

CITY OF Rancho  
Cordova  
*Incorporated July 1, 2003*



CITY OF RANCHO CORDOVA, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2013



**CITY OF RANCHO CORDOVA,  
CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2013**

**Prepared by**

**FINANCE DEPARTMENT**

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**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2013**

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**November 20, 2013**

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, 2013. We are pleased to report our tenth consecutive General Fund surplus. The net result 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 still produced a general fund surplus of \$633,312, exceeding our originally budgeted surplus of \$2,600.

The ending General Fund balance was \$26,882,696. 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 \$464,400. 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.

The CAFR 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 government's 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). 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 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.

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 City's Finance Department upon request.

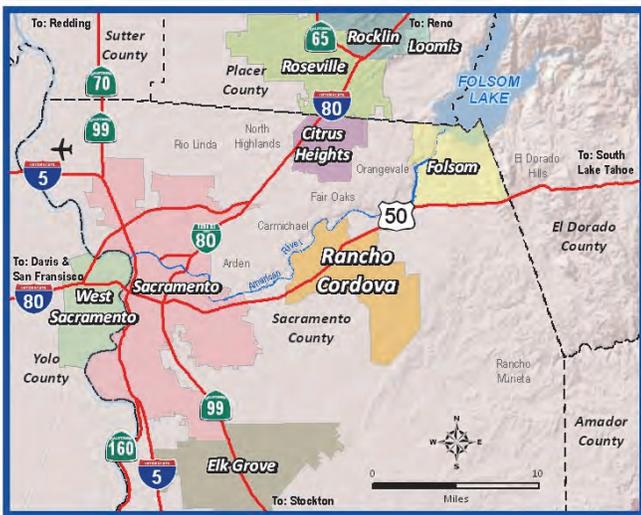
This report is presented in four sections; Introduction, Financial, Supplemental and Statistical Section.

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 5th 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 66,927, 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 unit, the Rancho Cordova Financing Authority, which is blended in the report since they are governed by the City Council sitting in a separate capacity or provide services exclusively to the City. The Successor Agency to the former Community Redevelopment Agency is a fiduciary fund and is reported separately since the State of California passed ABx1 26, resulting in the dissolution of the Redevelopment Agency as of January 31, 2012. 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 is continuing on its recovery from the Great Recession. The recovery is evidenced by improvements in the unemployment rate, consumer spending, building permits, and hotel occupancy rates. Office and industrial vacancy rates continue to improve. The housing market continues to improve and return to its prerecession levels as the inventory increases.

Unemployment rates in Sacramento County are slightly higher than the national average at 8.6% at June 2013, according to the U.S. Bureau of Labor Statistics, but this is down from 10.9% in the prior year, showing the economic recovery in the region is getting better.

There are approximately 145 properties in Rancho Cordova that are in some stage of foreclosure, according to the Sacramento County Assessor's Office. This is down from last year as the housing market continues to rebound; banks are not having to foreclose on as many homes as in the recent past. Also, the homes entering the market are taking a shorter time to sell than in previous years.

In 2012, there were approximately 173 properties in foreclosure and 2011 there were 278.

Property tax revenues for the first time in recent years did not decline, rather they almost held constant with last year. In 2012/13, there was a 3.2% increase from last year. In fiscal years 2011/12 there was just a 1.86% decline and in 2010/11 a decline of 5.6%. With the slight increase in the property tax revenue over last year, we are anticipating this is the end of the constant declines in the property tax revenue and we will begin to see increases over the upcoming years.

According to Cassidy Turley's 2013 quarterly reports, the commercial real estate vacancy rates in 2013 continued to follow the downward trend of 2012. Both the office and industrial vacancy rates have fallen from 2012. The office vacancy rate in 2013 has fallen from 17.4% to 14.7%. The industrial vacancy rate has also fallen in 2013 from 10.9% to 9.7%. Given the change in vacancy rates in 2013, we can expect to see stabilization, if continued growth, in the future vacancy rates.

### 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. After five consecutive years of decline we are anticipating a slight increase in property tax revenues for fiscal year 2013/14, continuing through the fiscal year 2014/15. The overall economy continues its modest growth and the residential real estate market is gaining strength. The commercial market has not yet recovered so gains in residential



valuations are tempered by continued downward adjustments in the assessed valuation of commercial properties.



**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. The City continues to face declining assessed valuation combined with automatic increases in the revenue neutrality payment to the County. Our payment for the next fiscal year increases by \$176,461. Based on our analysis, we are expecting a 1.25% increase in assessed valuation for fiscal year 2013/14

which yields an increase in revenues of approximately \$145,800 in Property Tax Revenue.

**Unwinding the former Redevelopment Agency.** The Rancho Cordova Successor Agency continues to be in a position where the assessed values of properties located in the former redevelopment project area are below the base year, resulting in no property tax revenues being available to meet enforceable obligations. As a result, with the approval of the Department of Finance, the Successor Agency retained the unencumbered fund balance at dissolution and the proceeds from the transfer of land for governmental purposes, which it has been using to meet its enforceable obligations. While most of the obligations of the former Redevelopment Agency have been satisfied, in accordance with the post compliance section of the dissolution act, the Successor Agency will have to wait until FY 2014/15 to start making payments on the outstanding loan from the City's General Fund to the former Redevelopment Agency.

For more information on the dissolution of the Redevelopment Agency, please see Note 15 to the Financial Statements.

While the economy is recovering from the recent recession, the city is looking forward to the upcoming years.

- The General Fund, which is the largest of the City's operating funds, showed an increase in revenues by 3% in Fiscal Year 2012-13, a small but positive improvement over the previous year. The City projects increases in General Fund revenues in future years, coinciding with a slowly improving economy.
- Tax revenues remain our largest revenue source, with sales tax revenues rising slightly from 2011 to 2012. Even though our housing market remains strained, foreclosures have significantly declined over the past two years. In addition, commercial real estate vacancy rates are beginning to decrease and the City's unemployment rate is falling. The City continues to push for economic development within its boundaries, in an effort of striving for a business-friendly environment.
- In January 2014, from the voter approved Measure L, the City will start to receive tax revenue from the City's two cardrooms on their gaming revenues. The amount of revenue the City will receive is dependent on the annual gaming revenues of the cardrooms; however, based on our analysis, it has been estimated that the City could receive 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, 2013 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 2013/14 fiscal year, all of which are described in the budget document which can be located on our website at [www.cityofranchocordova.org](http://www.cityofranchocordova.org). Some of these projects may either affect the General Fund or be large enough to warrant mention in this letter.

- The Housing Department is planning on starting on the construction of the Horizons senior project, a 48-unit affordable senior development located on the site of the old Stagger Inn on Folsom Blvd. They are looking into applying for a state grant to assist with the financing of the Project.

#### **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.

Also, we are honored to have received the Distinguished Budget Presentation Award since Fiscal Year 2010-11 by the Government Finance Officers Association. This award reflects our commitment to meeting the highest principles of governmental budgeting. We hold ourselves to these standards and aspire to create budget documents that communicate with you, our citizens.

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.

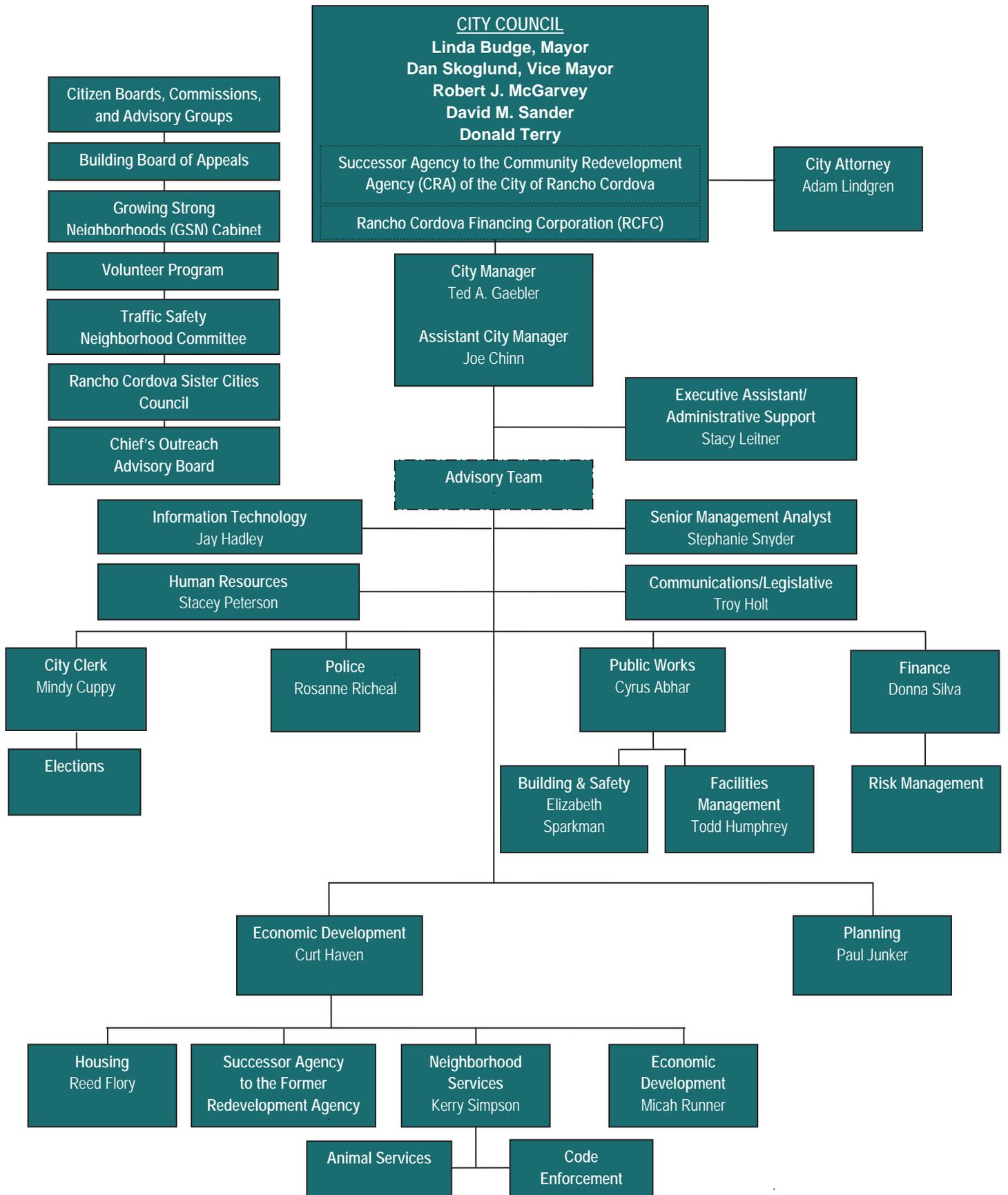
Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'Donna Silva', is written over a light blue circular stamp.

Donna Silva, CPA  
Finance Director

# ORGANIZATIONAL CHART – CITY OF RANCHO CORDOVA

## JULY 1, 2012 – JUNE 30, 2013



**CITY OF RANCHO CORDOVA  
PRINCIPAL OFFICERS  
JUNE 30, 2013**

**ELECTED OFFICIALS**

**Linda Budge**  
Mayor

**Dan Skoglund**  
Vice Mayor

**Robert J. McGarvey**  
Council Member

**Donald Terry**  
Council Member

**David M. Sander**  
Council Member

**EXECUTIVE TEAM**

**Ted Gaebler**  
City Manager

**Joe Chinn**  
Assistant City Manager

**Adam Lindgren**  
City Attorney

**Mindy Cuppy**  
City Clerk

**Curt Haven**  
Director of Economic Development

**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



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
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Presented to

**City of Rancho Cordova  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Report on Financial Statements***

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, 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, 2013, 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.

## ***Emphasis of Matters***

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 was 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 cannot be determined as of June 30, 2013.

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2013 that affected the nomenclature of the financial statements:

*Statement 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* See Notes 1B and 1F to the financial statements for relevant disclosures.

Management early-implemented the provisions of the following Governmental Accounting Standards Board Statement during the year ended June 30, 2013 that also affected the format and nomenclature of the financial statements and required a restatement of net position:

*Statement 65 – Items Previously Report as Assets and Liabilities.* See Notes 1E and 7 to the financial statements for relevant disclosures.

The emphasis of these matters does not constitute a modification to our opinions.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2013, 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* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California  
November 20, 2013

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Rancho Cordova, CA (the City), is pleased to present the City's financial statements. This narrative, required by the Governmental Accounting Standards Board, provides readers a broad overview of the financial activities of the City during the fiscal year ended June 30, 2013. 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 33.

## OVERALL FINANCIAL HIGHLIGHTS

- **The City's General Fund reported a surplus of \$633,312 for the year ending June 30, 2013, creating an ending fund balance of \$26.9 million.**
- As of June 30, 2013, total assets of the City exceeded its total liabilities by \$413 million (net position). Of this amount, \$27 million (unrestricted) may be used to meet ongoing obligations to citizens and creditors, but was subject to designation for specific City programs; \$64 million was restricted net position and must be used only for specific purposes. The remaining \$322 million was invested in capital assets, net of related debt.
- As of June 30, 2013, the City's governmental activities reported a net position of \$413 million. Of that, \$28.6 million was available to meet the City's current and future needs (unrestricted net position), an increase over the fiscal year ending June 30, 2012 by \$3.9 million.
- The City's reserve policy requires a minimum fund balance reserve be maintained at all times in the General Fund. This minimum level, called the economic uncertainty reserve, is required to be 20% of the General Fund operating budget. At the end of the fiscal year, the economic uncertainty reserve balance remained unchanged at \$9.4 million. With a 2013/14 General Fund budget of \$42.1 million, the policy only requires a reserve of \$8.43 million. With revenues trending upwards, the City declined to lower the reserve, thus avoiding having to increase it again over the next few years to match growing expenditures. As a result, the current reserve represents 22.3%. This reserve is included in unrestricted Net Position since it is not legally required or restricted but rather an informal policy of the City Council.

## OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The City's basic financial statements consist of three components: **1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.** This MD&A is supplementary information to the basic financial statements themselves.

We have presented herein financial information regarding the primary government, the City of Rancho Cordova, as well as the City of Rancho Cordova Public Financing Corporation, a component unit. Financial information for the City and Financing Corporation are accounted for in the financial statements in accordance with principles defining the governmental reporting entity adopted by Governmental Accounting Standards Board (GASB). Following is a brief description of each:

- **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 Public Financing Corporation** (the Corporation) is a joint powers authority organized on February 15, 2005 pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the California Government Code 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 provide 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), deferred outflows/inflows of resources and liabilities (including long-term debt) of the City using the ***accrual basis of accounting***. This format is similar to the accounting used by most private-sector companies.

The Statement of Net Position presents information on all City assets, deferred outflows/inflows of resources and liabilities, with the difference reported as net position. Net position is one way to measure the City's financial health. Over time, changes in net position 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 median home values 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 position 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 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 34 and 35 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 inflows 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 currently maintains five major governmental funds, each of which has information presented on page 38 on the Governmental Fund Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, individually.

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.

All governmental fund financial statements can be found starting on page 38.

**MAJOR PROPRIETARY FUNDS** – The City charges customers for directly received services. 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 major proprietary fund financial statements can be found starting on page 50.

**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 page 54.

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

The notes to the financial statements provide more detailed information that helps provide a full understanding of the financial information presented in the government-wide and fund financial statements. The notes explain many of the policies and programs that result in the financial performance presented in the financial statements.

Notes to the financial statements can be found starting on page 57.

**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.

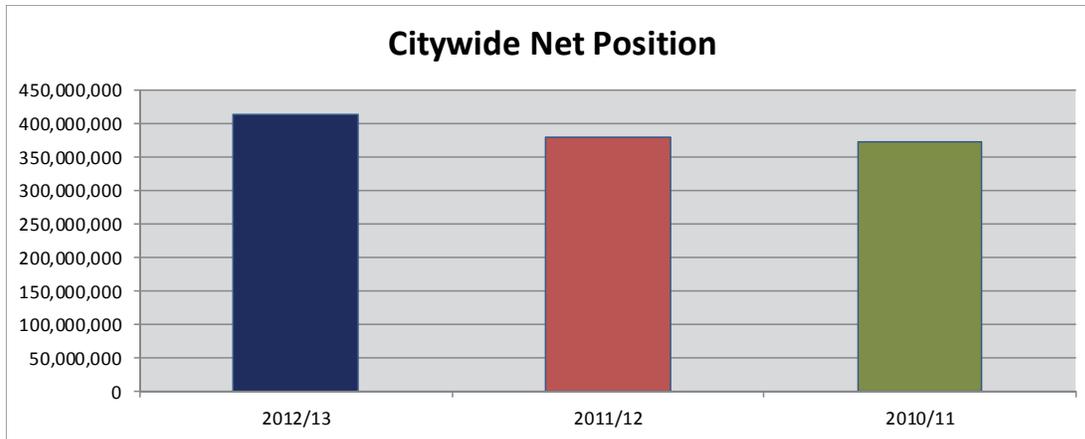
The combining statements referred to earlier in connection with non-major governmental funds are presented for all non-major Special Revenue Funds, non-major Debt Service Funds, Internal Service Funds and Fiduciary Funds.

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 on page 161.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### ***STATEMENT OF NET POSITION***

A review of net position over time serves as a useful indicator of fiscal health. As of June 30, 2013, the total net position of the City was \$412.8 million, which is an increase of \$34.2 million from fiscal year ending June 30, 2012, and an increase of \$41.8 million from 2010/11. The continued increases in net position each year indicate the City is consistently maintaining or improving its financial position, as illustrated in the chart below. City policymakers, management and staff have diligently monitored City activities and adjusted to changing economic conditions. Business-type activities negative net position was increased by \$60 thousand from last year and increased by \$112 thousand as compared to the 2011/12 fiscal year.



The condensed Statement of Net Position for the fiscal years ended June 30, 2013, 2012 and 2011, below, allows for analysis of the City's net position as a whole.

