(180,400)	(8,076)	172,324
3,500	2,940	(560)	(177,100)	35,810	212,910
<u>191,165</u>	<u>191,165</u>		<u>468,118</u>	<u>468,118</u>	
<u>\$194,665</u>	<u>\$194,105</u>	<u>(\$560)</u>	<u>\$291,018</u>	<u>\$503,928</u>	<u>\$212,910</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING BALANCE SHEET
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
JUNE 30, 2012

	CFF Library Impact Fund	CFF Museum Impact Fund	CFF Parking Facility Fund	CFF City Hall Fund	CFF Police Fund
ASSETS					
Cash and investments	\$602,722	\$301,351	\$119,909		
Receivables:					
Interest	54	100	108		
Due from other funds		819,426	1,092,090		
	<u>602,776</u>	<u>1,120,877</u>	<u>1,212,107</u>		
Total Assets	<u><u>\$602,776</u></u>	<u><u>\$1,120,877</u></u>	<u><u>\$1,212,107</u></u>		
LIABILITIES					
Due to other funds				\$346,905	\$1,092,090
				<u>346,905</u>	<u>1,092,090</u>
Total Liabilities				<u>346,905</u>	<u>1,092,090</u>
FUND BALANCES					
Restricted	602,776	1,120,877	1,212,107		
Unassigned				(346,905)	(1,092,090)
	<u>602,776</u>	<u>1,120,877</u>	<u>1,212,107</u>	<u>(346,905)</u>	<u>(1,092,090)</u>
Total Fund Balances (Deficits)	<u><u>602,776</u></u>	<u><u>1,120,877</u></u>	<u><u>1,212,107</u></u>	<u><u>(346,905)</u></u>	<u><u>(1,092,090)</u></u>
Total Liabilities and Fund Balances (Deficits)	<u><u>\$602,776</u></u>	<u><u>\$1,120,877</u></u>	<u><u>\$1,212,107</u></u>		

CFF Community Center Fund	CFF Corporate Yard Fund	CFF Admin Fund	CFF Animal Services Fund	CFF Records Management Fund	CFF Tele- communication Impact Fund	Intra-fund Elimination	Total CFF Special Revenue Fund
	\$995,920	\$103,653	\$127,454	\$7,995			\$2,259,004
	89	11	11	1			374
						(\$1,911,516)	
	\$996,009	\$103,664	\$127,465	\$7,996		(\$1,911,516)	\$2,259,378
\$438,355					\$34,166	(\$1,911,516)	
438,355					34,166	(1,911,516)	
	\$996,009	\$103,664	\$127,465	\$7,996		(1,911,516)	2,259,378
(438,355)					(34,166)	1,911,516	
(438,355)	996,009	103,664	127,465	7,996	(34,166)		2,259,378
	\$996,009	\$103,664	\$127,465	\$7,996		(\$1,911,516)	\$2,259,378

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	CFF Library Impact Fund	CFF Museum Impact Fund	CFF Parking Facility Fund	CFF City Hall Fund	CFF Police Fund
REVENUES					
Licenses, permits and fees	\$9,844	\$47,026	\$56,217	\$133,685	\$176,178
Use of money and property	4,791	8,791	9,517	1	571
Total Revenues	<u>14,635</u>	<u>55,817</u>	<u>65,734</u>	<u>133,686</u>	<u>176,749</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers (out)				(379,001)	(902,532)
Total Other Financing Sources (Uses)				<u>(379,001)</u>	<u>(902,532)</u>
NET CHANGE IN FUND BALANCES	14,635	55,817	65,734	(245,315)	(725,783)
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED	<u>588,141</u>	<u>1,065,060</u>	<u>1,146,373</u>	<u>(101,590)</u>	<u>(366,307)</u>
ENDING FUND BALANCES (DEFICITS)	<u><u>\$602,776</u></u>	<u><u>\$1,120,877</u></u>	<u><u>\$1,212,107</u></u>	<u><u>(\$346,905)</u></u>	<u><u>(\$1,092,090)</u></u>

<u>CFF Community Center Fund</u>	<u>CFF Corporate Yard Fund</u>	<u>CFF Admin Fund</u>	<u>CFF Animal Services Fund</u>	<u>CFF Records Management Fund</u>	<u>CFF Tele- communication Impact Fund</u>	<u>Intra-fund Elimination</u>	<u>Total CFF Special Revenue Fund</u>
\$159,942	\$51,060	\$23,721	\$9,708	\$719	\$8,934		\$677,034
	7,289	900	927	61			32,848
<u>159,942</u>	<u>58,349</u>	<u>24,621</u>	<u>10,635</u>	<u>780</u>	<u>8,934</u>		<u>709,882</u>
	521,097	43				(\$521,097)	43
<u>(463,223)</u>		<u>(17,900)</u>				<u>521,097</u>	<u>(1,241,559)</u>
<u>(463,223)</u>	<u>521,097</u>	<u>(17,857)</u>					<u>(1,241,516)</u>
(303,281)	579,446	6,764	10,635	780	8,934		(531,634)
<u>(135,074)</u>	<u>416,563</u>	<u>96,900</u>	<u>116,830</u>	<u>7,216</u>	<u>(43,100)</u>		<u>2,791,012</u>
<u>(\$438,355)</u>	<u>\$996,009</u>	<u>\$103,664</u>	<u>\$127,465</u>	<u>\$7,996</u>	<u>(\$34,166)</u>		<u>\$2,259,378</u>

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Community Facility Fees Library Impact Fund			Community Facility Fees Museum Impact Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$2,700	\$9,844	\$7,144	\$40,800	\$47,026	\$6,226
Use of money and property		4,791	4,791		8,791	8,791
Total Revenues	<u>2,700</u>	<u>14,635</u>	<u>11,935</u>	<u>40,800</u>	<u>55,817</u>	<u>15,017</u>
EXPENDITURES						
Current:						
General Government						
Capital outlay						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,700</u>	<u>14,635</u>	<u>11,935</u>	<u>40,800</u>	<u>55,817</u>	<u>15,017</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	2,700	14,635	11,935	40,800	55,817	15,017
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED	<u>588,141</u>	<u>588,141</u>		<u>1,065,060</u>	<u>1,065,060</u>	
ENDING FUND BALANCES (DEFICITS)	<u><u>\$590,841</u></u>	<u><u>\$602,776</u></u>	<u><u>\$11,935</u></u>	<u><u>\$1,105,860</u></u>	<u><u>\$1,120,877</u></u>	<u><u>\$15,017</u></u>

Community Facility Fees Parking Facility Fund			Community Facility Fees City Hall Fund			Community Facility Fees Police Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$56,217	\$56,217	\$105,900	\$133,685	\$27,785	\$139,400	\$176,178	\$36,778
	9,517	9,517		1	1		571	571
	65,734	65,734	105,900	133,686	27,786	139,400	176,749	37,349
						600,000		(600,000)
						600,000		(600,000)
	65,734	65,734	105,900	133,686	27,786	(460,600)	176,749	637,349
			(379,100)	(379,001)	99	(389,200)	(902,532)	(513,332)
			(379,100)	(379,001)	99	(389,200)	(902,532)	(513,332)
	65,734	65,734	(273,200)	(245,315)	27,885	(849,800)	(725,783)	124,017
\$1,146,373	1,146,373		(101,590)	(101,590)		(366,307)	(366,307)	
\$1,146,373	\$1,212,107	\$65,734	(\$374,790)	(\$346,905)	\$27,885	(\$1,216,107)	(\$1,092,090)	\$124,017