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

	Governmental Activities			Business-Type Activities			Total		
	2012/13	2011/12	2010/11	2012/13	2011/12	2010/11	2012/13	2011/12	2010/11
Current assets	\$ 102,113,604	\$ 100,758,886	\$ 100,932,850	\$ (1,620,274)	\$ (1,586,511)	\$ (1,566,278)	\$ 100,493,330	\$ 99,172,375	\$ 99,366,572
Capital assets	342,225,473	314,278,768	309,223,863	1,442,253	1,472,178	1,502,122	343,667,726	315,750,946	310,725,985
<b>Total Assets</b>	<b>444,339,077</b>	<b>415,037,654</b>	<b>410,156,713</b>	<b>(178,021)</b>	<b>(114,333)</b>	<b>(64,156)</b>	<b>444,161,056</b>	<b>414,923,321</b>	<b>410,092,557</b>
Deferred amount on refunding	89,751						89,751		
<b>Total Deferred Outflow</b>	<b>444,428,828</b>						<b>444,250,807</b>		
Current liabilities	\$ 9,376,293	\$ 13,552,314	\$ 16,029,145	\$ 2,234	\$ 5,887	\$ 3,762	\$ 9,378,527	\$ 13,558,201	\$ 16,032,907
Long-term liabilities outstanding	22,227,798	22,258,200	23,094,105	-	-	-	22,227,798	22,258,200	23,094,105
<b>Total Liabilities</b>	<b>31,604,091</b>	<b>35,810,514</b>	<b>39,123,250</b>	<b>2,234</b>	<b>5,887</b>	<b>3,762</b>	<b>31,606,325</b>	<b>35,816,401</b>	<b>39,127,012</b>
<b>Net Position:</b>									
Net investment in capital assets	\$ 320,087,426	\$ 291,926,279	\$ 284,145,506	\$ 1,442,253	\$ 1,472,178	\$ 1,502,122	\$ 321,529,679	\$ 293,398,457	\$ 285,647,628
Restricted	64,124,648	62,607,924	56,953,066	-	-	-	64,124,648	62,607,924	56,953,066
Unrestricted	28,612,663	24,692,937	29,934,891	(1,622,508)	(1,592,398)	(1,570,040)	26,990,155	23,100,539	28,364,851
<b>Total Net Position</b>	<b>\$ 412,824,737</b>	<b>\$ 379,227,140</b>	<b>\$ 371,033,463</b>	<b>\$ (180,255)</b>	<b>\$ (120,220)</b>	<b>\$ (67,918)</b>	<b>\$ 412,644,482</b>	<b>\$ 379,106,920</b>	<b>\$ 370,965,545</b>

The City's net position as of June 30, 2013, was comprised of the following:

- Again this year, the largest portion of total assets consists of capital assets (for example, land, buildings and infrastructure), totaling \$343.7 million or 83% of total net position.
- Cash and investments comprised \$84.4 million in the city treasury and \$2 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 \$14 million, consist of accounts receivable, notes receivable and monies due from other governments. These are detailed in Note 4 of the financial statements.
- Capital Assets of \$321.5 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 position, totaling \$64.1 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 position that can be used to meet the government's ongoing obligations to citizens and creditors increased to \$27 million.

The following is a condensed Statement of Activities for the fiscal years ending June 30, 2013, 2012 and 2011:

**Statement of Activities**

	Governmental Activities			Business-Type Activities			Total		
	2012/13	2011/12	2010/11	2012/13	2011/12	2010/11	2012/13	2011/12	2010/11
<b>Revenues:</b>									
Program Revenues									
Charges for services	\$ 9,783,541	\$ 9,548,242	\$ 9,853,667	\$ 9,500	\$ 11,400	\$ 6,850	\$ 9,793,041	\$ 9,559,642	\$ 9,860,517
Operating grants & contributions	8,306,015	8,924,056	5,543,162	-	-	-	8,306,015	8,924,056	5,543,162
Capital grants	13,487,814	17,528,137	21,104,022	-	-	-	13,487,814	17,528,137	21,104,022
Capital contributions	27,476,145	72,671	-	-	-	-	27,476,145	72,671	-
General Revenues:									
Taxes	32,911,118	31,532,319	31,399,334	-	-	-	32,911,118	31,532,319	31,399,334
Investment Earnings	959,979	1,122,769	1,789,392	94	107	180	960,073	1,122,876	1,789,572
Extraordinary Item (Note 4 & 15A)	(144,949)	265,589	-	-	-	-	(144,949)	265,589	-
Other	658,883	227,747	254,170	-	-	-	658,883	227,747	254,170
<b>Total Revenues</b>	<b>93,438,546</b>	<b>69,221,530</b>	<b>69,943,747</b>	<b>9,594</b>	<b>11,507</b>	<b>7,030</b>	<b>93,448,140</b>	<b>69,233,037</b>	<b>69,950,777</b>
<b>Expenses:</b>									
General Government	27,907,919	26,389,142	31,391,098	-	-	-	27,907,919	26,389,142	31,391,098
Community Development	5,452,232	7,627,192	5,948,790	-	-	-	5,452,232	7,627,192	5,948,790
Public Safety	16,476,763	15,878,548	15,310,983	-	-	-	16,476,763	15,878,548	15,310,983
Public Works	8,276,583	9,911,194	4,955,151	-	-	-	8,276,583	9,911,194	4,955,151
Interest and fiscal charges	1,107,696	1,221,777	1,584,644	-	-	-	1,107,696	1,221,777	1,584,644
Cemetery	-	-	-	69,629	63,809	80,919	69,629	63,809	80,919
<b>Total Expenses</b>	<b>59,221,193</b>	<b>61,027,853</b>	<b>59,190,666</b>	<b>69,629</b>	<b>63,809</b>	<b>80,919</b>	<b>59,290,822</b>	<b>61,091,662</b>	<b>59,271,585</b>
<b>Change in Net Position</b>	<b>34,217,353</b>	<b>8,193,677</b>	<b>10,753,081</b>	<b>(60,035)</b>	<b>(52,302)</b>	<b>(73,889)</b>	<b>34,157,318</b>	<b>8,141,375</b>	<b>10,679,192</b>
<b>Net Position -- Beginning of Year</b>	<b>378,607,384</b>	<b>371,033,463</b>	<b>360,280,382</b>	<b>(120,220)</b>	<b>(67,918)</b>	<b>5,971</b>	<b>378,487,164</b>	<b>370,965,545</b>	<b>360,286,353</b>
<b>Net Position -- End of Year</b>	<b>\$ 412,824,737</b>	<b>\$ 379,227,140</b>	<b>\$ 371,033,463</b>	<b>\$ (180,255)</b>	<b>\$ (120,220)</b>	<b>\$ (67,918)</b>	<b>\$ 412,644,482</b>	<b>\$ 379,106,920</b>	<b>\$ 370,965,545</b>

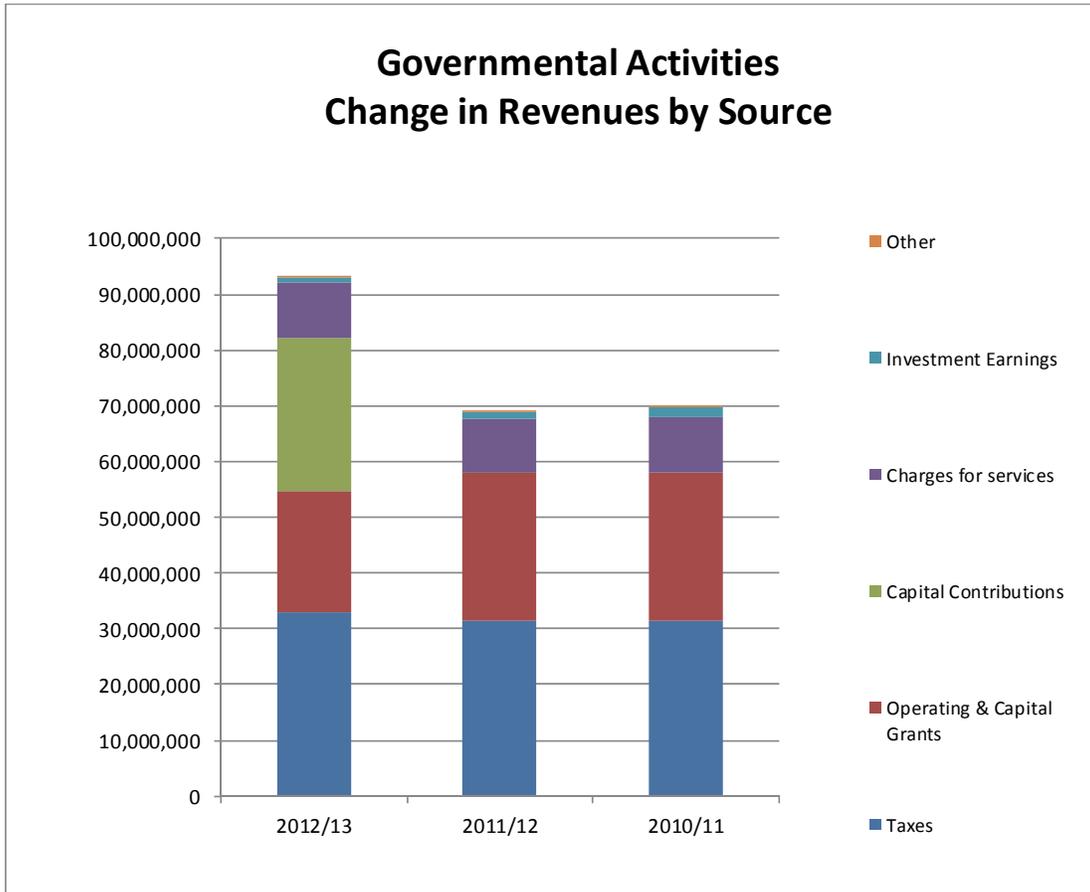
Note: Beginning Net Position for 2012/13 has been restated - See Note 7.

**REVENUE HIGHLIGHTS**

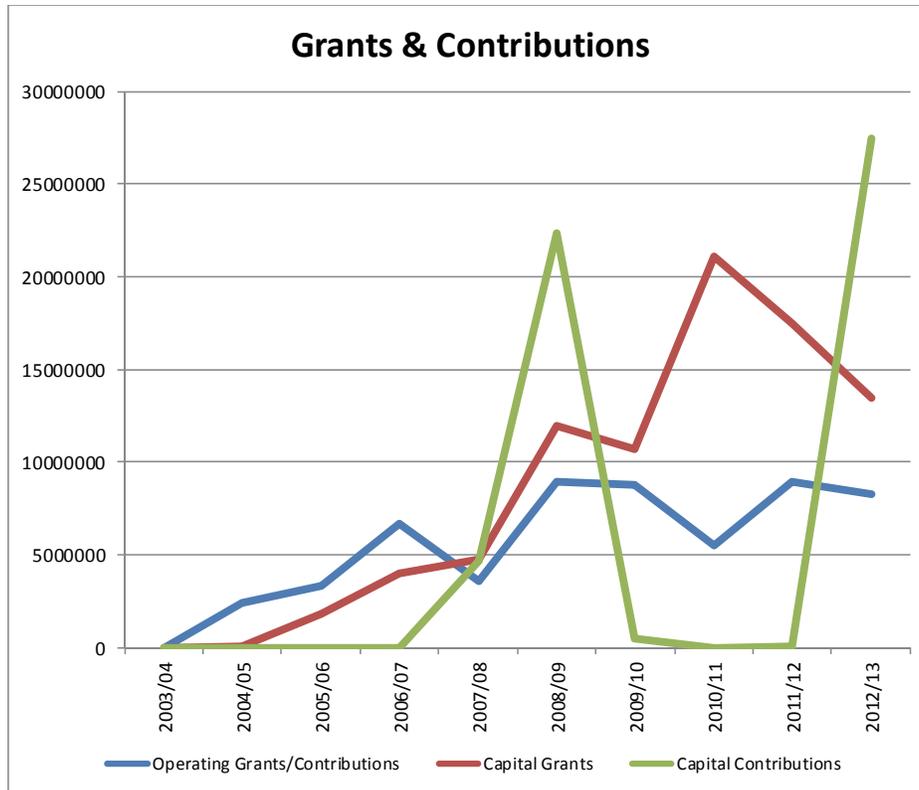
The chart below shows total revenues received from the Governmental Activities, as shown in the condensed Statement of Activities by revenue source. Capital and Operating Grants have been combined to show total grant activity.

The fiscal year 2012/13 City revenues had a healthy increase. Total revenues increased by \$24.2 million which is an approximate 35% increase over the prior year. The large increase was due primarily to an increase in Public Works capital grants and

contributions which increased \$23.4 million over the prior year. The Capital Contribution consisted of four donated infrastructure assets from developers that totaled \$28.4 million, all for public street improvements, during the fiscal year. These contributions were from the Sunridge Park Village 5A, Walgreens, Sunridge Park Village 1B and Anatolia 1 – Major Roads projects.



Taxes and assessments, our largest revenue category, was up once again due to increases in property, sales, utility, and other tax revenues. Sales tax revenues were up by \$706,212 from last year and up by \$893,093 from two years ago. Property taxes increased by \$423,343 as compared to last year; however, are \$506,567 lower when compared to two years ago. Overall, the city has started to see increases in the tax revenues as the economy recovers from the recession. Property Tax revenues appear to be at a stable bottom and with a continued increase in sales tax revenues, represents a real recovery in the overall economy. Market conditions suggest that we may begin to see further stabilization in housing market in the current fiscal year 2013/14, and a possible increase in assessed valuation beginning in the 2014/15 fiscal year for the first time in five years.



As illustrated in the above graph, the City’s grant revenues have historically increased each year. In the 2010/11 fiscal year, at the height of the U.S. Recession, there was a high spike in capital grants due to the American Recovery and Reinvestment Act.

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.

In 2012/13, the City continued its aggressive pursuit of grant revenues. About 53% of the City’s 2012/2013 total revenues were from Operating Grants, Capital Grants and Capital Contributions. Of this 53%, 44.2% comes from the Operating and Capital Grants. Capital Contributions made up the remaining 55.8% for this year. Last year, total revenues from Operating Grants, Capital Grants and Contributions were 38% and of that, 99.7% came from the Operating and Capital Grants and 0.3% was from the Capital Contributions. The increase in the Capital Contributions this year was largely due to four donated infrastructure assets from the developers, as described below. Impact Fee revenue, paid by developers, was included in total grant revenue on the Statement of Activities which increased by \$996 thousand as compared to the previous year. 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 to complete the Folsom Boulevard road enhancement project, as well as various other street rehabilitation projects.

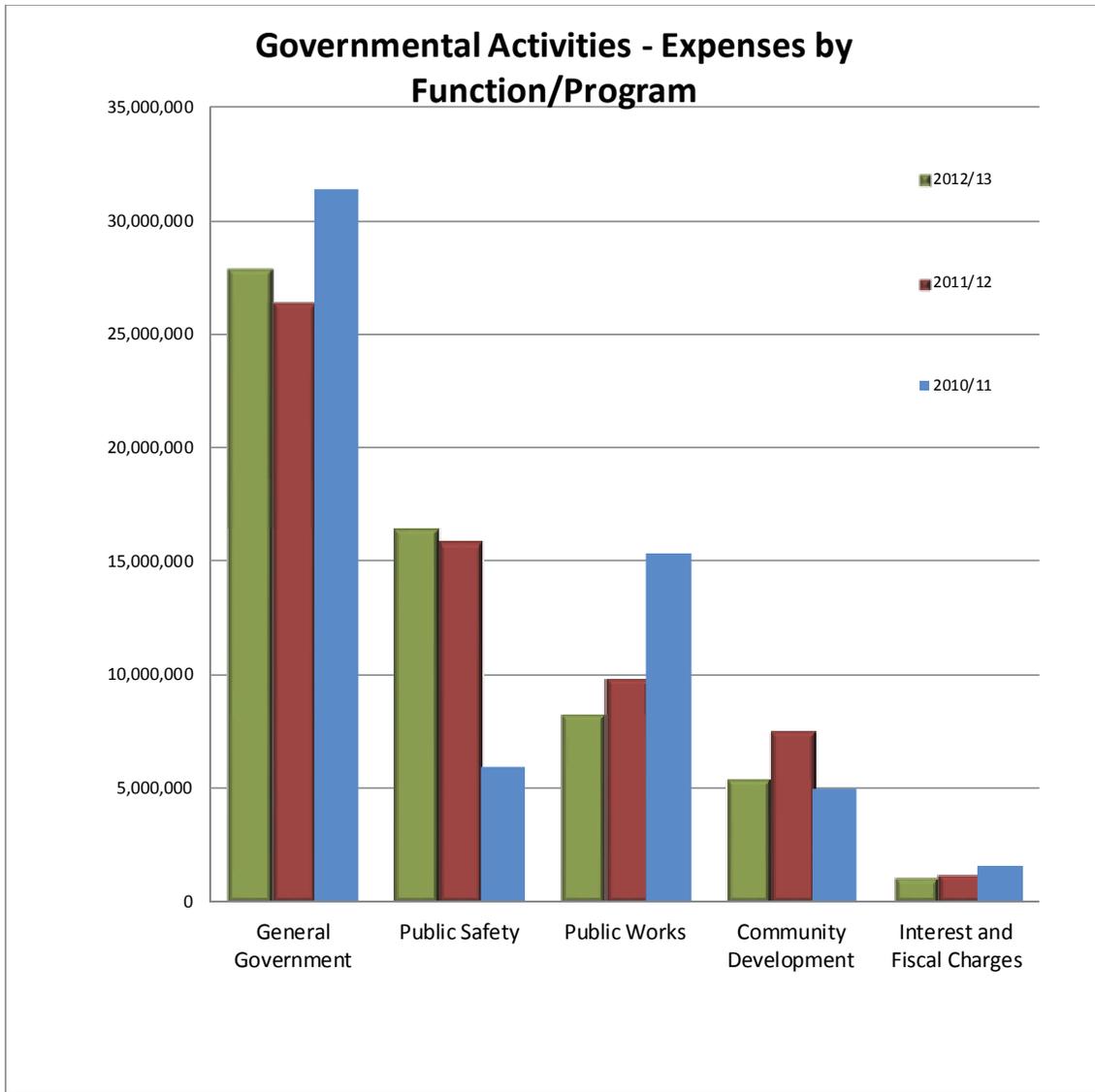
In fiscal year 2012/13, the City received Capital Contributions of four donated assets from developers as projects were completed during the year, which is shown by the large spike for the Capital Contributions in the graph above. The projects completed were the Anatolia 1 – Major Road Improvements for \$26.7 million, public improvements constructed as part of Sunridge Park Village 1B for \$526 thousand, public street improvements installed as part of the Walgreen's project for \$188 thousand and the storm drain infrastructure installed for Sunridge Park Village 5A for \$61 thousand. The City has only had one other large spike in the Capital Contributions that was in fiscal year 2008/09 when the City recorded donated assets from the developers not previously recorded in the past fiscal years of \$2.8 million for Zinfandel Drive and various public street and signal improvements for \$22.4 million.

The Kilgore Cemetery (the City's lone business-type activity) remains in its infancy. The City discontinued its partnership with the Fair Oaks Cemetery District in October 2012. In fiscal year 2012/13, the City sold burial rights totaling \$9,500. Expansion of the cemetery, to offer plots for sale, is necessary to secure revenues sufficient to cover operating expenses. Construction of phase two is on hold pending available funding.

#### ***EXPENSE HIGHLIGHTS***

The Kilgore Cemetery continued to have minimal activity this year. The total expenses of \$69,629 were primarily for on-going maintenance and utility costs.

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



General Government expenses of \$27.9 million comprised 47.1% of total expenses, and increased by \$1.5 million from the prior year due to the following: an increase of \$399,519 in the Revenue Neutrality Payment to the County; projects for just over \$161,000 funded through CDBG were classified as general governmental expenditures; and a liability and expense of \$93,000 was recorded for closed planning project deposits remaining on account. In addition, the correction of an error in 2011/12 wages payable resulted in expenses to General Government of \$142,407 in this fiscal year. The remaining differences were smaller variances throughout the activity within the General Government category. Public Works costs decreased \$1.6 million, and were 14% of total expenses. During fiscal year 2012/13, decreased funds available for major construction projects resulted in a decrease of related expenditures. Public safety costs, primarily for police protection, increased \$598,215, or 3.7% from fiscal year 2011/12. Lastly, Community Development expenses decreased by 28% from the prior year, mainly due to expenditures recorded to the former Redevelopment Agency that are now recorded in the Successor Agency and in the General Fund.

## **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

**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. As previously mentioned, fund accounting uses 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 financial reporting to the City Council.

The Governmental Funds financial statements break out five major funds as follows: General Fund, Sunrise Douglas Revenue Fund, Traffic Mitigation Special Revenue Fund, Grants Special Revenue Fund and the Capital Improvement Projects Fund. All other governmental funds are combined into the category "Nonmajor Governmental Funds".

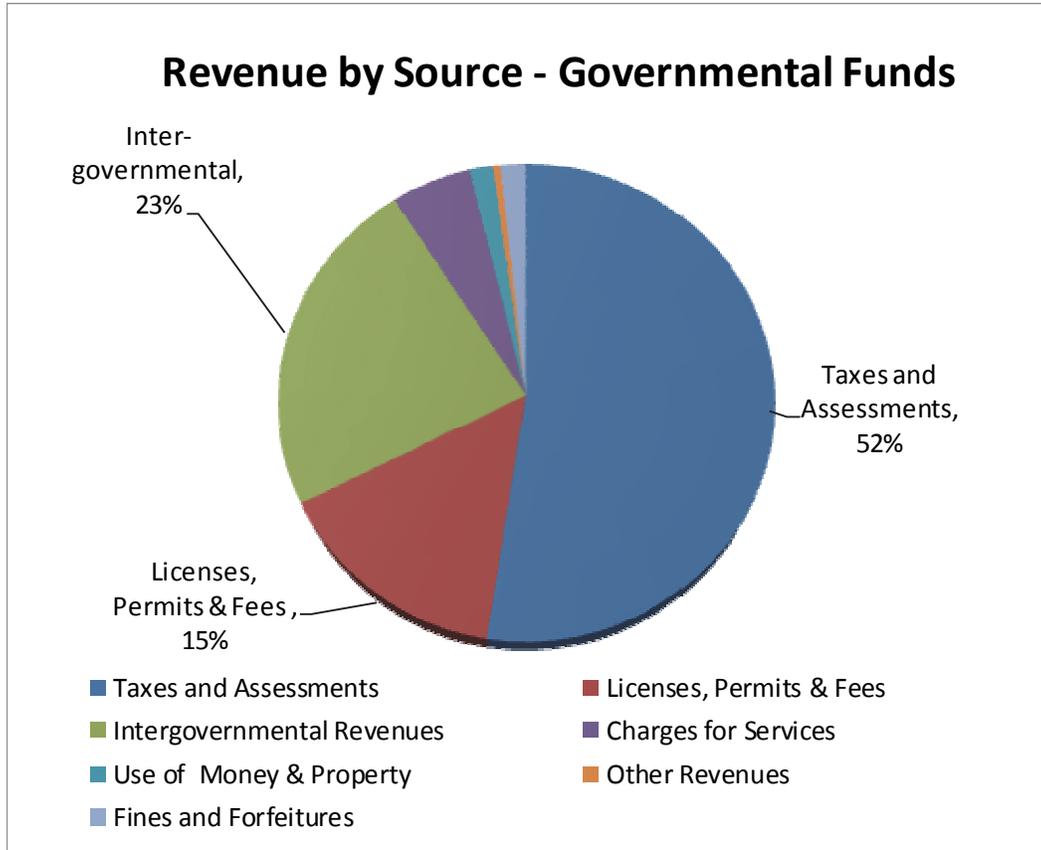
The table on the following page demonstrates the significant balances and transactions in these funds.

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

	<u>2012/13</u>	<u>2011/12</u>	<u>2010/11</u>
<b>Revenues:</b>			
Taxes and Assessments	\$ 35,506,292	\$ 34,165,037	\$ 31,763,342
Licenses, Permits & Fees	12,028,868	9,894,338	8,392,039
Fines and Forfeitures	1,336,428	1,083,794	1,236,844
Use of Money & Property	986,863	1,015,217	1,750,334
Intergovernmental Revenues	13,145,345	15,148,811	14,169,350
Charges for Services	3,042,033	3,533,612	3,918,943
Other Revenues	<u>315,467</u>	<u>338,618</u>	<u>477,040</u>
<b>Total Revenues</b>	<u><b>66,361,296</b></u>	<u><b>65,179,427</b></u>	<u><b>61,707,892</b></u>
<b>Expenditures:</b>			
General Government	15,156,251	14,855,261	14,868,621
Community Development	5,452,232	6,469,795	5,948,790
Public Safety	16,354,005	15,795,913	15,310,983
Public Works	7,628,907	6,466,683	4,938,302
Debt Service	1,958,098	2,008,750	2,320,863
Est reduction in fair value of land held for resale		1,157,397	-
Capital Outlay	<u>13,418,857</u>	<u>18,901,174</u>	<u>20,406,701</u>
<b>Total Expenditures</b>	<u><b>59,968,350</b></u>	<u><b>65,654,973</b></u>	<u><b>63,794,260</b></u>
<b>Excess (Deficiency) of Revenues     over Expenditures</b>	<b>6,392,946</b>	<b>(475,546)</b>	<b>(2,086,368)</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds from Long Term Debt		-	-
Issuance of capital lease	-	-	55,365
Transfers In	18,071,384	17,732,940	26,720,749
Transfers Out	<u>(19,996,312)</u>	<u>(19,215,839)</u>	<u>(26,198,217)</u>
<b>Total Other Financing Sources (Uses)</b>	<u><b>(1,924,928)</b></u>	<u><b>(1,482,899)</b></u>	<u><b>577,897</b></u>
<b>Net Change in Fund Balances before Extraordinary Item</b>	<b>4,468,018</b>	<b>(1,958,445)</b>	<b>(1,508,471)</b>
<b>Extraordinary Item (Note 15A):</b>			
<b>Assets transferred to/liabilities assumed by     the Successor Agency</b>	<u><b>(144,949)</b></u>	<u><b>265,589</b></u>	<u><b>-</b></u>
<b>Net Change in Fund Balances</b>	<b>4,323,069</b>	<b>(1,692,856)</b>	<b>(1,508,471)</b>
<b>Fund Balances, beginning of year</b>	<u><b>82,622,347</b></u>	<u><b>84,315,203</b></u>	<u><b>85,823,674</b></u>
<b>Fund Balances, end of year</b>	<u><u><b>\$ 86,945,416</b></u></u>	<u><u><b>\$ 82,622,347</b></u></u>	<u><u><b>\$ 84,315,203</b></u></u>

At the end of fiscal year 2012/13, the City's governmental funds reported a total combined ending fund balance of \$86.9 million, a net increase of \$4.3 million from the prior year. Of the fund balance, \$9.3 million was non-spendable, and \$63.5 million was restricted.

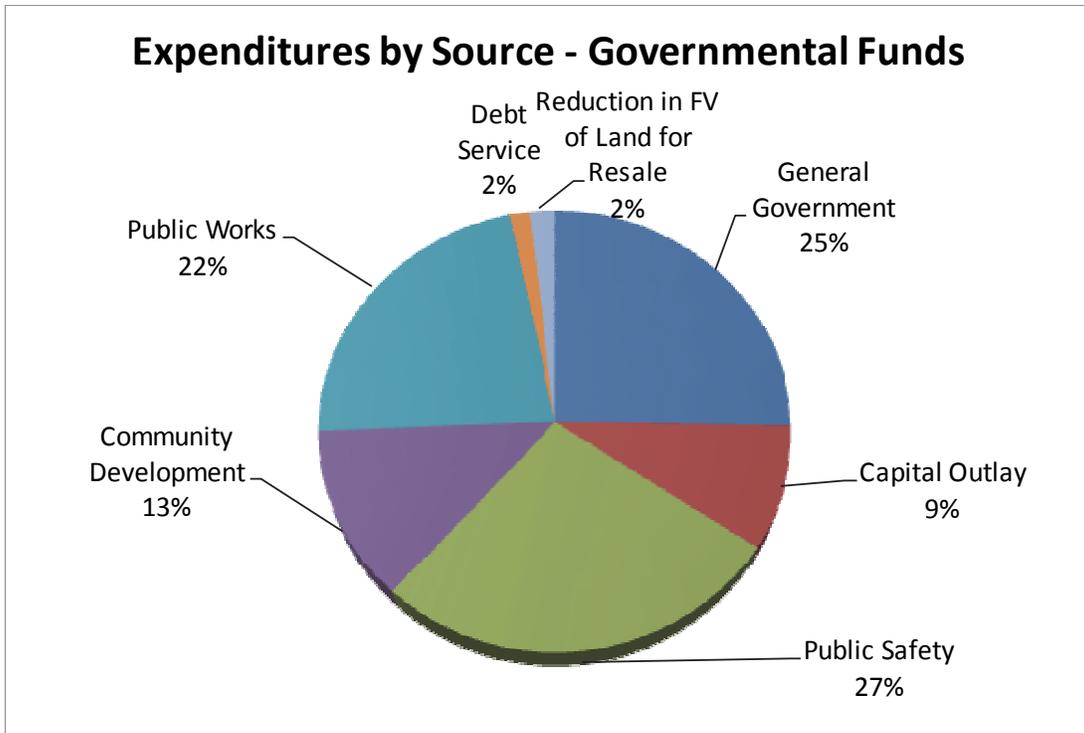
The table on the previous page showed total Governmental Revenues increased by nearly \$1.2 million, or 1.8% from the prior year, due to increases in tax revenues and in licenses, permits and fees, as a result of the recovering economy.



Taxes and Assessments remain the largest revenue source, representing 54% of total revenues. Overall, Taxes and Assessments increased \$1.3 million from the prior year. General Property Taxes performed better than expected holding almost constant with the prior year (decline of \$18,750) signaling the bottom of our downward trend. Property Assessment revenues increased by \$442,093, Sales Tax revenues increased by \$706,212, Utility User Taxes by \$30,526 and Other Taxes by \$181,174.

Licenses, Permits and Fees increased \$2.1 million, or 22%, from the prior year. This significant increase was due primarily to an increase in building permits and related impact fee revenues as a result of an improving economy and housing market.

The healthy increases in Tax Revenues and Licenses, Permits and Fees were nearly negated by a steep reduction in Intergovernmental Revenues of \$2 million. This decrease is primarily due to a uniquely high amount of grant funds and Measure A revenues received in Fiscal Year 2011/12 used to complete the Folsom Boulevard street enhancement project. (Measure A revenues come from a regional add-on Sales Tax for transportation improvements.)



For the tenth consecutive year, the City managed operating expenditures to ensure they did not exceed annual operating revenues. The total cost of all programs and services was \$60 million which is a decrease of \$5.7 million over the prior year. The expenditure decline was due to a reduction in grant funded capital outlay projects. Grant revenues were down by a commensurate \$5.6 million, as previously noted.

Public Safety costs of \$16.4 million, represent 27.3% of total expenditures, our largest expenditure category. These costs increased 3.5% 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 Government expenditures of \$15.2 million include the fiscal year 2012/13 annual property tax obligation due to the County under the Revenue Neutrality Agreement (\$7.3 million this year). The increase in the revenue neutrality payment caused General Government expenditures to be slightly higher than in the prior year.

***GENERAL FUND FINANCIAL INFORMATION***

The General Fund is the chief operating fund of the City. The total fund balance has increased to \$26.9 million. Included in the unassigned fund balance is the City's Economic Uncertainty Reserve of \$9.4 million which represents 23% of next year's General Fund expenditures. The City Council has set a reserve policy of 20% of the next year's expenditures; however, management has declined to reduce the current reservation in order to provide an additional cushion in case of economic fluctuation.

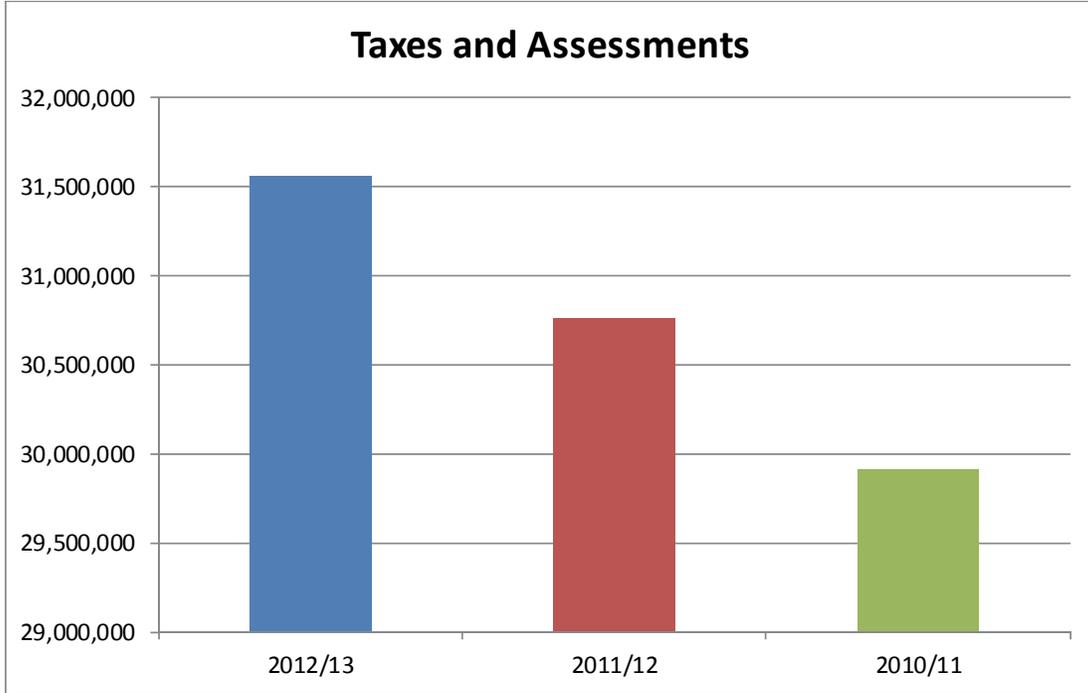
The table on the following page shows the General Fund Revenues, Expenditures, and Changes in Fund Balances.