(Continued)

CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Community Facility Fees Community Center Fund			Community Facility Fees Corporate Yard Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$128,200	\$159,942	\$31,742	\$38,200	\$51,060	\$12,860
Use of money and property					7,289	7,289
Total Revenues	128,200	159,942	31,742	38,200	58,349	20,149
EXPENDITURES						
Current:						
General Government						
Capital outlay						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	128,200	159,942	31,742	38,200	58,349	20,149
OTHER FINANCING SOURCES (USES)						
Transfers in					521,097	521,097
Transfers (out)	(463,300)	(463,223)	77			
Total Other Financing Sources (Uses)	(463,300)	(463,223)	77		521,097	521,097
NET CHANGE IN FUND BALANCES	(335,100)	(303,281)	31,819	38,200	579,446	541,246
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED	(135,074)	(135,074)		416,563	416,563	
ENDING FUND BALANCES (DEFICITS)	(\$470,174)	(\$438,355)	\$31,819	\$454,763	\$996,009	\$541,246

Community Facility Fees Admin Fund			Community Facility Fees Animal Services Fund			Community Facility Fees Records Management Fund		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$23,100	\$23,721 900	\$621 900		\$9,708 927	\$9,708 927	\$600	\$719 61	\$119 61
23,100	24,621	1,521		10,635	10,635	600	780	180
5,200		(5,200)						
5,200		(5,200)						
17,900	24,621	6,721		10,635	10,635	600	780	180
100 (17,900)	43 (17,900)	(57)				(7,500)		7,500
(17,800)	(17,857)	(57)				(7,500)		7,500
100	6,764	6,664		10,635	10,635	(6,900)	780	7,680
96,900	96,900		116,830	116,830		7,216	7,216	
\$97,000	\$103,664	\$6,664	\$116,830	\$127,465	\$10,635	\$316	\$7,996	\$7,680

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CITY OF RANCHO CORDOVA
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Community Facility Fees Telecommunication Impact Fund		Variance Positive (Negative)	Intra-fund Elimination
	Budget	Actual		Actual
REVENUES				
Licenses, permits and fees		\$8,934	\$8,934	
Use of money and property				
Total Revenues		8,934	8,934	
EXPENDITURES				
Current:				
General government				
Capital outlay				
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		8,934	8,934	
OTHER FINANCING SOURCES (USES)				
Transfers in				(\$521,097)
Transfers (out)				521,097
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES		8,934	8,934	
BEGINNING FUND BALANCES (DEFICITS), as restated	(\$43,100)	(43,100)		
ENDING FUND BALANCES (DEFICITS)	(\$43,100)	(\$34,166)	\$8,934	

Totals		
Budget	Actual	Variance Positive (Negative)
\$478,900	\$677,034	\$198,134
	32,848	32,848
478,900	709,882	230,982
5,200		(5,200)
600,000		(600,000)
605,200		(605,200)
(126,300)	709,882	836,182
100	43	(57)
(1,257,000)	(1,241,559)	15,441
(1,256,900)	(1,241,516)	15,384
(1,383,200)	(531,634)	851,566
2,791,012	2,791,012	
\$1,407,812	\$2,259,378	\$851,566

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

CITY OF RANCHO CORDOVA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Insurance</u>	<u>Vehicle & Equipment Replacement</u>	<u>Technology Enhancement & Replacement</u>	<u>Capital Facility</u>	<u>Infrastructure</u>
ASSETS					
Current assets:					
Cash and investments	\$507,111	\$380,208	\$230,173	\$2,091,833	\$1,029,481
Receivables:					
Interest	<u>45</u>	<u>34</u>	<u>21</u>	<u>86</u>	<u>13</u>
Total current assets	<u>507,156</u>	<u>380,242</u>	<u>230,194</u>	<u>2,091,919</u>	<u>1,029,494</u>
Noncurrent assets:					
Capital assets:					
Nondepreciable					337,079
Depreciable, net			<u>203,098</u>	<u>848,092</u>	<u>263,700</u>
Total noncurrent assets			<u>203,098</u>	<u>848,092</u>	<u>600,779</u>
Total Assets	<u>507,156</u>	<u>380,242</u>	<u>433,292</u>	<u>2,940,011</u>	<u>1,630,273</u>
Current liabilities:					
Accounts payable	<u>9,385</u>				<u>292,649</u>
Total Liabilities	<u>9,385</u>				<u>292,649</u>
NET ASSETS					
Invested in capital assets			203,098	848,092	600,779
Unrestricted	<u>497,771</u>	<u>380,242</u>	<u>230,194</u>	<u>2,091,919</u>	<u>736,845</u>
Total Net Assets	<u>\$497,771</u>	<u>\$380,242</u>	<u>\$433,292</u>	<u>\$2,940,011</u>	<u>\$1,337,624</u>

<u>Employee Benefits</u>	<u>Total</u>
\$3,434	\$4,242,240
<u> </u>	<u> 199</u>
<u>3,434</u>	<u>4,242,439</u>
<u> </u>	<u> 337,079</u>
<u> </u>	<u>1,314,890</u>
<u> </u>	<u>1,651,969</u>
<u>3,434</u>	<u>5,894,408</u>
<u> </u>	<u> 302,034</u>
<u> </u>	<u> 302,034</u>
<u> </u>	<u> 1,651,969</u>
<u>3,434</u>	<u>3,940,405</u>
<u><u>\$3,434</u></u>	<u><u>\$5,592,374</u></u>

CITY OF RANCHO CORDOVA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Insurance</u>	<u>Vehicle & Equipment Replacement</u>	<u>Technology Enhancement & Replacement</u>	<u>Capital Facility</u>	<u>Infrastructure</u>
OPERATING EXPENSES					
Administration	\$8,145		\$3,621	\$3,618	\$292,649
Depreciation			53,015	29,620	42,039
Total Operating Expenses	<u>8,145</u>		<u>56,636</u>	<u>33,238</u>	<u>334,688</u>
Operating Income (Loss)	<u>(8,145)</u>		<u>(56,636)</u>	<u>(33,238)</u>	<u>(334,688)</u>
NONOPERATING REVENUES					
Interest income	4,039	\$3,042	2,126	9,681	6,406
Total Nonoperating Revenues	<u>4,039</u>	<u>3,042</u>	<u>2,126</u>	<u>9,681</u>	<u>6,406</u>
Income (Loss) Before Transfers	<u>(4,106)</u>	<u>3,042</u>	<u>(54,510)</u>	<u>(23,557)</u>	<u>(328,282)</u>
Transfers in				948,100	536,352
Transfers (out)				(1,553)	
Net Transfers				<u>946,547</u>	<u>536,352</u>
Change in Net Assets	(4,106)	3,042	(54,510)	922,990	208,070
BEGINNING NET ASSETS	<u>501,877</u>	<u>377,200</u>	<u>487,802</u>	<u>2,017,021</u>	<u>1,129,554</u>
ENDING NET ASSETS	<u><u>\$497,771</u></u>	<u><u>\$380,242</u></u>	<u><u>\$433,292</u></u>	<u><u>\$2,940,011</u></u>	<u><u>\$1,337,624</u></u>