GENERAL FUND REVENUE AND EXPENDITURES

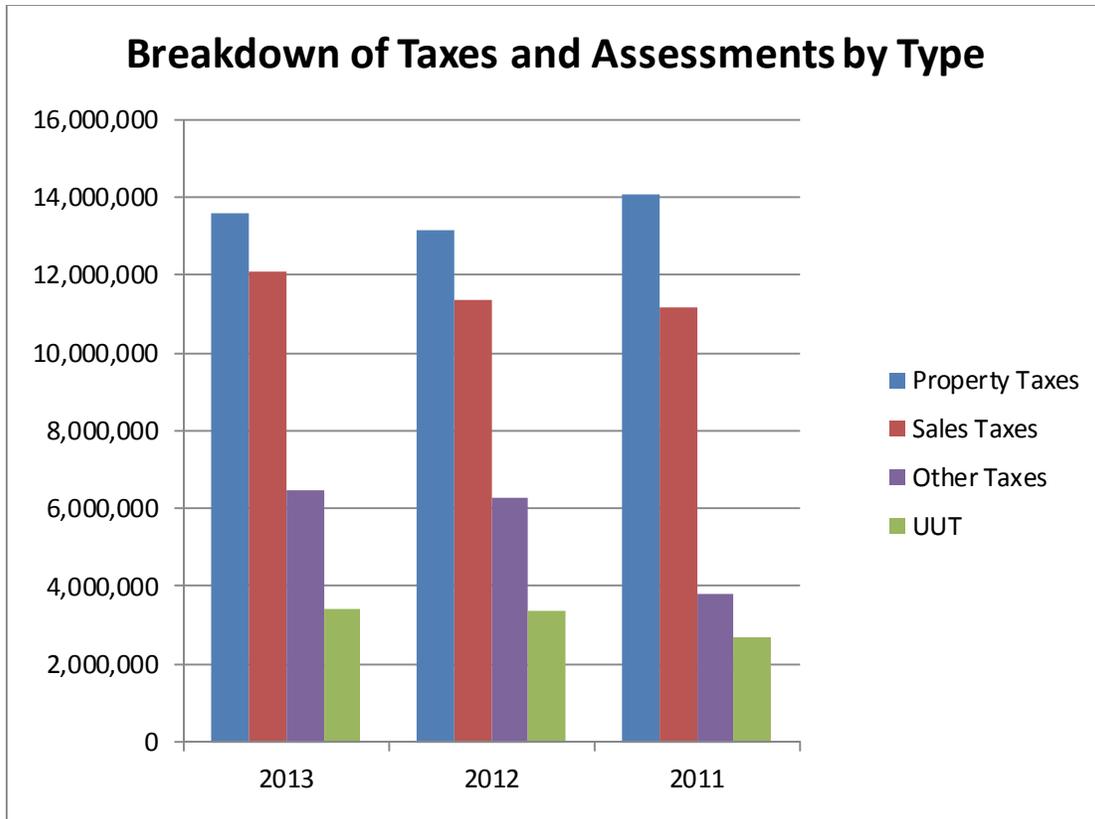
**Revenues, Expenditures and Changes in Fund Balances  
General Fund**

	<u>2012/13</u>	<u>2011/12</u>	<u>2010/11</u>
<b>Revenues:</b>			
Taxes and Assessments	\$ 31,560,889	\$ 30,766,679	\$ 29,919,564
Licenses, Permits & Fees	4,802,107	3,975,946	3,791,921
Fines and Forfeitures	1,324,340	1,082,819	1,235,160
Use of Money & Property	582,373	516,810	734,300
Intergovernmental Revenues	944,152	482,075	374,365
Charges for Services	2,835,425	3,437,101	3,331,235
Other Revenues	315,467	338,618	365,174
Total Revenues	<u>42,364,753</u>	<u>40,600,048</u>	<u>39,751,719</u>
<b>Expenditures:</b>			
General Government	14,134,012	13,532,570	13,355,802
Community Development	5,246,031	5,030,178	5,160,504
Public Safety	16,014,270	15,514,247	15,184,268
Public Works	2,734,951	3,172,366	2,237,833
Debt Service	12,671	12,671	-
Capital Outlay	207,506	159,857	378,897
Total Expenditures	<u>38,349,441</u>	<u>37,421,889</u>	<u>36,317,304</u>
Excess (Deficiency) of Revenues over Expenditures	4,015,312	3,178,159	3,434,415
<b>Other Financing Sources (Uses):</b>			
Issuance of capital lease	-	-	55,365
Transfers In	239,475	175,528	173,987
Transfers Out	(3,562,349)	(2,497,892)	(3,034,999)
Total Other Financing Sources (Uses)	<u>(3,322,874)</u>	<u>(2,322,364)</u>	<u>(2,805,647)</u>
Net Change in Fund Balances before Extraordinary Item	692,438	855,795	628,768
Extraordinary Item (Note 15A):			
Assets transferred to/liabilities assumed by the Successor Agency	<u>(59,126)</u>	<u>(381,490)</u>	<u>-</u>
Net Change in Fund Balances	633,312	474,305	628,768
Fund Balances, beginning of year	<u>26,249,384</u>	<u>25,775,079</u>	<u>25,146,311</u>
Fund Balances, end of year	<u>\$ 26,882,696</u>	<u>\$ 26,249,384</u>	<u>\$ 25,775,079</u>

Total General Fund revenues increased over the prior year by \$1.7, primarily due to an increase in Tax and Assessment revenue and Licenses, Permits and Fees. The majority (74.5%) of General Fund Revenues come from Taxes and Assessments. These revenues increased by \$794,210 over the prior year.



Licenses, Permits and Fees increased by \$826,161, which is primarily due to an increase in the Building Permit revenues. This revenue category includes Property Tax, Sales Tax, Transient Occupancy Tax (TOT), Utility Users Tax (UUT), Property Transfer Tax and the Police Tax. The following chart shows a breakdown of the four major taxes and assessments over the previous three years. As the chart demonstrates, Sales Tax, Other Taxes, and UUT continue to show steady increases year over year, whereas Property Tax has made the first increase in a number of years.



Property Tax revenues saw a slight decrease in the General Fund this year; however, in the graph above, property tax revenue citywide shows a slight increase. This increase is largely due to the City's recent takeover of a landscape and lighting district from the County of Sacramento. The County had been maintaining and collecting property taxes on our behalf. Now that the City has taken over this district, the property tax revenue will come directly to the City.

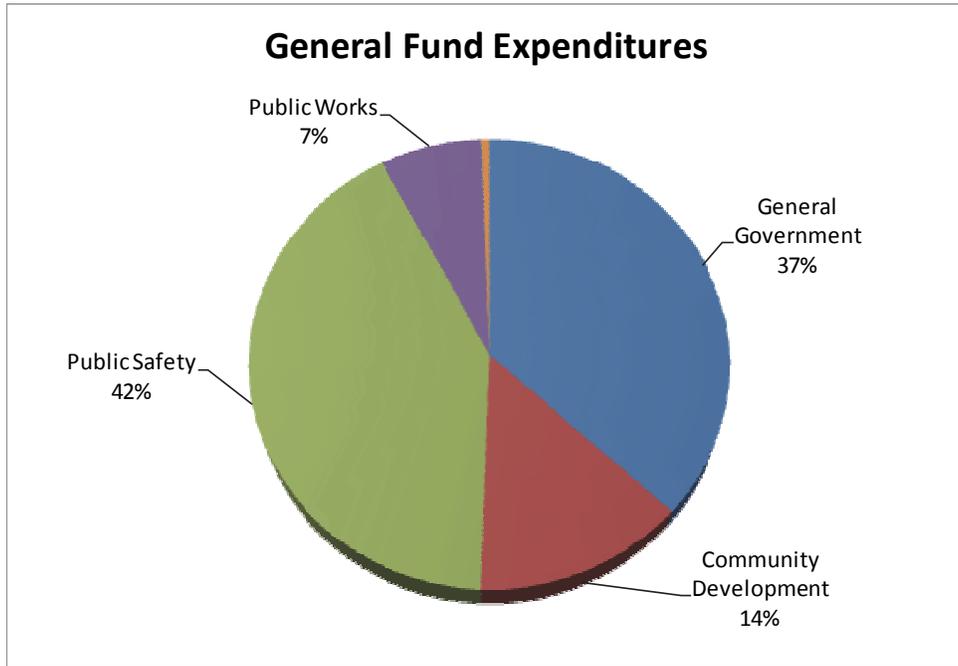
The second largest source of tax revenue, Sales tax, continued to see another year of growth with an increase of 6.2% compared to fiscal year 2011/12. We project this source will continue to improve as the City sees new retail establishments and restaurants open in the coming years and the housing market continues to improve.

UUT and Other Taxes increased by a moderate 2.1%. All increases in these categories are just further indication the local economy continues to have steady, slow growth.

Licenses, Permits and Fees saw a very large increase of 21.6% compared to last year, with the largest share coming from an increase in building permit activity as the housing market recovers.

Charges for Services consist primarily of cost recovery revenue for City-provided services. There was a decrease of 18% from the prior year, due to a decrease in development activity.

Expenditures increased by \$927,552 over the prior year. An increase in revenues allowed the City to incur expenses that were deferred in prior years. Maintaining a balanced relationship of revenue to expenditures has produced our tenth consecutive surplus in the General Fund, a high priority for the council and the community.



As indicated in the above chart, the largest expenditure in the General Fund is Public Safety at \$16 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 \$500,023, or 3.2%.

General Government expenditures, the second largest expenditure, were \$14.1 million (37%), 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 \$5.2 million, a slight increase of 4.3%.

Public Works General Fund expenditures were \$2.7 million, a decrease of approximately 13.8%, or \$437,415 from the prior year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The City had two amendments to its budget during the year to adjust for significant variances in expenditures not originally anticipated in the budget. This amendment affected the budgets of 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 ones described above.

	<b>General Fund Budgetary Highlights</b>				Percent Variance with Final Budget
	Original Budget	Final Budget	Actual	Variance	
<b>Revenues:</b>					
Taxes and Assessments	\$ 30,399,800	\$ 30,399,800	\$ 31,560,889	\$ 1,161,089	3.8%
Licenses, Permits & Fees	4,173,200	4,173,200	4,802,107	628,907	15.1%
Fines and Forfeitures	1,281,500	1,281,500	1,324,340	42,840	3.3%
Use of Money & Property	687,400	687,400	582,373	(105,027)	-15.3%
Intergovernmental Revenues	506,200	506,200	944,152	437,952	86.5%
Charges for Services	2,739,200	2,739,200	2,835,425	96,225	3.5%
Other Revenues and Transfers In	<u>472,600</u>	<u>500,100</u>	<u>554,942</u>	<u>54,842</u>	11.0%
Total Revenues and Transfers	<u>40,259,900</u>	<u>40,287,400</u>	<u>42,604,228</u>	<u>2,316,828</u>	5.8%
<b>Expenditures</b>					
General Government	14,002,800	13,916,800	14,134,012	217,212	1.6%
Community Development	5,732,300	5,732,300	5,246,031	(486,269)	-8.5%
Public Safety	16,487,500	16,487,500	16,014,270	(473,230)	-2.9%
Public Works	2,502,600	2,502,600	2,734,951	232,351	9.3%
Capital Outlay	34,700	34,700	207,506	172,806	498.0%
Debt Service	13,700	13,700	12,671	(1,029)	-7.5%
Transfers Out	<u>1,483,700</u>	<u>3,587,305</u>	<u>3,562,349</u>	<u>(24,956)</u>	-0.7%
Total Expenditures and Transfers	<u>40,257,300</u>	<u>42,274,905</u>	<u>41,911,790</u>	<u>(363,115)</u>	-0.9%
<b>Excess/(Deficiency) of</b>					
<b>Revenues over Expenditures</b>	<u>\$ 2,600</u>	<u>\$ (1,987,505)</u>	<u>\$ 692,438</u>		

Total Revenues exceeded the budget by 5.8%. The largest variances from the original budget were in Intergovernmental Revenues. A budget amendment was only processed for Other Revenues and Transfers In as the City Manager does not have the authority to process transfers between funds, in excess of those budgeted, without council approval.

Tax revenues outperformed the original budget by \$1.16 million, a 3.8% positive variance from the original budget. Property taxes were \$706,690 more than projected and Sales tax revenue \$484,818 more than projected.

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 will continue in fiscal year 2013/14. Additionally, we saw significant increases in building permit revenues.

The Use of Money & Property had a negative variance this year due to an entry made to adjust the unrealized gain/loss account on the balance sheet for the City's investments. Since the City has the option to hold its investments to maturity, future unrealized gains or losses will, in all likelihood, never be material to any individual fund. With that, it was decided to adjust the unrealized gain/loss account on the balance sheet to zero by recording an unrealized loss of \$129,060 in fiscal year 2012/13.

Intergovernmental Revenues had a positive variance of \$437,952 between the budgeted revenues to the actual. This variance is largely from the additional grant funds received by the County of Sacramento on our behalf for various community programs. We budgeted \$148,000 for grant revenue but this was only an estimate of what was going to be received since the County receives the money directly. By the end of the fiscal year, the City, through the police grants, received \$257,282. Also, the City received \$100,000 from the Frontline Intervention Grant from the Board of State Community Corrections to reduce recidivism of low-level inmates as they are released from the State prison.

Other Revenues and Transfers In varied from the original and final budget due to the transfer of administration fees from the Sunridge Anatolia and Sunridge Park funds and from closing of the Administration Impact Fee fund.

The City was able to manage its General Fund expenditure activity to produce actual expenditures that were .9% lower than the final budget and just 4.1% above the original budget. While the original budget had anticipated a surplus of \$2,600, we are pleased that improvements in revenues, and continued management of expenditures led to an actual increase in net fund balance of \$633,312.

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

Four major funds, in addition to the General Fund, were included in the City's governmental fund statements for fiscal year 2012/13. An analysis of significant balances and transactions are as follows:

*Sunrise Douglas Special Revenue Fund* – These specific plan development impact fees are imposed on development in the Sunridge Specific Plan, which is part of the Sunrise Douglas Community Plan development area. It includes additional fees for roadway improvements, transit shuttles, supplemental offsite water facilities, interim sewer facilities, park development improvements, library facilities and fee program updates.

The revenues consist of impact fees of \$3.9 million and interest earnings of \$115,916. Expenditures this year included Public Works expenses and capital outlay of \$404,931. Capital improvement projects, recorded in the Capital Improvements Project Fund by transfers out, totaled \$4.9 million. Though an operational loss for the year, the remaining fund balance in the Sunrise Douglas Special Revenue fund is \$15.9 million.

*Traffic Mitigation Special Revenue Fund* – This development impact fee is a citywide fee imposed on new development in the City to cover the fair share cost of traffic impacts resulting from new development. The funds collected are used for the construction of transportation improvements listed in the Transportation CIP Development Impact Fee Program. The revenues consist of impact fees totaling \$1.6 million and interest earnings of \$135,578. Expenditures this year included a \$3.1 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.

*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. As of June 30, 2013, the Grants Fund had received \$6.9 million in intergovernmental revenues, and posted \$854,656 in expenditures, and \$4.7 million in transfers out for capital projects. Grant revenues are received from federal, state, and local grant sources on an expenditure reimbursement basis; therefore, this fund usually has a deficit balance.

*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 2012/13, most of the projects tracked in this fund were 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:

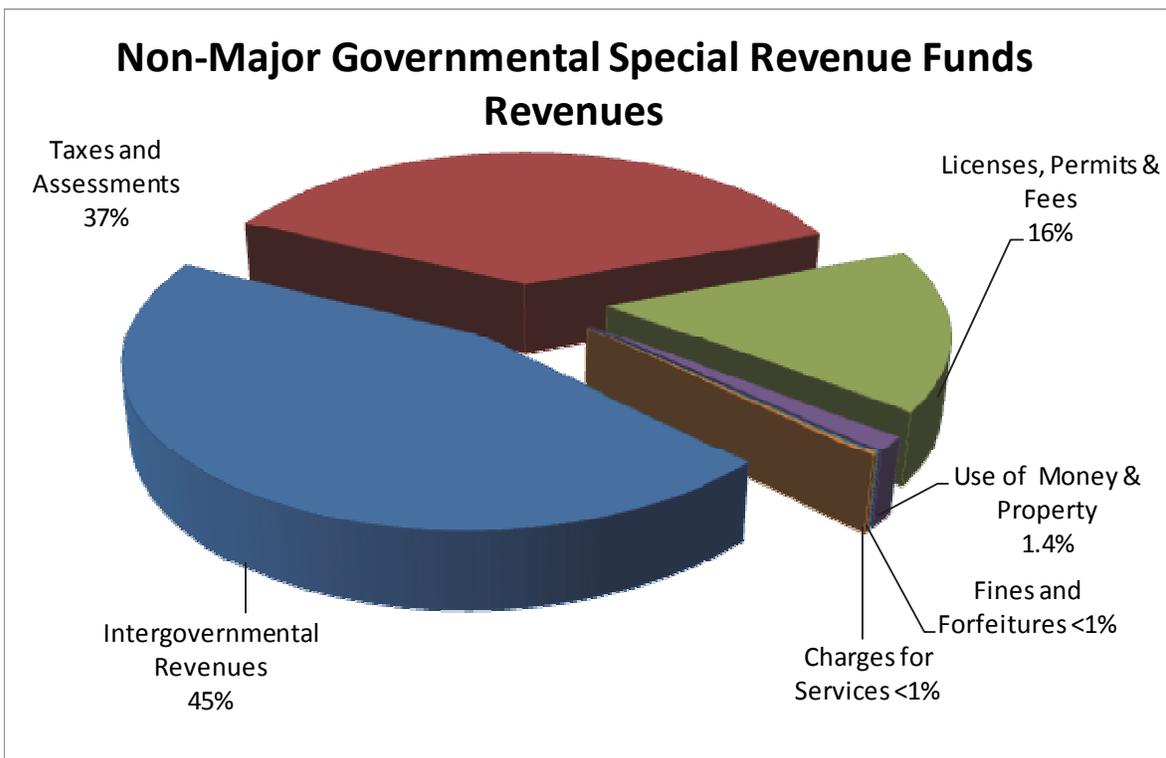
*Gas Tax Fund* – The Gas Tax revenue is generated from the per gallon state tax on fuel used in a motor vehicle or aircraft. These funds can be used for construction, improvements, studies and/or maintenance of public streets. The funds received in fiscal year 2012/13 were \$1.5 million. Public Works capital improvement projects funded by the Gas Tax Fund expended \$910,303 of the total Gas Tax monies available, resulting in a fund balance of \$4.1 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 2012/13, \$1.08 million was collected. Transfers out of \$1.1 million were made to support debt service payments on City Hall and the Kilgore Police Station. \$2.1 million was transferred into the Library Impact Fee Fund after a resolution approved by council to close both the Villages of Zinfandel and Sunrise Douglas Library funds into a single library fund. This resulted in an ending fund balance of \$4.3 million as of June 30, 2013.

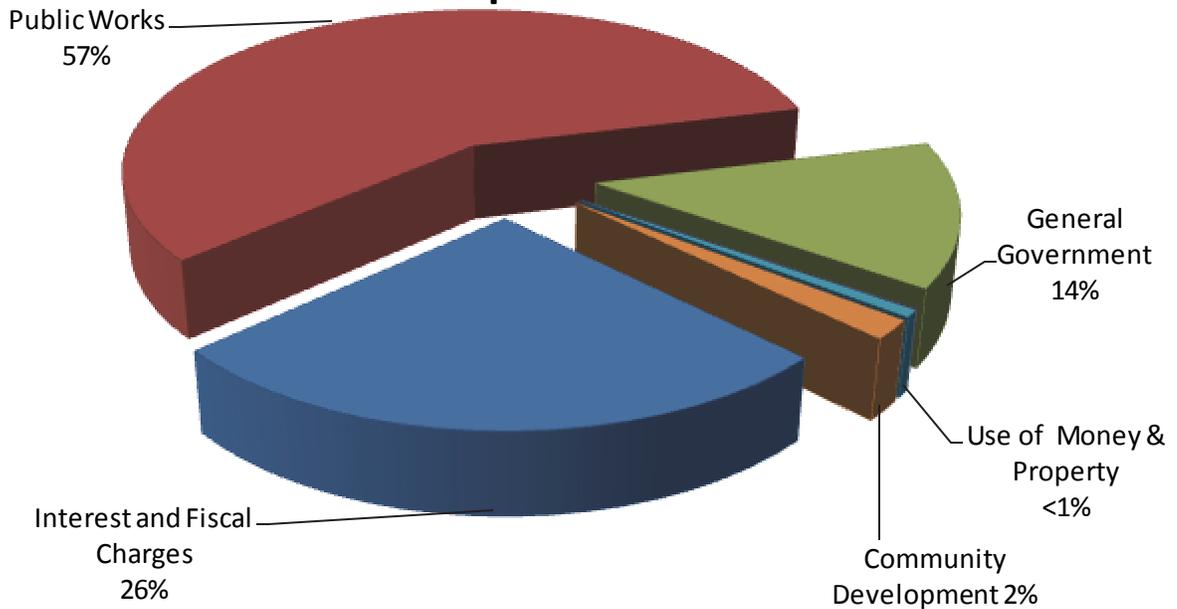
*Measure A Special Revenue Fund* – Measure A is a voter approved one-half percent sales tax in Sacramento County. In 2004, voters approved a 30-year extension of this program that went into effect in April 2009. Once approved, bonds were sold to provide funding for capital projects. This funding was used in conjunction with the monies available from the first measure for maintenance and capital projects. This year the City received \$2.6 million in Measure A revenues. The City expended \$2.1 million on maintenance and \$1.4 million in capital improvement projects. The resulting deficit reduced ending fund balance to \$1.2 million.

The following graph provides a percentage makeup of the *revenues* associated with all Non-Major Governmental Special Revenue Funds.



Conversely, the following graph provides the percentage makeup of the *expenditures* associated with all Non-Major Governmental Special Revenue Funds.

## Non-Major Governmental Special Revenue Funds Expenditures



### 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, 2013, 2012, 2011

	Governmental Activities			Business Activities			Total		
	2012/13	2011/12	2010/11	2012/13	2011/12	2010/11	2012/13	2011/12	2010/11
Land	\$ 6,925,393	\$ 6,925,393	\$ 6,925,393	\$ 225,000	\$ 225,000	\$ 225,000	\$ 7,150,393	\$ 7,150,393	\$ 7,150,393
Construction in progress	59,997,101	49,313,115	49,141,258	199,800	199,800	199,650	60,196,901	49,512,915	49,340,908
Infrastructure	352,074,988	322,192,925	306,767,263	-	-	-	352,074,988	322,192,925	306,767,263
Building & Improvements	27,349,734	27,349,734	26,862,493	1,197,003	1,197,003	1,197,003	28,546,737	28,546,737	28,059,496
Equipment	4,281,238	4,135,129	3,894,292	6,049	6,049	6,049	4,287,287	4,141,178	3,900,341
Accumulated Depreciation	(108,402,981)	(95,637,528)	(84,366,836)	(185,599)	(155,674)	(125,580)	(108,588,580)	(95,793,202)	(84,492,416)
Total	\$ 342,225,473	\$ 314,278,768	\$ 309,223,863	\$ 1,442,253	\$ 1,472,178	\$ 1,502,122	\$ 343,667,726	\$ 315,750,946	\$ 310,725,985

The City's investment in capital assets includes land, infrastructure, building and improvements, equipment and construction in progress. The City received developer contributed assets of \$28.4 million as discussed above and completed four capital improvement projects this year, contributing to the increase in depreciable assets of \$30

million, and removing \$2 million from construction in progress. Activities from new and ongoing projects resulted in the addition of \$12.8 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, 2013, 2012, 2011

	Governmental Activities			Business Activities			Total		
	2012/13	2011/12	2010/11	2012/13	2011/12	2010/11	2012/13	2011/12	2010/11
Compensated Absences	\$ 674,381	\$ 663,727	\$ 675,874	\$ -	\$ -	\$ -	\$ 674,381	\$ 663,727	\$ 675,874
Certificates of Participation	22,455,000	23,295,000	24,100,000	-	-	-	22,455,000	23,295,000	24,100,000
Less deferred amount on refunding	-	(93,910)	(98,069)	-	-	-	-	(93,910)	(98,069)
Issuance discounts	(262,097)	(274,185)	(286,273)	-	-	-	(262,097)	(274,185)	(286,273)
Capital Lease Obligations	34,895	45,340	55,365	-	-	-	34,895	45,340	55,365
<b>Total</b>	<b>\$ 22,902,179</b>	<b>\$ 23,635,972</b>	<b>\$ 24,446,897</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,902,179</b>	<b>\$ 23,635,972</b>	<b>\$ 24,446,897</b>

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 Note 7 of the financial statements. The compensated absences description can be found in Note 1G 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.

Our budget for fiscal year 2013/14 anticipates General Fund revenues of \$42.1 million, which is slightly less than we received in 2012/13. 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. Property tax revenues are expected to remain relatively flat in fiscal year 2013/14. Our adopted budget for fiscal year 2013/14 calls for a slight decrease, but recent analysis of assessed values indicated that we will likely experience a slight

increase in property tax revenues in fiscal year 2013/14. This would be our first increase in six years.

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, which goes into effect January 2014. 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](http://www.cityofranhocordova.org). Questions concerning any of the information contained in the CAFR should be addressed to the City of Rancho Cordova, Finance Department, 2729 Prospect Park Drive, Rancho Cordova, CA 95670 or send us a message online. Log onto our website and click on *My City Hall Online* to submit your question/request. We can also be found on Facebook.

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**CITY OF RANCHO CORDOVA**

**STATEMENT OF NET POSITION AND  
STATEMENT OF ACTIVITIES**

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position 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 position. 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 Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the City and the Rancho Cordova Financing Corporation, which is legally separate but is a component unit of the City because it is controlled by the City, which is financially accountable for its activities.

CITY OF RANCHO CORDOVA  
STATEMENT OF NET POSITION  
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments (Note 3)	\$84,414,209	\$14,112	\$84,428,321
Restricted cash and investments with fiscal agent (Note 3)	2,014,095		2,014,095
Receivables:			
Accounts, net (Note 4)	1,259,323		1,259,323
Interest	8,537	1	8,538
Due from other governments (Note 4)	6,123,687		6,123,687
Loans (Note 4)	6,441,056		6,441,056
Other (Note 4)	203,365		203,365
Internal balances (Note 5)	1,634,387	(1,634,387)	
Prepays	14,945		14,945
Capital assets (Note 6):			
Nondepreciable	66,922,494	424,800	67,347,294
Depreciable, net	275,302,979	1,017,453	276,320,432
<b>Total Assets</b>	<b>444,339,077</b>	<b>(178,021)</b>	<b>444,161,056</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred amount on refunding (Note 7)	89,751		89,751
<b>Total Deferred Outflow of Resources</b>	<b>444,428,828</b>	<b>(178,021)</b>	<b>444,250,807</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	7,509,387	2,234	7,511,621
Interest payable	428,327		428,327
Refundable deposits	764,198		764,198
Compensated absences (Note 1G):			
Due within one year	568,073		568,073
Due in more than one year	106,308		106,308
Long-term debt (Note 7):			
Due within one year	896,017		896,017
Due in more than one year	21,331,781		21,331,781
<b>Total Liabilities</b>	<b>31,604,091</b>	<b>2,234</b>	<b>31,606,325</b>
<b>NET POSITION (Note 9)</b>			
Net investment in capital assets	320,087,426	1,442,253	321,529,679
Restricted for:			
Debt service	1,863,685		1,863,685
Sunrise Douglas development	15,940,096		15,940,096
Traffic Mitigation	19,541,341		19,541,341
Community facilities	4,348,195		4,348,195
Park development	670,869		670,869
Villages of Zinfandel development	329,662		329,662
Mather Field traffic	13,040		13,040
Transit related services	474,248		474,248
Grant-funded projects	312,170		312,170
Asset forfeiture	44,807		44,807
Road improvements	12,529,690		12,529,690
Landscape and lighting	3,344,988		3,344,988
Rental code compliance	75		75
Storm water improvements	3,484,309		3,484,309
Measure A funds	1,227,473		1,227,473
<b>Total Restricted Net Position</b>	<b>64,124,648</b>		<b>64,124,648</b>
Unrestricted (Deficit)	28,612,663	(1,622,508)	26,990,155
<b>Total Net Position(Deficit)</b>	<b>\$412,824,737</b>	<b>(\$180,255)</b>	<b>\$412,644,482</b>

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$27,907,919	\$642,864	\$933,081	\$378,025	(\$25,953,949)		(\$25,953,949)
Community Development	5,452,232	3,149,670		93,703	(2,208,859)		(2,208,859)
Public Safety	16,476,763	2,268,689	812,498		(13,395,576)		(13,395,576)
Public Works	8,276,583	3,722,318	6,560,436	40,492,231	42,498,402		42,498,402
Interest on long-term debt	1,107,696				(1,107,696)		(1,107,696)
Total Governmental Activities	59,221,193	9,783,541	8,306,015	40,963,959	(167,678)		(167,678)
Business-type Activities:							
Cemetery	69,629	9,500				(\$60,129)	(60,129)
Total Business-type Activities	69,629	9,500				(60,129)	(60,129)
Total Primary Government	\$59,290,822	\$9,793,041	\$8,306,015	\$40,963,959	(167,678)	(60,129)	(227,807)
General revenues:							
Taxes:							
Property taxes					7,712,950		7,712,950
Property taxes in lieu of vehicle license fees					4,793,814		4,793,814
Sales taxes					12,060,818		12,060,818
Transient occupancy					2,636,893		2,636,893
Utility user taxes					3,411,126		3,411,126
Other taxes					2,295,517		2,295,517
Use of money and property					959,979	94	960,073
Other					658,883		658,883
Extraordinary item (Notes 4 and 15A)							
Assets transferred to Successor Agency					(144,949)		(144,949)
Total general revenues and extraordinary item					34,385,031	94	34,385,125
Change in Net Position					34,217,353	(60,035)	34,157,318
Net Position (Deficit) - Beginning, as restated (Note 7)					378,607,384	(120,220)	378,487,164
Net Position (Deficit) - Ending					\$412,824,737	(\$180,255)	\$412,644,482

See accompanying notes to financial statements

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<b>GOVERNMENTAL FUND FINANCIAL STATEMENTS</b>
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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 2013. 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.

**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, 2013

	General Fund	Sunrise Douglas	Traffic Mitigation	Grants	Capital Improvement Projects
<b>ASSETS</b>					
Cash and investments (Note 3)	\$16,747,210	\$15,939,191	\$19,294,511		
Restricted cash and investments with fiscal agent (Note 3)					\$150,000
Receivables:					
Accounts, net (Note 4)	940,799		290,502		
Interest	3,860	905	1,148	\$2	
Other (Note 4)	203,365				
Due from other governmental agencies (Note 4)	2,448,798			3,241,782	
Loans (Note 4)	6,334,542			4,621,180	
Due from other funds (Note 5)	3,108,825				687,370
Advances to other funds (Note 5)	3,088,871				
Prepays	14,945				
<b>Total Assets</b>	<b>\$32,891,215</b>	<b>\$15,940,096</b>	<b>\$19,586,161</b>	<b>\$7,862,964</b>	<b>\$837,370</b>
<b>LIABILITIES</b>					
Accounts payable	\$4,758,151		\$44,820	\$101,205	\$729,925
Accrued liabilities	343,378				
Refundable deposits	764,198				
Due to other funds (Note 5)				2,934,922	82,545
Advances from other funds (Note 5)					
<b>Total Liabilities</b>	<b>5,865,727</b>		<b>44,820</b>	<b>3,036,127</b>	<b>812,470</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - accounts receivable	94,337		290,502	1,548,086	
Unavailable revenue - interest receivable	48,455				
Unavailable revenue - due from other governmental agencies				297,937	
Unavailable revenue - loans receivable				4,621,180	
<b>Total Deferred Inflows of Resources</b>	<b>142,792</b>		<b>290,502</b>	<b>6,467,203</b>	
<b>FUND BALANCES (Note 9)</b>					
Nonspendable	9,333,571				
Restricted		\$15,940,096	19,250,839		24,900
Unassigned	17,549,125			(1,640,366)	
<b>Total Fund Balances (Deficits)</b>	<b>26,882,696</b>	<b>15,940,096</b>	<b>19,250,839</b>	<b>(1,640,366)</b>	<b>24,900</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$32,891,215</b>	<b>\$15,940,096</b>	<b>\$19,586,161</b>	<b>\$7,862,964</b>	<b>\$837,370</b>

See accompanying notes to financial statements

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$27,052,422	\$79,033,334
1,864,095	2,014,095
28,022	1,259,323
2,430	8,345
	203,365
918,906	6,609,486
259,737	11,215,459
	3,796,195
	3,088,871
	14,945
<u>\$30,125,612</u>	<u>\$107,243,418</u>
\$464,044	\$6,098,145
	343,378
	764,198
778,728	3,796,195
<u>1,454,484</u>	<u>1,454,484</u>
<u>2,697,256</u>	<u>12,456,400</u>
27,952	1,960,877
	48,455
653,416	951,353
<u>259,737</u>	<u>4,880,917</u>
<u>941,105</u>	<u>7,841,602</u>
	9,333,571
28,303,089	63,518,924
<u>(1,815,838)</u>	<u>14,092,921</u>
<u>26,487,251</u>	<u>86,945,416</u>
<u>\$30,125,612</u>	<u>\$107,243,418</u>

CITY OF RANCHO CORDOVA  
 Reconciliation of the  
 GOVERNMENTAL FUNDS -- BALANCE SHEET  
 with the  
 STATEMENT OF NET POSITION  
 JUNE 30, 2013

Total fund balances reported on the governmental funds balance sheet \$86,945,416

Amounts reported for Governmental Activities in the Statement of Net Position 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. 342,225,473

**ALLOCATION OF INTERNAL SERVICE FUND NET POSITION**

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 Position.

Cash and investments	5,380,875
Interest receivable	192
Accounts payable	(53,953)

**ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES**

Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 2,581,400

**LONG TERM ASSETS AND LIABILITIES**

The assets, deferred outflows of resources and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Deferred amount on refunding	89,751
Accounts payable and accrued liabilities	(1,013,911)
Interest payable	(428,327)
Long-term debt	(22,227,798)
Governmental activities portion of compensated absences	<u>(674,381)</u>

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$412,824,737

See accompanying notes to financial statements

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CITY OF RANCHO CORDOVA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Sunrise Douglas</u>	<u>Traffic Mitigation</u>	<u>Grants</u>	<u>Capital Improvement Projects</u>
<b>REVENUES</b>					
Property taxes	\$12,008,690				
Sales taxes	12,060,818				
Utility user taxes	3,411,126				
Other taxes	4,080,255				
Charges for services	2,835,425			\$786	\$182,183
Licenses, permits and fees	4,802,107	\$3,876,509	\$1,643,890		
Fines, forfeitures and penalties	1,324,340				
Intergovernmental	944,152			6,937,640	501,054
Use of money and property	582,373	115,916	135,578	149	
Other	315,467				
	<u>42,364,753</u>	<u>3,992,425</u>	<u>1,779,468</u>	<u>6,938,575</u>	<u>683,237</u>
Total Revenues					
<b>EXPENDITURES</b>					
Current:					
General Government	14,134,012			6,878	
Community Development	5,246,031			73,289	
Public Safety	16,014,270			339,735	
Public Works	2,734,951	172,433	212,633	240,599	
Capital outlay	207,506	232,498		194,155	12,734,698
Debt service:					
Principal	10,445				
Interest and fiscal charges	2,226				
	<u>38,349,441</u>	<u>404,931</u>	<u>212,633</u>	<u>854,656</u>	<u>12,734,698</u>
Total Expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,015,312</u>	<u>3,587,494</u>	<u>1,566,835</u>	<u>6,083,919</u>	<u>(12,051,461)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in (Note 5)	239,475			18,776	13,185,173
Transfers (out) (Note 5)	(3,562,349)	(4,905,856)	(3,055,968)	(4,749,575)	
	<u>(3,322,874)</u>	<u>(4,905,856)</u>	<u>(3,055,968)</u>	<u>(4,730,799)</u>	<u>13,185,173</u>
Total Other Financing Sources (Uses)					
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	692,438	(1,318,362)	(1,489,133)	1,353,120	1,133,712
EXTRAORDINARY ITEM (NOTE 15A)					
Assets transferred to the Successor Agency	(59,126)				(85,823)
NET CHANGE IN FUND BALANCES	633,312	(1,318,362)	(1,489,133)	1,353,120	1,047,889
BEGINNING FUND BALANCES (DEFICITS)	<u>26,249,384</u>	<u>17,258,458</u>	<u>20,739,972</u>	<u>(2,993,486)</u>	<u>(1,022,989)</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$26,882,696</u>	<u>\$15,940,096</u>	<u>\$19,250,839</u>	<u>(\$1,640,366)</u>	<u>\$24,900</u>