<u>Employee Benefits</u>	<u>Total</u>
	\$308,033
	124,674
	<u>432,707</u>
	<u>(432,707)</u>
\$28	<u>25,322</u>
28	<u>25,322</u>
28	<u>(407,385)</u>
	1,484,452
	<u>(1,553)</u>
	<u>1,482,899</u>
28	1,075,514
<u>3,406</u>	<u>4,516,860</u>
<u>\$3,434</u>	<u>\$5,592,374</u>

CITY OF RANCHO CORDOVA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

	Insurance	Vehicle & Equipment Replacement	Technology Enhancement & Replacement	Capital Facility	Infrastructure
CASH FLOWS FROM OPERATING ACTIVITIES					
Reimbursements from suppliers	\$3,866				
Payments to suppliers	(2,626)		(\$3,621)	(\$3,618)	
Cash Flows from (Used by) Operating Activities	1,240		(3,621)	(3,618)	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in				948,100	\$536,352
Transfers (out)				(1,553)	
Cash Flows from Noncapital Financing Activities				946,547	536,352
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets			(27,563)	(175,821)	(642,818)
Cash Flows from Capital and Related Financing Activities			(27,563)	(175,821)	(642,818)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	4,109	\$3,094	2,217	9,769	6,522
Cash Flows from Investing Activities	4,109	3,094	2,217	9,769	6,522
Net Cash Flows	5,349	3,094	(28,967)	776,877	(99,944)
Cash and investments at beginning of period	501,762	377,114	259,140	1,314,956	1,129,425
Cash and investments at end of period	\$507,111	\$380,208	\$230,173	\$2,091,833	\$1,029,481
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	(\$8,145)		(\$56,636)	(\$33,238)	(\$334,688)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation			53,015	29,620	42,039
Change in assets and liabilities:					
Accounts payable	9,385				292,649
Cash Flows from (Used by) Operating Activities	\$1,240		(\$3,621)	(\$3,618)	

Employee Benefits	Total
	\$3,866
	(9,865)
	(5,999)
	1,484,452
	(1,553)
	1,482,899
	(846,202)
	(846,202)
\$29	25,740
29	25,740
29	656,438
3,405	3,585,802
<u>\$3,434</u>	<u>\$4,242,240</u>
	(\$432,707)
	124,674
	302,034
	<u>(\$5,999)</u>

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AGENCY FUNDS

Agency Funds account for assets held by the City as an agent for individuals, governmental entities and non-public organizations.

SUNRIDGE ANATOLIA COMMUNITY FACILITIES DISTRICT 2003-1 – to account for assessment revenue and associated expenditures for billing and collections of the Sunridge Anatolia Community Facilities District No. 2003-1 Special Tax Bonds Series 2003, 2005 and 2007 debt service payments.

SUNRIDGE PARK COMMUNITY FACILITIES DISTRICT 2004-1 – to account for assessment revenues and associated expenditures for billing and collections of the Sunridge Park CFD 2004-1 Special Tax Bonds Series 2007 debt service payments.

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

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

SUNRISE DOUGLAS PARK – to account for park improvement development fees collected by the City on behalf of the Cordova Recreation and Park District or its successor agency solely to pay for the cost of applicable park and recreational facilities.

CAPITAL VILLAGE LANDSCAPE MAINTENANCE COMMUNITY FACILITIES DISTRICT – to account for assessment revenues and associated expenditures of the Capital Village Landscape Maintenance District.

CITY OF RANCHO CORDOVA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2012

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012
<u>Sunridge Anatolia CFD 2003-1</u>				
Cash and investments	\$2,229,272	\$4,224,869	\$3,792,773	\$2,661,368
Restricted cash and investments	5,362,663	1,709	747	5,363,625
Accounts receivable	571	571	571	571
Due from other governmental agencies	340,844	123,802	340,844	123,802
Interest receivable	2,905	1,936	2,905	1,936
Total Assets	<u>\$7,936,255</u>	<u>\$4,352,887</u>	<u>\$4,137,840</u>	<u>\$8,151,302</u>
Accounts Payable	\$3,855	\$2,627	\$3,855	\$2,627
Due to assessment district bondholders	7,932,400	4,350,260	4,133,985	8,148,675
Total Liabilities	<u>\$7,936,255</u>	<u>\$4,352,887</u>	<u>\$4,137,840</u>	<u>\$8,151,302</u>
<u>Sunridge Park CFD 2004-1</u>				
Cash and investments	\$1,585,333	\$1,429,847	\$864,745	\$2,150,435
Restricted cash and investments	9,252,759	2,340	652,769	8,602,330
Due from other governmental agencies	96,795	8,354	96,795	8,354
Interest receivable	1,134	718	1,134	718
Total Assets	<u>\$10,936,021</u>	<u>\$1,441,259</u>	<u>\$1,615,443</u>	<u>\$10,761,837</u>
Due to assessment district bondholders	10,936,021	\$1,441,259	\$1,615,443	\$10,761,837
Total Liabilities	<u>\$10,936,021</u>	<u>\$1,441,259</u>	<u>\$1,615,443</u>	<u>\$10,761,837</u>
<u>Sunridge North Douglas CFD 2005-1</u>				
Cash and investments	\$44,830	\$367		\$45,197
Interest receivable	10	4	\$10	4
Total Assets	<u>\$44,840</u>	<u>\$371</u>	<u>\$10</u>	<u>\$45,201</u>
Due to assessment holders	\$44,840	\$371	\$10	\$45,201
<u>Montelena CFD</u>				
Cash and investments	\$110,239	\$905		\$111,144
Interest receivable	25	10	\$25	10
Total Assets	<u>\$110,264</u>	<u>\$915</u>	<u>\$25</u>	<u>\$111,154</u>
Deposits	\$100,211			\$100,211
Due to assessment holders	10,053	\$915	\$25	10,943
Total Liabilities	<u>\$110,264</u>	<u>\$915</u>	<u>\$25</u>	<u>\$111,154</u>

(Continued)

CITY OF RANCHO CORDOVA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2012

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012
<u>Sunrise Douglas Park Fund</u>				
Cash and investments	\$6,356,305	\$989,015	\$107,963	\$7,237,357
Interest receivable	1,455	647	1,455	647
Total Assets	<u>\$6,357,760</u>	<u>\$989,662</u>	<u>\$109,418</u>	<u>\$7,238,004</u>
Accounts Payable		\$23,208		\$23,208
Due to assessment holders	<u>\$6,357,760</u>	966,454	\$109,418	7,214,796
Total Liabilities	<u>\$6,357,760</u>	<u>\$989,662</u>	<u>\$109,418</u>	<u>\$7,238,004</u>
<u>Capital Village Landscape Maintenance CFD</u>				
Cash and investments	<u>\$103</u>		\$103	
Total Assets	<u>\$103</u>		\$103	
Due to assessment holders	<u>\$103</u>		\$103	
<u>Total Agency Funds</u>				
Cash and investments	\$10,326,082	\$6,645,003	\$4,765,584	\$12,205,501
Restricted cash and investments	14,615,422	4,049	653,516	13,965,955
Accounts receivable	571	571	571	571
Due from other governmental agencies	437,639	132,156	437,639	132,156
Interest receivable	<u>5,529</u>	<u>3,315</u>	<u>5,529</u>	<u>3,315</u>
Total Assets	<u>\$25,385,243</u>	<u>\$6,785,094</u>	<u>\$5,862,839</u>	<u>\$26,307,498</u>
Accounts payable	\$3,855	\$25,835	\$3,855	\$25,835
Deposits	100,211			100,211
Due to assessment district bondholders	18,868,421	5,791,519	5,749,428	18,910,512
Due to assessment holders	<u>6,412,756</u>	<u>967,740</u>	<u>109,556</u>	<u>7,270,940</u>
Total Liabilities	<u>\$25,385,243</u>	<u>\$6,785,094</u>	<u>\$5,862,839</u>	<u>\$26,307,498</u>