See accompanying notes to financial statements

Nonmajor Governmental Funds	Total Governmental Funds
\$1,569,450	\$13,578,140
	12,060,818
	3,411,126
2,375,953	6,456,208
23,639	3,042,033
1,706,362	12,028,868
12,088	1,336,428
4,762,499	13,145,345
152,847	986,863
	315,467
10,602,838	66,361,296
1,015,361	15,156,251
132,912	5,452,232
	16,354,005
4,268,291	7,628,907
50,000	13,418,857
840,000	850,445
1,105,427	1,107,653
7,411,991	59,968,350
3,190,847	6,392,946
4,627,960	18,071,384
(3,722,564)	(19,996,312)
905,396	(1,924,928)
4,096,243	4,468,018
	(144,949)
4,096,243	4,323,069
22,391,008	82,622,347
\$26,487,251	\$86,945,416

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, 2013

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 Position 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 \$4,323,069

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	12,884,620
Retirements are deducted from the fund balance	(138,275)
Depreciation expense deducted from the fund balance	(12,687,593)
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	28,378,468

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 Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	850,445
Amortization of deferred amount on refunding and issuance discounts is deducted from fund balance	(12,088)

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):

Deferred amount on refunding	(4,159)
Interest payable	16,204
Unavailable revenue	(1,181,201)
Compensated absences	(10,654)

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 Position - All Internal Service Funds	<u>1,798,517</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$34,217,353</u></u>
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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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$11,302,000	\$11,302,000	\$12,008,690	\$706,690
Sales taxes	11,576,000	11,576,000	12,060,818	484,818
Transient occupancy taxes	2,480,000	2,480,000	2,636,893	156,893
Utility user taxes	3,595,000	3,595,000	3,411,126	(183,874)
Other taxes	1,446,800	1,446,800	1,443,362	(3,438)
Charges for services	2,739,200	2,739,200	2,835,425	96,225
Licenses, permits and fees	4,173,200	4,173,200	4,802,107	628,907
Fines, forfeitures and penalties	1,281,500	1,281,500	1,324,340	42,840
Intergovernmental	506,200	506,200	944,152	437,952
Use of money and property	687,400	687,400	582,373	(105,027)
Other	52,900	52,900	315,467	262,567
<b>Total Revenues</b>	<b>39,840,200</b>	<b>39,840,200</b>	<b>42,364,753</b>	<b>2,524,553</b>
<b>EXPENDITURES:</b>				
Current				
General Government	14,002,800	13,916,800	14,134,012	(217,212)
Community Development	5,732,300	5,732,300	5,246,031	486,269
Public Safety	16,487,500	16,487,500	16,014,270	473,230
Public Works	2,502,600	2,502,600	2,734,951	(232,351)
Capital outlay	34,700	34,700	207,506	(172,806)
Debt service:				
Principal	13,700	13,700	10,445	3,255
Interest and fiscal charges			2,226	(2,226)
<b>Total Expenditures</b>	<b>38,773,600</b>	<b>38,687,600</b>	<b>38,349,441</b>	<b>338,159</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,066,600</b>	<b>1,152,600</b>	<b>4,015,312</b>	<b>2,862,712</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	419,700	447,200	239,475	(207,725)
Transfers (out)	(1,483,700)	(3,587,305)	(3,562,349)	24,956
<b>Total other financing sources (uses)</b>	<b>(1,064,000)</b>	<b>(3,140,105)</b>	<b>(3,322,874)</b>	<b>(182,769)</b>
<b>NET CHANGE IN FUND BALANCE BEFORE EXTRAORDINARY ITEM</b>	<b>2,600</b>	<b>(1,987,505)</b>	<b>692,438</b>	<b>2,679,943</b>
<b>EXTRAORDINARY ITEM (Note 15A)</b>				
Assets transferred to the Successor Agency			(59,126)	(59,126)
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,600</b>	<b>(1,987,505)</b>	<b>633,312</b>	<b>2,620,817</b>
Fund balance, July 1	26,249,384	26,249,384	26,249,384	
Fund balance, June 30	<u>\$26,251,984</u>	<u>\$24,261,879</u>	<u>\$26,882,696</u>	<u>\$2,620,817</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, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses, permits and fees	\$2,693,800	\$2,693,800	\$3,876,509	\$1,182,709
Use of money and property			115,916	115,916
Total Revenues	<u>2,693,800</u>	<u>2,693,800</u>	<u>3,992,425</u>	<u>1,298,625</u>
EXPENDITURES:				
Current				
General Government	180,900	180,900		180,900
Public Works	416,300	416,300	172,433	243,867
Capital outlay	<u>320,000</u>	<u>320,000</u>	<u>232,498</u>	<u>87,502</u>
Total Expenditures	<u>917,200</u>	<u>917,200</u>	<u>404,931</u>	<u>512,269</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,776,600</u>	<u>1,776,600</u>	<u>3,587,494</u>	<u>1,810,894</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(4,980,400)</u>	<u>(4,980,400)</u>	<u>(4,905,856)</u>	<u>74,544</u>
Total other financing sources (uses)	<u>(4,980,400)</u>	<u>(4,980,400)</u>	<u>(4,905,856)</u>	<u>74,544</u>
NET CHANGE IN FUND BALANCE	(3,203,800)	(3,203,800)	(1,318,362)	1,885,438
Fund balance, July 1	<u>17,258,458</u>	<u>17,258,458</u>	<u>17,258,458</u>	
Fund balance, June 30	<u><u>\$14,054,658</u></u>	<u><u>\$14,054,658</u></u>	<u><u>\$15,940,096</u></u>	<u><u>\$1,885,438</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses, permits and fees	\$1,672,700	\$1,672,700	\$1,643,890	(\$28,810)
Use of money and property			135,578	135,578
Total Revenues	<u>1,672,700</u>	<u>1,672,700</u>	<u>1,779,468</u>	<u>106,768</u>
EXPENDITURES:				
Current				
Public Works	1,481,300	1,481,300	212,633	1,268,667
Total Expenditures	<u>1,481,300</u>	<u>1,481,300</u>	<u>212,633</u>	<u>1,268,667</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>191,400</u>	<u>191,400</u>	<u>1,566,835</u>	<u>1,375,435</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(6,889,900)	(6,889,900)	(3,055,968)	3,833,932
Total other financing sources (uses)	<u>(6,889,900)</u>	<u>(6,889,900)</u>	<u>(3,055,968)</u>	<u>3,833,932</u>
NET CHANGE IN FUND BALANCE	(6,698,500)	(6,698,500)	(1,489,133)	5,209,367
Fund balance, July 1	<u>20,739,972</u>	<u>20,739,972</u>	<u>20,739,972</u>	
Fund balance, June 30	<u><u>\$14,041,472</u></u>	<u><u>\$14,041,472</u></u>	<u><u>\$19,250,839</u></u>	<u><u>\$5,209,367</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$8,226,600	\$8,226,600	\$6,937,640	(\$1,288,960)
Charges for services			786	786
Use of money and property			149	149
<b>Total Revenues</b>	<u>8,226,600</u>	<u>8,226,600</u>	<u>6,938,575</u>	<u>(1,288,025)</u>
<b>EXPENDITURES</b>				
Current:				
General Government			6,878	(6,878)
Community Development	140,000	140,000	73,289	66,711
Public Safety	126,000	126,000	339,735	(213,735)
Public Works	441,600	441,600	240,599	201,001
Capital outlay	60,000	60,000	194,155	(134,155)
<b>Total Expenditures</b>	<u>767,600</u>	<u>767,600</u>	<u>854,656</u>	<u>(87,056)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>7,459,000</u>	<u>7,459,000</u>	<u>6,083,919</u>	<u>(1,375,081)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			18,776	18,776
Transfers (out)	(9,399,000)	(9,399,000)	(4,749,575)	4,649,425
<b>Total other financing sources (uses)</b>	<u>(9,399,000)</u>	<u>(9,399,000)</u>	<u>(4,730,799)</u>	<u>4,668,201</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,940,000)	(1,940,000)	1,353,120	3,293,120
Fund balance, (deficit) July 1	(2,993,486)	(2,993,486)	(2,993,486)	
Fund balance (deficit), June 30	<u>(\$4,933,486)</u>	<u>(\$4,933,486)</u>	<u>(\$1,640,366)</u>	<u>\$3,293,120</u>

See accompanying notes to financial statements

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

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

**KILGORE CEMETERY**

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

CITY OF RANCHO CORDOVA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2013

	Business-type Activities- Enterprise Fund	Governmental Activities -
	Kilgore Cemetery	Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$14,112	\$5,380,875
Receivables:		
Interest	1	192
Total current assets	14,113	5,381,067
Noncurrent assets:		
Capital assets:		
Nondepreciable	424,800	846,808
Depreciable, net	1,017,453	1,216,969
Total noncurrent assets	1,442,253	2,063,777
Total Assets	1,456,366	7,444,844
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	2,234	53,953
Total current liabilities	2,234	53,953
Noncurrent liabilities:		
Advance from other funds	1,634,387	
Total noncurrent liabilities	1,634,387	
Total Liabilities	1,636,621	53,953
<b>NET POSITION</b>		
Net investment in capital assets	1,442,253	2,063,777
Unrestricted	(1,622,508)	5,327,114
Total Net Position (Deficit)	(\$180,255)	\$7,390,891

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities- Enterprise Fund	Governmental Activities -
	Kilgore Cemetery	Internal Service Funds
<b>OPERATING REVENUES</b>		
Service charges	\$9,500	
Total Operating Revenues	9,500	
<b>OPERATING EXPENSES</b>		
Administration	39,704	\$53,421
Depreciation	29,925	97,922
Total Operating Expenses	69,629	151,343
Operating Income (Loss)	(60,129)	(151,343)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	94	24,932
Total Nonoperating Revenues (Expenses)	94	24,932
Income (Loss) Before Transfers	(60,035)	(126,411)
<b>TRANSFERS</b>		
Transfers in (Note 5)		1,924,928
Net transfers		1,924,928
Change in net position	(60,035)	1,798,517
BEGINNING NET POSITION (DEFICIT)	(120,220)	5,592,374
ENDING NET POSITION (DEFICIT)	(\$180,255)	\$7,390,891

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities- Enterprise	Governmental Activities -
	Kilgore Cemetery	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$9,500	
Payments to suppliers	(43,357)	(\$353,242)
Cash Flows from Operating Activities	(33,857)	(353,242)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interfund receipts	35,658	
Transfers in		1,924,928
Cash Flows from Noncapital Financing Activities	35,658	1,924,928
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets		(457,990)
Cash Flows from Capital and Related Financing Activities		(457,990)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest	94	24,939
Cash Flows from Investing Activities	94	24,939
Net Cash Flows	1,895	1,138,635
Cash and investments at beginning of period	12,217	4,242,240
Cash and investments at end of period	\$14,112	\$5,380,875
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>		
Operating income (loss)	(\$60,129)	(\$151,343)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:		
Depreciation	29,925	97,922
Change in assets and liabilities:		
Accounts payable	(3,653)	(299,821)
Cash Flows from Operating Activities	(\$33,857)	(\$353,242)

See accompanying notes to financial statements

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

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

CITY OF RANCHO CORDOVA  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2013

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund	Total Agency Funds
<b>ASSETS</b>		
Cash and investments (Note 3)	\$711,091	\$14,856,971
Restricted cash and investments (Note 3)		13,004,162
Receivables:		
Accounts		571
Interest		4,166
Due from other governments		71,013
Other	38	
Land held for resale (Note 15B)	842,254	
Total Assets	1,553,383	\$27,936,883
Accounts payable and accrued liabilities	3,199	\$32,115
Refundable deposits payable		100,211
Due to assessment district bondholders		19,391,024
Due to assessment holders		8,413,533
Long-term obligations (Note 15C):		
Due in more than one year	5,604,300	
Total Liabilities	5,607,499	\$27,936,883
<b>NET POSITION (DEFICIT) HELD IN TRUST FOR OTHER GOVERNMENTS</b>	<b>(\$4,054,116)</b>	

See accompanying notes to financial statements

CITY OF RANCHO CORDOVA  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2013

	Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund <hr style="border: 1px solid black;"/>
<b>ADDITIONS</b>	
Charges for services	\$52
Use of money and property	33,598
Other	150
	<hr style="border: 1px solid black;"/>
Total Additions	33,800
	<hr style="border: 1px solid black;"/>
<b>DEDUCTIONS</b>	
General Government	9
Community Development	1,259,133
Debt service:	
Interest and fiscal charges	94,296
	<hr style="border: 1px solid black;"/>
Total Deductions	1,353,438
	<hr style="border: 1px solid black;"/>
CHANGE IN NET POSITION BEFORE EXTRAORDINARY ITEM	(1,319,638)
EXTRAORDINARY ITEM (Note 15A)	
Assets transferred to the Successor Agency	33,928
	<hr style="border: 1px solid black;"/>
CHANGE IN NET POSITION	(1,285,710)
BEGINNING NET POSITION (DEFICIT)	(2,768,406)
	<hr style="border: 1px solid black;"/>
NET POSITION (DEFICIT) HELD IN TRUST FOR OTHER GOVERNMENTS	(\$4,054,116)
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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, 2013**

**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 unit described below is 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, 2013**

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

**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 Position 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.

**Fund Financial Statements:** The fund financial statements provide information about the City's funds, including fiduciary funds and blended component unit. 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.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

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.

**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.

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.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

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.

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 position 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.

**E. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred amount on refunding reported in the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: accounts receivable, interest receivable, due from other governments and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**F. *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.

**G. *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, 2013**

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

The changes in compensated absences were as follows:

	Governmental Activities
Beginning Balance	\$663,727
Additions	692,546
Payments	(681,892)
Ending Balance	\$674,381
Current Portion	\$568,073

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

**H. *Prepays***

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.

**I. *Refundable Deposits Payable***

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

**J. *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 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.

The City holds one parcel with a carrying value of zero 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. As of June 30, 2013, the land has not been transferred to the developer, as the City has not received sufficient grant funding to begin the intended development of the land.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**K. *New, Closed and Inactive Funds***

The Police Community Facilities District 2013-2 Special Revenue Fund was established to account for future development projects and annexations to meet police special assessment obligations.

The Local Housing Special Revenue Fund was established to account for grants restricted for housing programs under Health and Safety Code 50843.5.

The Very Low Income Housing Special Revenue Fund was closed as of June 30, 2013.

The Employee Benefits Internal Service Fund was closed as of June 30, 2013.

The Low and Moderate Income Housing Asset Special Revenue Fund did not have any activity and became inactive during the fiscal year. The Fund is expected to have activity in subsequent years.

**L. *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 Asset Forfeiture, Mather Filed Impact Fees and Cap Vill Park Development Fees Special Revenue Funds. 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, 2013**

**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

**B. Excess of Expenditures over Appropriations**

During fiscal 2013, the following funds had expenditures in excess of:

Fund	Excess of Expenditures Over Appropriations
<b>Major Funds:</b>	
Grants Special Revenue Fund	\$87,056
<b>Non Major Funds:</b>	
<b>Special Revenue Funds</b>	
Gas Tax	511,274
Transit-Related Services Tax	1,253
Measure A	608,094
Local Housing	82,123

**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, 2013**

**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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>	<u>Minimum Credit Quality</u>
Local Agency Investment Fund	N/A	None	\$50 Million	None
California Asset Management Program	N/A	None	\$40 Million	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	1 year	None	None	A-1
Commercial Paper	270 Days	25%	(A)	Highest Rating
Money Market Mutual Funds	N/A	20%	10%	Highest Rating
Shares of Beneficial of Interest				
- issued by a joint powers authority	5 years	None	None	None
Sacramento County Investment Pool	N/A	None	None	None
Municipal and State Obligations	5 years	None	None	None
Medium-Term Notes	5 years	30%	None	A

(A) Investment in one issuer may not exceed 5% of the portfolio, and investments 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, 2013**

**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
Investment Agreements *	None	None	None	AAAm-G
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, 2013 consist of the following:

City cash and investments:	
Cash and investments	\$84,428,321
Restricted cash and investments with fiscal agents	2,014,095
Total City cash and investments	86,442,416
Cash and investments in Fiduciary Funds (Separate Statement):	
Cash and investments	15,568,062
Restricted cash and investments with fiscal agents	13,004,162
Total cash and investments	\$115,014,640

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

As of June 30, 2013, the City's cash and investments consisted of the following:

Cash on hand	\$1,700
Deposits with financial institutions	5,537,481
Investments	109,475,459
Total cash and investments	<u><u>\$115,014,640</u></u>

**E. Interest Rate Risk**

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

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

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	More than 36 Months	Total
<i>Cash and Investments in City Treasury:</i>					
U.S. Federal Agency Securities	\$9,868,537	\$5,511,320	\$5,901,748	\$5,571,811	\$26,853,416
U.S. Treasury Notes		5,971,108	2,617,090	850,000	9,438,198
U.S. Government Supported Medium Term Corporate Note (FDIC Insured)				4,800,873	4,800,873
Municipal and State Bonds	756,038	199,696		2,071,112	3,026,846
California Local Agency Investment Fund	9,189,188				9,189,188
California Asset Management Program	37,102,284				37,102,284
Money Market Mutual Funds (U.S. Securities)	189,279				189,279
Financing Corporation Bonds				5,350	5,350
Commercial Paper	999,145				999,145
Negotiable Certificates of Deposit	679,703	2,322,920			3,002,623
<i>Held by Fiscal Agents:</i>					
California Asset Management Program	3,054,933				3,054,933
Money Market Mutual Funds (U.S. Securities)	9,515,062				9,515,062
Guaranteed Investment Agreements				2,298,262	2,298,262
Total Investments	<u><u>\$71,354,169</u></u>	<u><u>\$14,005,044</u></u>	<u><u>\$8,518,838</u></u>	<u><u>\$15,597,408</u></u>	<u><u>\$109,475,459</u></u>

Money market funds are available for withdrawal on demand and at June 30, 2013, have an average maturity of 53 days for the First American Treasury Obligation Money Market Fund, 47 days for the First American Prime Obligation Money Market Funds, 50 days for the Fidelity Prime Money Market Fund and 51 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, 2013**

**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, 2013 for the investment types provided by Standard and Poor's investment rating system.

Investments	AAA/AAAm	AA/AA+/AA-	A/A+	A-1+	Total
U.S. Federal Agency Securities		\$26,853,416			\$26,853,416
U.S. Government Supported Corporate Note (FDIC Insured)	\$598,869	4,202,004			4,800,873
California Asset Management Program	40,157,217				40,157,217
Money Market Mutual Funds (U.S. Securities)	9,515,062				9,515,062
Municipal and State Bonds	1,188,962	882,150	\$955,734		3,026,846
Financing Corporation Bonds			5,350		5,350
Commercial Paper				\$999,145	999,145
Negotiable Certificates of Deposit		597,101	599,973	1,755,378	2,952,452
Total rated	<u>\$51,460,110</u>	<u>\$32,534,671</u>	<u>\$1,561,057</u>	<u>\$2,754,523</u>	88,310,361
<i>Not rated:</i>					
Local Agency Investment Fund					9,189,188
Guaranteed Investment Agreements					2,298,262
Negotiable Certificate of Deposit					50,171
Money Market Mutual Funds (U.S. Securities)					189,279
<i>Exempt from credit rating:</i>					
U.S. Treasury Notes					9,438,198
Total Investments					<u>\$109,475,459</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, 2013:

Issuer	Investment Type	Amount
Federal National Mortgage Association	Federal Agency Securities	\$11,290,539
Federal Home Loan Mortgage Corporation	Federal Agency Securities	13,310,792

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, 2013 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, 2013**

**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, 2013 these investments matured in an average of 278 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. At June 30, 2013 these investments matured in an average of 37 days. There are no CAMP funds invested in derivatives as of June 30, 2013.

<b>CITY OF RANCHO CORDOVA</b> <b>NOTES TO BASIC FINANCIAL STATEMENTS</b> <b>For the Year Ended June 30, 2013</b>
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<b>NOTE 4 – RECEIVABLES</b>
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**A. Accounts Receivable and Due from other Governments**

Accounts receivable and other receivables consisted of the following at June 30, 2013:

Developer deposits	\$203,365
Developer fees	318,454
Transient occupancy taxes	209,245
Utility users taxes	456,700
Franchise fees	132,194
TBID	126,220
Fines	7,410
Other	13,897
Less: allowance for doubtful accounts	(4,797)
	\$1,462,688

Due from other governments consisted of the following at June 30, 2013:

Grants	\$3,620,364
Property and related tax	325,644
Sales tax	1,830,900
Gas tax	131,193
Utility tax	66,192
Transportation Development Act funds	391,462
Fines	241,294
Other	2,437
Less: allowance for collectibility	(485,799)
	\$6,123,687

**B. Loans Receivable**

Loans receivable consisted of the following at June 30, 2013:

<b>General Fund:</b>	
Chamber of Commerce	\$230,242
Successor Agency to the Redevelopment Agency	5,604,300
Rancho Cordova Travel and Tourism	500,000
<b>Grants Fund:</b>	
Crossings @ New Rancho	4,621,180
<b>Community Development Block Grant Fund:</b>	
Emergency Repair Loan Program	153,223
Rehabilitation Loan Program	106,514
Total Loans Receivable	11,215,459
Less Allowance for forgiveness	(153,223)
Less Allowance for Conditional Grant	(4,621,180)
Net Carrying Value	\$6,441,056

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 4 – RECEIVABLES (Continued)**

*Chamber of Commerce Loan*

Under an agreement dated March 5, 2008, as amended on December 12, 2008, March 1, 2012, and August 1, 2013, the city loaned \$237,727 to the Rancho Cordova Chamber of Commerce to repay outstanding debts 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 loan payments on behalf of the Chamber for its bank loan. The City's loan to the chamber is due on or before April 1, 2032. The interest rate for years one through five of the loan was equal to the Local Agency Investment Fund's (LAIF) interest rate plus one percent. Commencing on March 1, 2012, the interest rate was the LAIF interest rate plus one percent or a minimum of two percent at the discretion of the City. Beginning on August 1, 2013, the interest rate is three percent. In the event that the LAIF interest rate rises above three percent, the interest rate automatically increases to the LAIF interest rate plus one percent, but the increase will occur only once in a twelve-month period. Loan repayments consisted of interest-only payments in years two through four and principal and interest in the years thereafter. Unpaid principal and accrued interest on the loan totaled \$230,242 at June 30, 2013.

*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 of \$59,126 has been reported as an Extraordinary Item. The balance of the loans as of June 30, 2013 is \$5,604,300.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 4 – RECEIVABLES (Continued)**

***Rancho Cordova Travel and Tourism Loan***

In June 2013, the City agreed to loan \$500,000 to the Rancho Cordova Travel and Tourism Business Improvement District (District) to pay for past and future tenant improvements to the Rancho Cordova Event Center. The loan bears simple interest of 3% and repayment of unpaid principal and interest was due on December 6, 2015 when the District was scheduled to expire and dissolve. In August 2013, the District was renewed and extended to August 31, 2023.

The loan was amended in October 2013 to require monthly payments of \$8,855 due the 1<sup>st</sup> of each month and to extend the due date to July 31, 2018. As of June 30, 2013, the outstanding balance with principal and accrued interest totaling \$500,000.

***Capital Air Show Group***

On February 17, 2012, the City agreed to loan up to \$100,000 to the Capital Air Show Groups 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 fiscal year 2012 and repaid the balance during the year ended June 30, 2013.

***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 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 57<sup>th</sup> 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.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 4 – RECEIVABLES (Continued)**

The balance of the Bridge Loan, including accrued interest, was \$2,923,055 as of June 30, 2012. During fiscal year 2013, additional loan drawdowns totaled \$85,177, \$1,004,594 of the Bridge Loan converted to the Permanent Loan and UHC 00516 Rancho Cordova, LP, repaid the unpaid principal and interest balance of the Bridge Loan of \$2,029,088.

During fiscal year 2013, the City reviewed the transactions related to the above loans and determined that the Permanent Loan balance as of June 30, 2012 of \$3,616,586 had not been recorded in the general ledger. Therefore, the balance of the Permanent Loan was \$4,621,180 as of June 30, 2013.

There is a reasonable expectation that the Permanent Loan will be forgiven upon completion of the terms and conditions of the Loan and, as such, the City accounts for this loan as a conditional grant in the Government-wide financial statements.

***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, 2013, the City issued 13 loans totaling \$75,765, one loan of \$2,000 was repaid and loan balances forgiven totaled \$43,488 and as of June 30, 2013, there were 49 loans outstanding totaling \$153,223. There is a reasonable expectation that the loans will be forgiven if the owners continue to occupy the homes and as such, the City accounts for these loans as conditional grants in the Government-wide financial Statements.

***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, 2013, there were 2 loans outstanding with principal and accrued interest totaling \$106,514.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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, 2013 were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
<b>General Fund</b>	Non-Major Governmental Funds	\$239,475 (A) (B)
<b>Grants Fund</b>	General Fund	18,776 (B) (C)
<b>Capital Improvement Projects Fund</b>	General Fund	106,974 (C)
	Sunrise Douglas Fund	2,983,792 (C)
	Traffic Mitigation Fund	3,055,968 (C)
	Grants Fund	4,749,575 (C)
	Non-Major Governmental Funds	2,288,864 (C)
<b>Non-Major Governmental Funds</b>	General Fund	1,511,671 (D)
	Sunrise Douglas Fund	1,922,064 (E)
	Non-Major Governmental Funds	1,194,225 (D) (E)
<b>Internal Service Funds</b>	General Fund	<u>1,924,928 (B)</u>
Total Interfund Transfers		<u><u>\$19,996,312</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 implement Resolution 38-2013 and consolidate certain Sunrise Douglas and Villages of Zinfandel unexpended fees collected to the Community Facilities Fees Fund |
| (C) To fund capital projects                 |   |

**B. Long-Term Advances**

At June 30, 2013, 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, 2013:

Advances from General Fund to:	
General Plan Special Revenue Fund	\$1,454,484
Kilgore Cemetery Enterprise Fund	<u>1,634,387</u>
Total	<u><u>\$3,088,871</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.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**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, 2013, the Grants Special Revenue Fund, Capital Improvement Projects Fund and Non-Major Governmental Funds owed the General Fund \$2,247,552, \$82,545 and \$778,728, respectively. At June 30, 2013, the Capital Improvement Projects Fund was owed \$687,370 by the Grants Special Revenue Fund.

**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.

**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 position 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, 2013**

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

**A. Capital Asset Additions and Retirements**

Capital assets at June 30 comprise:

	Balance at June 30, 2012	Additions	Retirements	Transfers	Balance at June 30, 2013
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$6,386,496				\$6,386,496
Easements	538,897				538,897
Construction in progress	49,313,115	\$12,803,171	(\$98,152)	(\$2,021,033)	59,997,101
Total capital assets not being depreciated	<u>56,238,508</u>	<u>12,803,171</u>	<u>(98,152)</u>	<u>(2,021,033)</u>	<u>66,922,494</u>
Capital assets being depreciated:					
Infrastructure	322,192,925	27,861,030		2,021,033	352,074,988
Buildings and improvements	27,349,734				27,349,734
Office equipment and furniture	1,624,348	188,935	(60,185)		1,753,098
Software	2,137,962	17,359			2,155,321
Vehicles	372,819				372,819
Total capital assets being depreciated	<u>353,677,788</u>	<u>28,067,324</u>	<u>(60,185)</u>	<u>2,021,033</u>	<u>383,705,960</u>
Less accumulated depreciation for:					
Infrastructure	(87,403,648)	(11,453,870)			(98,857,518)
Buildings and improvements	(5,011,804)	(942,395)			(5,954,199)
Office equipment and furniture	(845,418)	(303,210)	20,062		(1,128,566)
Software	(2,018,754)	(78,108)			(2,096,862)
Vehicles	(357,904)	(7,932)			(365,836)
Total accumulated depreciation	<u>(95,637,528)</u>	<u>(12,785,515)</u>	<u>20,062</u>		<u>(108,402,981)</u>
Net capital assets being depreciated	<u>258,040,260</u>	<u>15,281,809</u>	<u>(40,123)</u>	<u>2,021,033</u>	<u>275,302,979</u>
Governmental activity capital assets, net	<u>\$314,278,768</u>	<u>\$28,084,980</u>	<u>(\$138,275)</u>		<u>\$342,225,473</u>
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$225,000				\$225,000
Construction in progress	199,800				199,800
Total capital assets not being depreciated	<u>424,800</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	(149,625)	(\$29,925)			(179,550)
Software	(6,049)				(6,049)
Total accumulated depreciation	<u>(155,674)</u>	<u>(29,925)</u>			<u>(185,599)</u>
Net capital assets being depreciated	<u>1,047,378</u>	<u>(29,925)</u>			<u>1,017,453</u>
Business-type activity capital assets, net	<u>\$1,472,178</u>	<u>(\$29,925)</u>			<u>\$1,442,253</u>

During the year ended June 30, 2013, depreciation of \$12,687,593 was charged to the general government function, \$97,922 was charged to Internal Service Funds and \$29,925 was charged to the Kilgore Cemetery Enterprise Fund.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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 position. Bond premiums and discounts 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. 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, and reported as a deferred outflow of resources.

The deferred charge on refunding was previously reported as a component of the long-term debt balance. With the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, the balance of deferred charge on refunding is to be reported as a deferred inflow or outflow of resources, as applicable. Another provision of GASB Statement No. 65 requires that bond issuance costs, other than prepaid insurance, be expensed in the year incurred. As a result of the implementation, bond issuance costs as of July 1, 2012 in the amount of \$619,756, have been removed and Governmental Activities net position has been reduced and restated in that amount.

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.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**A. Current Year Transactions and Balances**

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

	Original Issue Amount	Balance June 30, 2012	Retirements	Balance June 30, 2013	Due within one year
<b>Governmental Activity Debt</b>					
Certificates of Participation:					
2005 Series A					
3.00-5.00%, due 9/1/2035	\$3,695,000	\$3,380,000	\$85,000	\$3,295,000	\$90,000
2005 Series B					
3.00-5.00%, due 9/1/2015	3,010,000	1,380,000	320,000	1,060,000	335,000
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	6,435,000	435,000	6,000,000	460,000
Less: Issuance discounts		(274,185)	(12,088)	(262,097)	
Total Certificates of Participation		<u>23,020,815</u>	<u>827,912</u>	<u>22,192,903</u>	<u>885,000</u>
Capital Lease Obligations	55,365	45,340	10,445	34,895	11,017
Total Governmental Activity Debt		<u>\$23,066,155</u>	<u>\$838,357</u>	<u>\$22,227,798</u>	<u>\$896,017</u>

**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. In December 2012, the City and Corporation amended the facilities lease to release certain property from the lease agreement and add other property to the lease agreement. The lease agreement requires the City to make rental payments to the Corporation equal to the Certificates of Participation's principal and interest payments.

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

On January 24, 2007, \$12,100,000 and \$8,300,000 Certificates of Participation were issued by the Corporation with interest rates ranging from 4.43% to 5.65%. The debt was issued to advance refund the 2005 Certificates of Participation as tax-exempt and taxable Certificates to allow for leasing space to non-governmental users. The reacquisition price exceeded the net carrying amount of the old debt by \$116,438. This amount is being amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. Prior to July 1, 2012, the deferred amount on refunding was netted against the new debt. With the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, it is now reported separately as a deferred outflow of resources on the Statement of Net Position. The unamortized balance as of June 30, 2013 was \$89,751.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**D. Prior Year Defeasance**

The 2007 Certificates of Participation advanced 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 position. As of June 30, 2013, \$16,940,000 of the 2005 Certificates of Participation were outstanding, but are excluded from these financial statements.

**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 from 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, 2013, the City does not expect to incur a liability.

**G. Debt Service Requirements**

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

For the Year Ending June 30	Principal	Interest
2014	\$896,017	\$1,058,940
2015	941,621	1,012,731
2016	992,257	964,044
2017	635,000	922,483
2018	670,000	888,255
2019 - 2023	3,945,000	3,852,021
2024 - 2028	5,040,000	2,760,298
2029 - 2033	6,245,000	1,546,591
2034 - 2036	3,125,000	212,963
Total payments due	22,489,895	<u>\$13,218,326</u>
Reconciliation of Long Term Debt:		
Issuance discounts	<u>(262,097)</u>	
	<u>\$22,227,798</u>	

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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.

In December 2012, the Sunridge Anatolia CFD 2003-1, Series 2003, Special Tax Bonds were refunded by the Sunridge Anatolia CFD 2003-1, Series 2012, Special Tax Refunding Bonds.

As of June 30, 2013, Special Tax Bonds outstanding were as follows:

Sunridge Anatolia CFD 2003 - 1 - Series 2005	\$14,335,000
Sunridge Anatolia CFD 2003 - 1 - Series 2007	20,170,000
Sunridge Anatolia CFD 2003 - 1 - Series 2012	24,370,000
Sunridge Park CFD 2004 - 1 - Series 2007	<u>13,275,000</u>
	<u><u>\$72,150,000</u></u>

**NOTE 9 – NET POSITION AND FUND BALANCES**

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

**A. Net Position**

Net Position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

*Net Investment in Capital Assets*, describes the portion of Net Position 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 Position 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 Position which is not restricted as to use.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**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.

*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.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

Detailed classifications of the City’s Fund Balances, as of June 30, 2013, are below:

Fund Balance Classifications	General Fund	Sunrise Douglas	Traffic Mitigation	Grants	Capital Improvement Projects	Other Governmental Funds	Total
<b>Nonspendables:</b>							
Items not in spendable form:							
Prepaid Expenses	\$14,945						\$14,945
Loans Receivable	6,229,755						6,229,755
Advances to Other Funds	3,088,871						3,088,871
<b>Total Nonspendable Fund Balances</b>	<b>9,333,571</b>						<b>9,333,571</b>
<b>Restricted for:</b>							
Development Improvements		\$15,940,096				\$6,959,922	22,900,018
Traffic Mitigation			\$19,250,839				19,250,839
Debt Service						1,863,685	1,863,685
Transportation						11,460,186	11,460,186
Storm Water Improvements						3,484,309	3,484,309
Capital Projects					\$24,900		24,900
Public Safety						44,807	44,807
Parks and Recreation						670,869	670,869
Transit Services						474,248	474,248
Rental Code Compliance						75	75
Landscaping and Lighting						3,344,988	3,344,988
<b>Total Restricted Fund Balances</b>		<b>15,940,096</b>	<b>19,250,839</b>		<b>24,900</b>	<b>28,303,089</b>	<b>63,518,924</b>
<b>Unassigned:</b>							
General Fund	17,549,125						17,549,125
Other Governmental Fund							
Deficit Residuals				(\$1,640,366)		(1,815,838)	(3,456,204)
<b>Total Unassigned Fund Balances</b>	<b>17,549,125</b>			<b>(1,640,366)</b>		<b>(1,815,838)</b>	<b>14,092,921</b>
<b>Total Fund Balances (Deficits)</b>	<b>\$26,882,696</b>	<b>\$15,940,096</b>	<b>\$19,250,839</b>	<b>(\$1,640,366)</b>	<b>\$24,900</b>	<b>\$26,487,251</b>	<b>\$86,945,416</b>

**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, 2013, the minimum fund balance reserve, which is reported within the unassigned fund balance of the General Fund, had a balance of \$9,419,717.