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STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

1. Schedule of Demographic Statistics
2. Ten Largest Area Employers

Operating Information

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

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

Sources

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

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

	2004	2005	2006	2007	Fiscal Year * 2008	2009	2010	2011	2012
Governmental activities									
Invested in capital assets, net of related debt	\$ 25,944	\$ 329,107	\$ 8,357,941	\$ 228,382,846	\$ 242,668,370	\$ 265,248,656	\$ 272,812,541	\$ 284,145,506	291,926,279
Restricted	2,321,085	30,963,342	40,513,083	53,397,757	66,637,771	67,519,112	59,207,574	56,953,066	62,607,924
Unrestricted	4,804,309	861,598	6,501,698	24,791,160	19,262,027	25,297,053	28,260,267	29,934,891	24,692,937
Total governmental activities net assets	<u>7,151,338</u>	<u>32,154,047</u>	<u>55,372,722</u>	<u>306,571,763</u>	<u>328,568,168</u>	<u>358,064,821</u>	<u>360,280,382</u>	<u>371,033,463</u>	<u>379,227,140</u>
Business-type activities									
Invested in capital assets, net of related debt	-	-	-	1,422,003	1,470,806	1,489,554	1,477,013	1,502,122	1,472,178
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	(1,224,820)	(1,345,183)	(1,401,825)	(1,471,042)	(1,570,040)	(1,592,398)
Total business-type activities net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,183</u>	<u>125,623</u>	<u>87,729</u>	<u>5,971</u>	<u>(67,918)</u>	<u>(120,220)</u>
Primary government									
Invested in capital assets, net of related debt	25,944	329,107	8,357,941	229,804,849	244,139,176	266,738,210	274,289,554	285,647,628	293,398,457
Restricted	2,321,085	30,963,342	40,513,083	53,397,757	66,637,771	67,519,112	59,207,574	56,953,066	62,607,924
Unrestricted	4,804,309	861,598	6,501,698	23,566,340	17,916,844	23,895,228	26,789,225	28,364,851	23,100,539
Total primary government net assets	<u>\$ 7,151,338</u>	<u>\$ 32,154,047</u>	<u>\$ 55,372,722</u>	<u>\$ 306,768,946</u>	<u>\$ 328,693,791</u>	<u>\$ 358,152,550</u>	<u>\$ 360,286,353</u>	<u>\$ 370,965,545</u>	<u>\$ 379,106,920</u>

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

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

Expenses	Fiscal Year *									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Governmental activities:										
General government	\$ 3,143,679	\$ 5,159,815	\$ 17,939,297	\$ 22,055,441	\$ 28,454,471	\$ 23,835,036	\$ 23,975,190	\$ 31,391,098	\$ 26,389,142	
Public Safety	8,978,634	12,935,511	13,446,239	13,778,468	15,614,787	16,027,526	15,288,923	15,310,983	15,878,548	
Community Development	2,285,042	4,055,329	6,812,844	6,447,185	7,353,683	6,972,540	6,139,788	5,948,790	7,627,192	
Public Works	1,503,252	2,782,143	2,630,097	4,121,579	4,950,568	9,797,172	5,781,813	4,955,151	9,911,194	
Interest on long term debt	-	60,676	881,467	1,359,131	1,563,374	1,439,074	1,384,583	1,584,644	1,221,777	
Total governmental activities expenses	15,910,607	24,993,474	41,709,944	47,761,804	57,936,883	58,071,348	52,570,297	59,190,666	61,027,853	
Business-type activities:										
Cemetery	-	-	-	9,988	71,680	86,381	89,905	80,919	63,809	
Total business-type activities expenses	-	-	-	9,988	71,680	86,381	89,905	80,919	63,809	
Total primary government expenses	15,910,607	24,993,474	41,709,944	47,771,792	58,008,563	58,157,729	52,660,202	59,271,585	61,091,662	
Program Revenues										
Governmental activities:										
Charges for services	2,326,721	25,932,561	26,142,639	33,364,367						
General government					12,500,088	1,101,483	723,545	981,611	1,045,377	
Public Safety					878,827	1,560,634	2,054,171	2,166,447	2,107,741	
Community Development					3,555,238	2,997,656	2,800,846	3,137,047	2,607,312	
Public Works					5,651,648	3,485,309	3,590,042	3,568,562	3,787,812	
Operating grants and contributions	21,442	2,378,060	3,322,801	6,718,186	3,578,050	8,976,488	8,816,551	5,543,162	8,924,056	
Capital grants and contributions	-	39,142	1,803,132	3,820,997	9,461,811	34,079,529	11,145,048	21,104,022	17,600,808	
Total governmental activities program revenues	2,348,163	28,349,763	31,268,572	43,903,550	35,625,662	52,201,099	29,130,203	36,500,851	36,073,106	
Business-type activities:										
Charges for services						48,277	8,000	6,850	11,400	
Capital grants and contributions	-	-	-	225,000	-	-	-	-	-	
Total business-type activities program revenues	-	-	-	225,000	-	48,277	8,000	6,850	11,400	
Total primary government program revenues	2,348,163	28,349,763	31,268,572	44,128,550	35,625,662	52,249,376	29,138,203	36,507,701	36,084,506	
Net (expense)/revenue										
Governmental activities	(13,562,444)	3,356,289	(10,441,372)	(3,858,254)	(22,311,221)	(5,870,249)	(23,440,094)	(22,689,815)	(24,954,747)	
Business-type activities	-	-	-	215,012	(71,680)	(38,104)	(81,905)	(74,069)	(52,409)	
Total primary government net (expense)/revenue	\$ (13,562,444)	\$ 3,356,289	\$ (10,441,372)	\$ (3,643,242)	\$ (22,382,901)	\$ (5,908,353)	\$ (23,521,999)	\$ (22,763,884)	\$ (25,007,156)	

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	Fiscal Year * <u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property	\$ 132,796	\$ 717,685	\$ 7,739,207	\$ 8,544,439	\$ 12,252,371	\$ 11,127,070	\$ 9,970,988	\$ 8,271,587	\$ 7,250,433
Property taxes in lieu of vehicle licence fees	3,863,040	4,606,840	4,518,669	4,482,885	5,118,290	5,097,792	4,881,275	4,823,953	5,012,950
Sales and use	9,427,805	9,603,899	10,418,318	10,095,717	9,304,724	9,040,890	8,824,813	11,167,725	11,354,606
Utility users	1,338,854	1,389,613	1,721,736	2,236,887	1,930,878	1,953,249	2,177,275	2,712,564	3,380,600
Gas	1,219,435	1,340,863						-	
Transient occupancy	2,257,596	2,494,012	2,581,424	2,528,209	2,518,771	2,183,506	1,821,607	2,514,865	2,625,755
Other	1,606,250	138,817	982,636	1,028,478	1,371,957	402,924	285,702	1,908,640	1,907,975
Franchise fees	538,311	794,876				1,213,596	1,359,669	-	-
Use of money and property	16,056	187,954	1,950,149	4,402,877	5,188,665	2,983,325	1,958,977	1,789,392	1,122,769
Transfers and miscellaneous	313,639	245,978	3,747,908	5,250,865	6,621,970	1,364,550	828,474	254,170	227,747
Extraordinary item	-	-	-	-	-	-	-	-	265,589
Total governmental activities	<u>20,713,782</u>	<u>21,520,537</u>	<u>33,660,047</u>	<u>38,570,357</u>	<u>44,307,626</u>	<u>35,366,902</u>	<u>32,108,780</u>	<u>33,442,896</u>	<u>33,148,424</u>
Business-type activities:									
Use of money and property	-	-	-	320	120	210	147	180	107
Transfers and miscellaneous	-	-	-	(18,149)	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,829)</u>	<u>120</u>	<u>210</u>	<u>147</u>	<u>180</u>	<u>107</u>
Total primary government	<u>20,713,782</u>	<u>21,520,537</u>	<u>33,660,047</u>	<u>38,552,528</u>	<u>44,307,746</u>	<u>35,367,112</u>	<u>32,108,927</u>	<u>33,443,076</u>	<u>33,148,531</u>
Change in Net Assets									
Governmental activities	7,151,338	24,876,826	23,218,675	34,712,103	21,996,405	29,496,653	8,668,686	10,753,081	8,193,677
Business-type activities	-	-	-	197,183	(71,560)	(37,894)	(81,758)	(73,889)	(52,302)
Total primary government	<u>\$ 7,151,338</u>	<u>\$ 24,876,826</u>	<u>\$ 23,218,675</u>	<u>\$ 34,909,286</u>	<u>\$ 21,924,845</u>	<u>\$ 29,458,759</u>	<u>\$ 8,586,928</u>	<u>\$ 10,679,192</u>	<u>\$ 8,141,375</u>

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

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

	Fiscal Year *								
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 **</u>	<u>2012</u>
General Fund									
Reserved	\$ 2,155,607	\$ 4,213,346	\$ 2,723,441	\$ 3,934,363	\$ 5,109,382	\$ 5,221,880	\$ 4,480,074		
Unreserved, designated for economic uncertainty				9,419,717	9,419,717	9,419,717	9,419,717		
Unreserved, designated for unrealized gains						629,322	629,322		
Unreserved, reported in the General Fund	<u>4,712,242</u>	<u>7,730,782</u>	<u>12,680,244</u>	<u>12,467,530</u>	<u>12,292,739</u>	<u>11,884,585</u>	<u>12,108,482</u>		
Nonspendable								\$ 8,811,161	\$ 12,178,697
Unassigned								<u>16,963,918</u>	<u>14,070,687</u>
Total General Fund	<u>\$ 6,867,849</u>	<u>\$ 11,944,128</u>	<u>\$ 15,403,685</u>	<u>\$ 25,821,610</u>	<u>\$ 26,821,838</u>	<u>\$ 27,155,504</u>	<u>\$ 26,637,595</u>	<u>\$ 25,775,079</u>	<u>\$ 26,249,384</u>
All Other Governmental Funds									
Reserved	\$ -	\$ -	\$ 10,072,454	\$ 2,479,587	\$ 3,161,629	\$ 3,618,585	\$ 3,721,515		
Unreserved, designated for projects							1,615,007		
Unreserved, reported in:									
Special Revenue Funds	2,225,410	21,607,914	41,121,009	54,335,848	59,277,713	59,627,221	52,130,207		
Capital Projects Funds	<u>-</u>	<u>(38,922)</u>	<u>(9,465,478)</u>	<u>(1,230,432)</u>	<u>(828,103)</u>	<u>585,439</u>	<u>1,719,350</u>		
Nonspendable								\$ 405,963	
Restricted								56,972,277	61,928,667
Committed								3,209,102	
Unassigned								<u>(2,047,218)</u>	<u>(5,555,704)</u>
Total All Other Governmental Funds	<u>\$ 2,225,410</u>	<u>\$ 21,568,992</u>	<u>\$ 41,727,985</u>	<u>\$ 55,585,003</u>	<u>\$ 61,611,239</u>	<u>\$ 63,831,245</u>	<u>\$ 59,186,079</u>	<u>\$ 58,540,124</u>	<u>\$ 56,372,963</u>

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

** The city implemented GASB Statement 54 in fiscal year 2011.

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

	Fiscal Year *								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues									
Taxes and assessments	\$ 14,626,557	\$ 15,270,080	\$ 27,961,990	\$ 28,916,615	\$ 32,140,342	\$ 31,795,690	\$ 30,133,667	\$ 31,763,342	34,165,037
Licenses, fees and permits	1,838,107	23,045,059	35,670,026	26,554,572	16,406,734	11,606,702	9,719,697	8,392,039	9,894,338
Fines and forfeitures	36,041	388,859	464,745	567,078	735,999	777,339	1,135,908	1,236,844	1,083,794
Intergovernmental	5,108,526	8,499,891	5,011,087	10,492,415	13,000,346	13,609,918	14,183,280	14,169,350	15,148,811
Use of money and property	16,055	204,677	1,950,149	4,254,559	5,095,186	3,135,499	1,927,424	1,750,334	1,015,217
Charges for services	1,185,736	2,459,677	3,526,782	6,242,718	5,443,068	4,215,834	3,078,720	3,918,943	3,533,612
Miscellaneous	47,922	205,057	3,747,908	4,547,716	1,581,394	353,094	575,108	477,040	338,618
Total revenues	<u>22,858,944</u>	<u>50,073,300</u>	<u>78,332,687</u>	<u>81,575,673</u>	<u>74,403,069</u>	<u>65,494,076</u>	<u>60,753,804</u>	<u>61,707,892</u>	<u>65,179,427</u>
Expenditures									
General government	3,082,683	5,097,357	16,041,144	17,594,828	20,729,058	15,117,347	13,780,896	14,868,621	14,855,261
Public Safety	8,978,634	12,916,961	13,446,239	13,778,468	15,614,787	16,027,526	15,288,923	15,310,983	15,795,913
Community Development	2,285,042	4,051,342	6,812,844	6,447,185	7,353,683	6,972,540	6,135,973	5,948,790	6,469,795
Public Works	1,503,252	2,782,143	2,630,097	4,121,579	4,950,568	4,689,463	3,970,479	4,938,302	6,466,683
Estimated reduction in fair value of land held for resale									1,157,397
Debt service:									
Principal retirement	-	423,012	1,143,012	1,043,044	1,003,012	1,118,011	725,000	765,000	815,025
Interest and fiscal charges	-	628,765	1,157,641	1,295,270	1,528,116	1,414,494	1,354,950	1,555,863	1,193,725
Bond issuance costs	-	-	-	498,787	-	-	-	-	-
Capital outlay	31,133	13,061,880	28,223,470	11,840,393	15,697,381	16,370,213	17,962,305	20,406,701	18,901,174
Total expenditures	<u>15,880,744</u>	<u>38,961,460</u>	<u>69,454,447</u>	<u>56,619,554</u>	<u>66,876,605</u>	<u>61,709,594</u>	<u>59,218,526</u>	<u>63,794,260</u>	<u>65,654,973</u>
Excess of revenues over (under) expenditures	6,978,200	11,111,840	8,878,240	24,956,119	7,526,464	3,784,482	1,535,278	(2,086,368)	(475,546)
Other financing sources (uses)									
Issuance of capital lease								55,365	
Transfers in	-	719,634	3,921,921	20,710,051	18,212,921	22,288,975	24,838,370	26,720,749	17,732,940
Transfers out	-	(719,634)	(3,921,921)	(21,812,102)	(18,712,921)	(23,536,456)	(25,066,927)	(26,198,217)	(19,215,839)
Proceeds from long term debt	2,115,059	21,217,448	6,705,000	-	-	-	-	-	-
Proceeds from issuance of refunding debt	-	-	-	20,400,000	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(19,637,790)	-	-	-	-	-
Discount on refunding debt	-	-	-	(341,335)	-	-	-	-	-
Total other financing sources (uses)	<u>2,115,059</u>	<u>21,217,448</u>	<u>6,705,000</u>	<u>(681,176)</u>	<u>(500,000)</u>	<u>(1,247,481)</u>	<u>(228,557)</u>	<u>577,897</u>	<u>(1,482,899)</u>
Net change in fund balances before extraordinary item									(1,958,445)
Extraordinary Item									265,589
	<u>9,093,259</u>	<u>32,329,288</u>	<u>15,583,240</u>	<u>24,274,943</u>	<u>7,026,464</u>	<u>2,537,001</u>	<u>1,306,721</u>	<u>(1,508,471)</u>	<u>(1,692,856)</u>
Debt services as a percentage of non-capital expenditures	-	4.2%	5.9%	6.8%	5.2%	5.1%	5.1%	4.9%	4.1%

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

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

Fiscal Year *	Property Tax (1)	Sales Tax	Franchise Tax	Utility Users Tax	Transient Occup. Tax	Property Transfer Tax	Other	Total
2003/04	\$ 132,796	\$ 9,427,805	\$ 538,311	\$ 1,338,854	\$ 2,257,596	\$ 278,694	\$ 855,501	\$ 14,829,557
2004/05	258,352	9,603,899	794,876	1,389,613	2,494,012	459,334	66,994	15,067,080
2005/06	12,257,876	10,418,318	981,518	1,721,736	2,581,424	776,568	206,068	28,943,508
2006/07	13,027,324	10,095,717	1,065,660	2,236,887	2,528,209	479,885	548,593	29,982,275
2007/08	17,370,661	9,304,724	1,332,257	1,930,878	2,518,771	297,122	1,074,835	33,829,248
2008/09	16,224,862	9,040,890	1,213,596	1,953,249	2,183,506	257,019	877,878	31,751,000
2009/10	14,852,263	8,824,813	1,359,669	2,177,275	1,821,607	145,555	1,024,500	30,205,682
2010/11	13,095,540	11,167,725	1,605,332	2,712,564	2,514,865	173,973	1,094,442	32,364,441
2011/12	<u>12,027,442</u>	<u>11,354,606</u>	<u>1,580,803</u>	<u>3,380,600</u>	<u>2,625,755</u>	<u>217,172</u>	<u>1,161,104</u>	<u>32,347,482</u>
TOTAL	<u>\$ 99,247,116</u>	<u>\$ 89,238,497</u>	<u>\$ 10,472,022</u>	<u>\$ 18,841,656</u>	<u>\$ 21,525,745</u>	<u>\$ 3,085,322</u>	<u>\$ 6,909,915</u>	<u>\$ 249,320,273</u>

Includes the General Fund and Special Revenue Funds.

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

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

Source: Annual financial reports

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

Fiscal Year *	Secured Property	Public Utility	Unsecured Property	Less: Exemptions	Net Assessed Valuation	Full Market Value	Total Direct Tax Rate
2003/04	\$ 3,584,204,261	\$ 53,313	\$ 349,769,727	\$ 58,760,154	\$ 3,875,267,147	\$ 3,934,027,301	**
2004/05	4,138,028,203	56,612	334,784,128	60,216,379	4,412,652,564	4,472,868,943	**
2005/06	4,676,731,067	55,495	359,892,084	60,702,885	4,975,975,761	5,036,678,646	**
2006/07	5,604,585,670	52,740	385,233,405	63,423,836	5,926,447,979	5,989,871,815	1.0618%
2007/08	6,403,351,771	40,000	435,424,710	67,203,285	6,771,613,196	6,838,816,481	1.1178%
2008/09	6,349,138,912	40,000	462,249,763	69,531,303	6,741,897,372	6,811,428,675	1.1399%
2009/10	6,014,538,118	40,000	507,550,695	71,509,406	6,450,619,407	6,522,128,813	1.2245%
2010/11	5,794,843,878	40,000	441,226,348	72,443,391	6,163,666,835	6,236,110,226	1.2566%
2011/12	6,068,916,766	146,060	396,218,211	71,734,546	6,393,546,491	6,465,281,037	1.0579%

* The City of Rancho Cordova incorporated on July 1, 2003. Due to Revenue Neutrality law, the City has entered into a contract with the County, whereby the County will keep a portion of the City's property tax revenue through 2027/28 as discussed in Note 13 .

** The Total Direct Tax Rate was not available.

Numbers above represent estimates provided by the County.

Source: Sacramento County Auditor-Controller

CITY OF RANCHO CORDOVA
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

Fiscal Year *	Basic Prop 13 Statewide Tax Rate**	Voter Approved (or) Pre 1978 Debt Service									Total Direct Rate
		School Districts			Special Districts						
		City	Sacramento Unified GOB	Los Rios College GOB	Sac Regional County Sanitation	Folsom Cordova CFD #1	Folsom Cordova CFD #2	Folsom Cordova Imp 3	Folsom Cordova Imp 4		
2003/04	1.0000%	0.0000%	0.1043%	0.0015%	0.0070%	0.0589%	0.0000%	0.0000%	0.0000%	0.0000%	***
2004/05	1.0000%	0.0000%	0.0587%	0.0060%	0.0067%	0.0530%	0.0386%	0.0000%	0.0000%	0.0000%	***
2005/06	1.0000%	0.0000%	0.1131%	0.0032%	0.0055%	0.0531%	0.0000%	0.0000%	0.0000%	0.0000%	***
2006/07	1.0000%	0.0000%	0.1131%	0.0032%	0.0055%	0.0531%	0.0000%	0.0000%	0.0000%	0.0000%	***
2007/08	1.0000%	0.0000%	0.0890%	0.0066%	0.0055%	0.0512%	0.0000%	0.0370%	0.0600%	0.0600%	***
2008/09	1.0000%	0.0000%	0.0000%	0.0074%	0.0000%	0.0477%	0.0000%	0.0505%	0.0343%	0.0343%	1.1399%
2009/10	1.0000%	0.0000%	0.0000%	0.0124%	0.0000%	0.0537%	0.0000%	0.0985%	0.0599%	0.0599%	1.2245%
2010/11	1.0000%	0.0000%	0.0000%	0.0192%	0.0000%	0.0702%	0.0000%	0.0916%	0.0756%	0.0756%	1.2566%
2011/21	1.0000%	0.0000%	0.0000%	0.0072%	0.0000%	0.0507%	0.0000%	0.0000%	0.0000%	0.0000%	1.0579%

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

** In 1978, the voters approved Proposition 13 which, among other things, established a statewide limit of property tax levies to a maximum of 1% of the assessed valuation. Subsequently, the State legislation fixed the statewide property rate at 1%.

*** The Total Direct Tax Rate was not available.

Source: Sacramento County Auditor-Controller

CITY OF RANCHO CORDOVA
Principal Taxpayers
Last Ten Fiscal Years
As of June 30, 2012
(Unaudited)

Taxpayer	Land Use	2011/2012 Assessed Valuation		Percentage of Total Assessed Valuation **	2004 * Assessed Valuation		Percentage of Total Assessed Valuation
MSCP Capital Center Investor LLC	Office Building	\$ 79,292,629	1	1.31%			
VSP Holding Company	Office Building	75,897,681	2	1.25%			
Franklin Resources Inc	Office Building	71,377,573	3	1.18%	\$ 47,931,162	4	1.34%
DL Capital Center, LP	Office Building	68,975,000	4	1.14%			
Rreef America Reit Corp	Office Building	49,200,000	5	0.81%			
D. Bruce/Darlyne Fite Family Trust	Office Building	46,308,807	6	0.76%			
Cordova LLC	Office Building	37,806,024	7	0.62%	33,442,539	8	0.93%
Mather Development Partners LP	Office Building	35,294,318	8	0.58%			
Wasatch Pool Holdings LLC	Apartments	32,396,893	9	0.53%	34,916,838	7	0.97%
ESH & ESA Props LLC (ESH Hospitality LLC)	Hotel	27,728,106	10	0.46%			
Prospect Green Partners	Office Building				72,278,299	1	2.02%
Altair Holding Company	Office Building				61,929,830	2	1.73%
Trizechahn TBI Sacramento I LLC	Office Building				54,215,453	3	1.51%
Salvatore A. Rubino Decl. of Trust	Office Building				37,386,099	5	1.04%
Evergreen & Zinfandel	Office Building				36,664,670	6	1.02%
Elliott Whiterock LLC	Industrial				28,424,850	9	0.79%
JB Management LP	Commercial				25,973,468	10	0.72%
		\$ 524,277,031			\$ 433,163,208		

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

** 2011/2012 Local Secured Assessed Valuation: \$6,068,916,766

Source: California Municipal Statistics, Inc.

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

Fiscal Year*	Total Current Tax Levy	Total Current Collections	Percentage of Levy Collected	Delinquent Tax Receivables (1)
2003/04	\$ 4,690,024	\$ 4,690,024	100.00%	\$ -
2004/05	6,888,514	6,888,514	100.00%	-
2005/06	7,656,003	7,656,003	100.00%	-
2006/07	7,599,221	7,599,221	100.00%	-
2007/08	8,307,593	8,307,593	100.00%	-
2008/09	8,238,312	8,238,312	100.00%	-
2009/10	7,930,659	7,930,659	100.00%	-
2010/11	7,657,471	7,657,471	100.00%	-
2011/12	7,662,885	7,662,885	100.00%	-

* The City of Rancho Cordova incorporated on July 1, 2003. Due to Revenue Neutrality law, the City has entered into a contract with the County, whereby the County will keep a portion of the City's property tax revenue as discussed in Note 13.

(1) The City participates in the Teeter Plan. The Teeter Plan is an alternative method of apportioning property tax money. Cities participating in the Plan receive 95% of the property taxes in advance from the County and the remaining 5% after the County reconciles the cities' balances at June 30. As part of the Plan, the County retains the penalties and interest on the delinquent taxes.

Source: Sacramento County Auditor-Controller

CITY OF RANCHO CORDOVA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year*	Capital Lease	Notes	Certificates of Participation	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2003/04	\$ -	\$ 2,115,059	\$ -	\$ 2,115,059	0.13%	\$ 39
2004/05		1,692,047	20,565,000	22,257,047	1.28%	404
2005/06		1,269,035	26,550,000	27,819,035	1.54%	494
2006/07		846,023	26,865,000	27,711,023	1.38%	469
2007/08		423,011	26,285,000	26,708,011	1.14%	438
2008/09		-	25,590,000	25,590,000	1.07%	416
2009/10		-	24,865,000	24,865,000	0.98%	395
2010/11	55,365	-	23,715,658	23,771,023	0.90%	363
2011/12	45,340	-	22,926,905	22,972,245	0.86%	348

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

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

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

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

2011/2012 Assessed Valuation:	\$ 6,465,281,037
Redevelopment Incremental Valuation:	<u>145,645,458</u>
	\$ 6,319,635,579

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt	%	City's share of
	<u>6/30/12</u>	<u>Applicable (1)</u>	<u>Debt 6/30/12</u>
Los Rios Community College District	\$ 308,710,000	4.70%	\$ 14,493,935
Folsom-Cordova Unified School District Facilities Improvement District No. 1	39,115,541	87.58%	34,255,435
Folsom-Cordova Unified School District Facilities Improvement District No. 3	42,003,856	59.11%	24,826,379
Folsom-Cordova Unified School District Facilities Improvement District No. 4	59,653,831	95.90%	57,210,410
Sacramento Unified School District	323,177,966	3.19%	10,319,072
San Juan Unified School District	299,538,609	0.09%	263,594
Elk Grove Unified School District Facilities Improvement District No. 1	143,833,942	3.30%	4,750,835
City of Rancho Cordova Community Facilities District No. 2003-1	58,145,000	100.00%	58,145,000
City of Rancho Cordova Community Facilities District No. 2004-1	13,345,000	100.00%	13,345,000
Sac Area Flood Control District Consolidated Capital Assessment District	200,070,000	3.44%	6,874,405
Sac Area Flood Control District Operation & Maintenance Assessment District	3,685,000	7.05%	<u>259,756</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 224,743,821</u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>			
Sacramento County General Fund Obligations	\$ 336,653,617	5.65%	\$ 19,014,196
Sacramento County Pension Obligations	976,998,305	5.65%	55,180,864
Sacramento County Office of Education Certificates of Participation	9,315,000	5.65%	526,111
Los Rios Community College District Certificates of Participation	6,105,000	4.70%	286,630
Folsom-Cordova Unified School District Certificates of Participation	26,665,000	32.38%	8,635,194
Sacramento Unified School District Certificates of Participation	81,555,000	3.19%	2,604,051
Sacramento Unified School District Pension Obligations	2,745,000	3.19%	87,648
San Juan Unified School District General Fund Obligations	1,490,736	0.09%	1,312
City of Rancho Cordova	23,295,000	100.00%	23,295,000
Sacramento Metropolitan Fire District Pension Obligations	62,968,975	12.89%	<u>8,116,701</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 117,747,707</u>
Less: Sacramento County self-supporting obligations			<u>388,159</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 117,359,548</u>
TOTAL DIRECT DEBT			\$ 23,295,000
TOTAL GROSS OVERLAPPING DEBT			\$ 319,196,528
TOTAL NET OVERLAPPING DEBT			\$ 318,808,369
 GROSS COMBINED TOTAL DEBT			 \$ 342,491,528 (2)
NET COMBINED TOTAL DEBT			\$ 342,103,369

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

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$24,000,001)	0.37%
Gross Combined Total Debt	5.42%
Net Combined Total Debt	5.41%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12 \$ -

Source: California Municipal Statistics, Inc.

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

	Fiscal Year *									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	
Debt limit	\$ 387,526,715	\$ 661,897,885	\$ 705,000,000	\$ 888,967,197	\$ 1,015,741,979	\$ 1,011,284,606	\$ 967,592,911	\$ 924,550,025	\$ 959,031,974	
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	387,526,715	661,897,885	705,000,000	888,967,197	1,015,741,979	1,011,284,606	967,592,911	924,550,025	959,031,974	
Total net debt applicable to the limit as a percentage of debt limit	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	6,465,281,037
Less: Exemptions	<u>(71,734,546)</u>
Net assessed value	6,393,546,491
Debt limit (15% of total assessed value)	959,031,974
Debt applicable to limit	
General Obligation Bonds outstanding	-
Less: Amounts available for repayment	<u>-</u>
Total debt applicable to limitation	<u>-</u>
Authorized legal debt margin	<u>\$ 959,031,974</u>

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

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

Fiscal Year*	Population		Personal Income (3)	Per Capita Personal Income	Median Age (5)	Unemployment Rate County (6)
	City (1)	County (2)		Sacramento Metro Area (4)		
2003/04	54,513	1,230,700	\$ 1,615,274,703	\$ 29,631	35.0	5.5%
2004/05	55,145	1,370,000	1,732,931,625	31,425	35.0	4.6%
2005/06	56,355	1,385,607	1,802,627,385	31,987	33.7	4.8%
2006/07	59,056	1,406,804	2,008,730,784	34,014	34.1	5.3%
2007/08	60,975	1,424,415	2,351,805,750	38,570	34.1	8.1%
2008/09	61,500	1,472,084	2,398,623,000	39,002	34.1	12.2%
2009/10	62,899	1,453,495	2,530,804,164	40,236	33.7	12.5%
2010/11	65,502	1,418,788	2,643,398,712	40,356	34.4	11.8%
2011/12	66,093	1,436,105	2,667,249,108	40,356	34.8	10.2%

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

(1) Source: California Department of Finance, as of January 1 of each year

(2) Source: County of Sacramento

(3) Source: Information not available. Amounts reported are the product of the City Population and Per Capita Personal Income data

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

(5) Source: U.S. Census Bureau

(6) Source: www.labormarketinfo.edd.ca.gov (October 2011)

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

<u>Employer</u>	<u>2012</u>		<u>2004*</u>	
	<u>Number of Employees (1)</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees (2)</u>	<u>Percentage of Total City Employment</u>
Health Net Federal Services	2544	5.09%		
Vision Service Plan	1850	3.70%		
GenCorp, Inc. (Aerojet)	1665	3.33%	1387	n.a.
Sutter Health/Sutter Connect	1400	2.80%		
Delta Dental	1328	2.66%	1500	n.a.
Verizon	1000	2.00%		
Franklin Templeton Investments	1000	2.00%		
Catholic Healthcare West	900	1.80%		
Bank of America	800	1.60%		
Volcano Corporation	700	1.40%	309	n.a.
Cedar Valley Concrete			926	n.a.
EDS Corporation			675	n.a.
Pacific Building Products			534	n.a.
Motion Control Engineering			360	n.a.
Wal-Mart			329	n.a.
Sunworld Landscape			300	n.a.
Automotive Importing			191	n.a.

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

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

(2) Source: Sacramento County Auditor-Controller

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

Function/Program	Fiscal Year *									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	
City Council	5	5	5	5	5	5	5	5	5	
City Manager	3	3	3	4	4	4	3	3	3	
City Clerk	2.5	3.5	4	3	4	4	3	3	2	
Administrative Services	-	-	4	3	5	5	4	4	4	
Human Resources	0	1	1	2	3	3	3	3	3	
Finance	3	5.5	5	7	8	9	8	9	9	
Information Technology	-	-	1	1	2	2	2	2	3	
Building& Inspection	-	1	6	11	10	9	6	6	5	
Animal Services	-	-	2	2	2	2	2	1	1	
Economic Development	1	1	2	2	3	4	4	4	3	
Facilities Management	-	-	1	2	2	2	3	4	4	
Code Enforcement	-	-	-	4	9	8	6	6	10	
Housing	-	-	-	1	2	2	3	2	2	
Public Information Officer	-	-	-	-	-	1	1	2	2	
Public Works	3	6	10	15	17	17	18	15	14	
Total employees	17.5	26	44	62	76	77	71	69	70	

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

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

Source: Human Resources department, City of Rancho Cordova

CITY OF RANCHO CORDOVA
Miscellaneous Statistics
(Unaudited)

	Fiscal Year*				
	<u>2012</u> July 1, 2003	<u>2011</u> July 1, 2003	<u>2010</u> July 1, 2003	<u>2009</u> July 1, 2003	<u>2008</u> July 1, 2003
Date of Incorporation	General Law				
Form of Government	General Law				
Number of Employees					
Full-time	70	69	71	77	76
Part-time	-	-	-	-	-
Number of contract employees (excludes public safety - shown on next page)	20	19	14	17	17
Area in square miles	35	35	33	33	33
Facilities and services not included in the reporting entity					
Culture and Recreation:					
Parks	31	31	31	31	31
Park acreage	304	304	304	304	304
Swimming pools	2	2	2	2	2
Tennis courts	27	27	27	27	27
Community centers	3	3	3	3	3
Senior centers	1	1	1	1	1
Ball and soccer fields	21	21	20	20	20
Fire Protection:					
Number of stations	5	5	5	5	5
Education:					
Number of districts	4	4	4	4	4
Number of elementary schools	13	13	13	13	13
Number of secondary schools	4	4	4	4	4
Number of community colleges	2	2	2	2	2
County Library:					
City branches	1	1	1	1	1

* The City of Rancho Cordova incorporated on July 1, 2003 and began preparing a Comprehensive Annual Financial Report in fiscal year 2008. Therefore, data prior to 2008 is not available.

Source: Departments within the City of Rancho Cordova

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

Function/Program	Fiscal Year *								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety									
Police:									
Stations	1	1	1	1	1	1	1	1	1
Sworn personnel	72	67	67	69	68	64	58	60	60
Non sworn personnel	16	13	13	13	13	16	14	14	14
Highways and Streets									
Streets (miles)	208	220	220	220	295	235	245	245	235
Streetlights	2,715	3,000	3,000	3,000	4,435	4,435	4,435	4435	4697
Traffic Signals	46	70	70	70	76	76	76	76	83

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

Source: Departments within the City of Rancho Cordova