**CITY OF RANCHO CORDOVA  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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

**D. Fund Equity Deficits**

The following funds have a fund deficit at June 30, 2013:

Fund	Amount
Grants Special Revenue Fund	\$1,640,366
Kilgore Cemetery Enterprise Fund	180,255
Community Development Block Grant Special Revenue Fund	261,955
General Plan Special Revenue Fund	1,455,329
CFD 2013-2 Police Services Special Revenue Fund	1,157
Local Housing Special Revenue Fund	97,397

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

**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

**A. CalPERS Miscellaneous Employees Plan**

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

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.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

The Plan provisions and benefits in effect at June 30, 2013 are summarized as follows:

Hire Date	Miscellaneous	
	Prior to 1/1/13	After 1/1/13
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	62
Monthly benefit factors, as a % of annual salary	2.0% - 2.7%	2%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	14.525%	6.25%
Final Average Compensation Period	3 years	3 years

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, 2011	\$460,003	100%	\$0
June 30, 2012	695,178	100%	0
June 30, 2013	741,197	100%	0

CalPERS uses the market related value method of valuing the Plan’s assets. For the most recent actuarial report, as of June 30, 2011, an investment rate of return of 7.50% is assumed, including inflation at 2.75%. 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 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.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (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. CalPERS' latest actuarial value (which differs from market value) and funding progress for the State-wide 2.7% @ 55 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
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%
2011	2,486,708,579	1,981,073,089	505,635,490	79.7%	427,300,410	118.3%

Actuarial information is not yet available for the 2% @ 62 State-wide pool.

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.

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).

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

The City's contribution for active employees and Council members is the minimum required amount (e.g., \$115 for 2013). Therefore, the City's 2013 contribution toward health plan benefits for retired employees is 5% times 9 (years in CalPERS medical) times \$115 or \$52. 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, 2013, 4 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.

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.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

**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, 2013, the City contributed \$29,217 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)	\$30,955
Interest on Net OPEB Obligation	0
Adjustment to annual required contribution	<u>0</u>
Annual OPEB cost	30,955
Contributions made	(29,217)
Payments made to retiree	<u>(1,738)</u>
(Decrease) increase in net OPEB obligation	0
Net OPEB Asset at June 30, 2012	<u>0</u>
<b>Net OPEB Obligation (Asset) at June 30, 2013</b>	<b><u>0</u></b>

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 administrative expenses resulted in assets with CERBT of \$440,678 as of June 30, 2013.

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, 2011	\$35,480	(\$35,480)	100%	\$0
June 30, 2012	27,007	(27,007)	100%	0
June 30, 2013	30,955	(30,955)	100%	0

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 most recent actuarial study is presented below:

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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 \$335,087 for the year ended June 30, 2013. 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	415,000,000	25,000
Master Crime	15,000,000	2,500
Cyber Liability	1,000,000	50,000

Complete separate financial statements for CSAC EIA may be obtained from the CSAC EIA at 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 12 – RISK MANAGEMENT (Continued)**

There have been no significant reductions in insurance coverage from coverage in the prior year. In addition, settlements have not exceeded the insurance coverage for the past three fiscal years.

Outstanding claims payable at year end and the incurred but not reported (IBNR) amount was calculated to be immaterial for presentation purposes.

**NOTE 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, 2013, property taxes retained by the County in accordance with the revenue neutrality agreement totaled \$7,323,403.

The City has an agreement with the County which provides law enforcement services to the City through June 30, 2016. The cost of providing this service is outlined in a service plan, which is provided to the City annually. The service plan for fiscal year 2013/2014 projects total costs of \$17,051,683.

The City entered into an agreement with the County in 2004 which provides maintenance services. The agreement was amended in August 2012 and the agreement is automatically renewable annually through June 30, 2022. Under the agreement, the City is required to budget \$1,000,000 annually for these services and is required to expend a minimum of \$500,000 each year of the contract. For the fiscal year ended June 30, 2013, actual costs totaled \$595,777, with the majority of the costs charged to the Measure A Special Revenue Fund.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)**

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 \$25,448,973 and outstanding contracts for construction in the amount of \$9,482,452 at June 30, 2013.

**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, 2013, are as follows:

Year ending June 30,	Lease Payments
2014	\$44,856
2015	38,477
2016	18,290
Total	<u>\$101,623</u>

Total costs of such leases were \$79,077 for the fiscal year ended June 30, 2013.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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.

During fiscal year 2013, the Successor Agency completed two Due Diligence Reviews (DDRs) required by AB1484 to calculate and determine the amount of funds available for distribution to taxing entities as of June 20, 2013. After the DDRs were reviewed and adjusted by the State Department of Finance, the Low and Moderate Income Housing Fund DDR indicated that \$95,147 was available for distribution to taxing entities and the Successor Agency paid that amount to the County of Sacramento on November 14, 2012. The All Other Funds DDR indicated that no funds were available for distribution, but the State Department of Finance denied payments and transfers to the City totaling \$455,358 and required their return to the Successor Agency. During fiscal year 2013, the City returned \$369,535 to the Successor Agency by reversing a prior year payment on the loan from the City and increasing the balance of the Successor Agency's both non-current interest payable and loan payable, which included interest that had been recorded in the General Fund of \$59,126, and the Capital Improvement Projects Fund returned \$85,823 by making a payment to the Successor Agency.

As a result of the State Department of Finance requirements, the Successor Agency reported extraordinary items for (i) the return of \$95,436 in unencumbered Low/Mod fund balance to the County for distribution to taxing entities, (ii) the receipt of \$85,823 from the Capital Improvement Projects Fund for the denied capital expense and (iii) a \$43,541 adjustment to the loan balance as a result of the interest rate being recalculated at June 2013 LAIF rate for a total extraordinary gain of \$33,928 in the current fiscal year.

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 completed its asset transfer review, but not yet released the results of its review.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

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.

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.

Cash and investments of the Successor Agency as of June 30, 2013 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, 2013.

**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. With the Department of Finance approval, the Successor Agency sold three properties for \$1,700,000 during the year ended June 30, 2013. As of June 30, 2013, the Successor Agency held one parcel with a carrying value of \$842,254.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

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

**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 cannot 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.

During fiscal year 2013, the Department of Finance determined that the \$592,972 advances were enforceable obligations of the Successor Agency and they were repaid to the City.

The Successor Agency received its Finding of Completion on April 26, 2013 and the Oversight Board made the findings noted above on September 9, 2013 to approve the remaining advances as enforceable obligations. The Department of Finance issued further clarification on the calculation of interest on the outstanding loan payable and the loan balances were adjusted to reflect the revised interest rate of 0.024%, the LAIF rate at the time of Oversight Board action, and the balance of the loans including principal and accrued interest as of June 30, 2013 was \$5,604,300.

**CITY OF RANCHO CORDOVA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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 conducted 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, however the report has not been issued. 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.

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

<b>NON-MAJOR SPECIAL REVENUE FUNDS (Continued)</b>
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**TRANSIT-RELATED SERVICES TAX FUND**

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

**ROAD MAINTENANCE FUND**

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

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

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

**RENTAL CODE COMPLIANCE PROGRAM FUND**

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

**ROADWAY IMPROVEMENT FUND**

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

**STORM WATER UTILITY TAX FUND**

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

**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 FUND**

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

**GENERAL PLAN 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.

**NON-MAJOR SPECIAL REVENUE FUNDS (Continued)**

**POLICE SERVICES COMMUNITY FACILITIES DISTRICT 2013-2 FUND**

Established to account for future development projects and annexations to meet police special assessment obligations.

**LOCAL HOUSING FUND**

Established to account for grants restricted for housing programs under Health and Safety Code 50843.5

**NON-MAJOR DEBT SERVICE FUND**

**FINANCING CORPORATION DEBT SERVICE FUND**

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

CITY OF RANCHO CORDOVA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2013

	SPECIAL REVENUE FUNDS					
	Asset Forfeiture	Villages of Zinfandel	Community Facilities Fees	Park Development	Gas Tax	Street Cut Fees
<b>ASSETS</b>						
Cash and investments	\$42,493	\$320,768	\$4,328,895	\$692,567	\$3,958,953	\$321,113
Restricted cash and investments						
Receivables:						
Accounts, net		8,878	19,074			
Interest	2	16	226	36	223	17
Due from other governmental agencies	2,312				131,193	
Loans						
Total Assets	\$44,807	\$329,662	\$4,348,195	\$692,603	\$4,090,369	\$321,130
<b>LIABILITIES</b>						
Accounts payable				\$66,156		
Due to other funds						
Advances to other funds						
Total Liabilities				66,156		
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - accounts receivable		\$8,878	\$19,074			
Unavailable revenue - due from other governmental agencies						
Unavailable revenue - loans receivable						
Total Deferred Inflows of Resources		8,878	19,074			
<b>FUND EQUITY</b>						
Fund balances (deficits)						
Restricted	\$44,807	320,784	4,329,121	626,447	\$4,090,369	\$321,130
Unassigned						
Total Fund Balances (Deficits)	44,807	320,784	4,329,121	626,447	4,090,369	321,130
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$44,807	\$329,662	\$4,348,195	\$692,603	\$4,090,369	\$321,130

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
\$13,039	\$44,420			\$477,858	\$2,308,434		
1	2			104	391		\$70
		\$391,462		187	1,099	\$295,443	5
						259,737	
<u>\$13,040</u>	<u>\$44,422</u>	<u>\$391,462</u>		<u>\$478,149</u>	<u>\$2,309,924</u>	<u>\$555,180</u>	<u>\$75</u>
				\$3,901	\$12,947	\$79,108	
						216,336	
				3,901	12,947	295,444	
		\$391,462				261,954	
						259,737	
		391,462				521,691	
\$13,040	\$44,422			474,248	2,296,977		\$75
						(261,955)	
<u>13,040</u>	<u>44,422</u>			<u>474,248</u>	<u>2,296,977</u>	<u>(261,955)</u>	<u>75</u>
<u>\$13,040</u>	<u>\$44,422</u>	<u>\$391,462</u>		<u>\$478,149</u>	<u>\$2,309,924</u>	<u>\$555,180</u>	<u>\$75</u>

(Continued)

CITY OF RANCHO CORDOVA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2013

SPECIAL REVENUE FUNDS

	<u>Roadway Improvement</u>	<u>Storm Water Utility Tax</u>	<u>Landscaping and Lighting</u>	<u>Measure A</u>	<u>General Plan</u>
<b>ASSETS</b>					
Cash and investments	\$5,820,933	\$3,484,618	\$3,407,596	\$1,830,735	
Restricted cash and investments					
Receivables:					
Accounts, net					
Interest	281	\$199	801	36	
Due from other governmental agencies			14,072	83,138	
Loans					
Total Assets	<u>\$5,821,214</u>	<u>\$3,484,817</u>	<u>\$3,422,469</u>	<u>\$1,913,909</u>	
<b>LIABILITIES</b>					
Accounts payable		\$508	\$77,481	\$191,108	\$845
Due to other funds				495,328	
Advances to other funds					1,454,484
Total Liabilities		<u>508</u>	<u>77,481</u>	<u>686,436</u>	<u>1,455,329</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - accounts receivable					
Unavailable revenue - due from other governmental agencies					
Unavailable revenue - loans receivable					
Total Deferred Inflows of Resources					
<b>FUND EQUITY</b>					
Fund balances (deficits)					
Restricted	\$5,821,214	3,484,309	3,344,988	1,227,473	
Unassigned					(1,455,329)
Total Fund Balances (Deficits)	<u>5,821,214</u>	<u>3,484,309</u>	<u>3,344,988</u>	<u>1,227,473</u>	<u>(1,455,329)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$5,821,214</u>	<u>\$3,484,817</u>	<u>\$3,422,469</u>	<u>\$1,913,909</u>	

<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUND</u>	<u>Total Nonmajor Governmental Funds</u>
<u>CFD 2013-2 Police Services</u>	<u>Local Housing</u>	<u>Financing Corporation Debt Service</u>	
			\$27,052,422
		\$1,864,095	1,864,095
			28,022
		90	2,430
			918,906
			259,737
			<u>          </u>
		\$1,864,185	<u>\$30,125,612</u>
	\$31,490	\$500	\$464,044
\$1,157	65,907		778,728
			<u>1,454,484</u>
1,157	97,397	500	<u>2,697,256</u>
			27,952
			653,416
			<u>259,737</u>
			<u>941,105</u>
		1,863,685	28,303,089
(1,157)	(97,397)		<u>(1,815,838)</u>
(1,157)	(97,397)	1,863,685	<u>26,487,251</u>
		\$1,864,185	<u>\$30,125,612</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, 2013

	SPECIAL REVENUE FUNDS					
	Asset Forfeiture	Villages of Zinfandel	Community Facilities Fees	Park Development	Gas Tax	Street Cut Fees
<b>REVENUES</b>						
Property taxes and assessments						
Other taxes						
Licenses, permits and fees		\$24,324	\$1,050,693	\$224,829		\$44,360
Fines, forfeitures and penalties	\$12,088					
Intergovernmental					\$1,514,658	
Charges for services						
Use of money and property	212	3,273	26,207	5,355	22,303	1,778
Total Revenues	<u>12,300</u>	<u>27,597</u>	<u>1,076,900</u>	<u>230,184</u>	<u>1,536,961</u>	<u>46,138</u>
<b>EXPENDITURES</b>						
Current:						
General Government		1,326	11,719	420,990		
Community Development						
Public Works			848		588,774	
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures		<u>1,326</u>	<u>12,567</u>	<u>420,990</u>	<u>588,774</u>	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>12,300</u>	<u>26,271</u>	<u>1,064,333</u>	<u>(190,806)</u>	<u>948,187</u>	<u>46,138</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in			2,130,718			
Transfers (out)		(209,415)	(1,125,308)	(4,497)	(321,529)	
Total Other Financing Sources (Uses)		<u>(209,415)</u>	<u>1,005,410</u>	<u>(4,497)</u>	<u>(321,529)</u>	
<b>NET CHANGE IN FUND BALANCE</b>	12,300	(183,144)	2,069,743	(195,303)	626,658	46,138
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<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>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<u>\$44,807</u>	<u>\$320,784</u>	<u>\$4,329,121</u>	<u>\$626,447</u>	<u>\$4,090,369</u>	<u>\$321,130</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
				\$128,143	\$442,069		\$86,655
						\$378,025	
\$83	\$283		\$173	2,698	6,500 12,809	2,000	258
83	283		173	130,841	461,378	380,025	86,913
			47,304			525,859 3,806	
			50,000	66,653	70,367		
			97,304	66,653	70,367	529,665	
83	283		(97,131)	64,188	391,011	(149,640)	86,913
				(3,075)		53,600 (155,600)	(95,240)
				(3,075)		(102,000)	(95,240)
83	283		(97,131)	61,113	391,011	(251,640)	(8,327)
12,957	44,139		97,131	413,135	1,905,966	(10,315)	8,402
\$13,040	\$44,422			\$474,248	\$2,296,977	(\$261,955)	\$75

(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, 2013

	SPECIAL REVENUE FUNDS				
	Roadway Improvement	Storm Water Utility Tax	Landscaping and Lighting	Measure A	General Plan
<b>REVENUES</b>					
Property taxes and assessments			\$999,238		
Other taxes		\$2,375,953			
Licenses, permits and fees	\$170,239				\$80,568
Fines, forfeitures and penalties					
Intergovernmental			224,991	\$2,644,825	
Charges for services		\$2,921		7,218	
Use of money and property	34,272	15,021	19,879	5,075	
<b>Total Revenues</b>	<b>204,511</b>	<b>2,393,895</b>	<b>1,244,108</b>	<b>2,657,118</b>	<b>80,568</b>
<b>EXPENDITURES</b>					
Current:					
General Government					
Community Development					6,983
Public Works	400,000	235,946	789,509	2,116,194	
Capital outlay					
Debt Service:					
Principal					
Interest and fiscal charges					
<b>Total Expenditures</b>	<b>400,000</b>	<b>235,946</b>	<b>789,509</b>	<b>2,116,194</b>	<b>6,983</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(195,489)</b>	<b>2,157,949</b>	<b>454,599</b>	<b>540,924</b>	<b>73,585</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	500,000				
Transfers (out)	(78,326)	(338,273)	(7,212)	(1,384,089)	
<b>Total Other Financing Sources (Uses)</b>	<b>421,674</b>	<b>(338,273)</b>	<b>(7,212)</b>	<b>(1,384,089)</b>	
<b>NET CHANGE IN FUND BALANCE</b>	<b>226,185</b>	<b>1,819,676</b>	<b>447,387</b>	<b>(843,165)</b>	<b>73,585</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<b>5,595,029</b>	<b>1,664,633</b>	<b>2,897,601</b>	<b>2,070,638</b>	<b>(1,528,914)</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>\$5,821,214</b>	<b>\$3,484,309</b>	<b>\$3,344,988</b>	<b>\$1,227,473</b>	<b>(\$1,455,329)</b>

<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUND</u>	
<u>CFD 2013-2</u>	<u>Local</u>	<u>Financing</u>	<u>Total</u>
<u>Police</u>	<u>Housing</u>	<u>Corporation</u>	<u>Nonmajor</u>
<u>Services</u>		<u>Debt Service</u>	<u>Governmental</u>
			<u>Funds</u>
			\$1,569,450
			2,375,953
	\$24,694		1,706,362
			12,088
			4,762,499
\$7,000			23,639
6	32	\$1,130	152,847
<u>7,006</u>	<u>24,726</u>	<u>1,130</u>	<u>10,602,838</u>
8,163			1,015,361
	122,123		132,912
			4,268,291
			50,000
		840,000	840,000
		<u>1,105,427</u>	<u>1,105,427</u>
<u>8,163</u>	<u>122,123</u>	<u>1,945,427</u>	<u>7,411,991</u>
<u>(1,157)</u>	<u>(97,397)</u>	<u>(1,944,297)</u>	<u>3,190,847</u>
		1,943,642	4,627,960
			<u>(3,722,564)</u>
		<u>1,943,642</u>	<u>905,396</u>
(1,157)	(97,397)	(655)	4,096,243
		<u>1,864,340</u>	<u>22,391,008</u>
<u>(\$1,157)</u>	<u>(\$97,397)</u>	<u>\$1,863,685</u>	<u>\$26,487,251</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, 2013

	VILLAGES OF ZINFANDEL			COMMUNITY FACILITIES FEES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Property taxes						
Other taxes						
Licenses, permits and fees	\$7,900	\$24,324	\$16,424	\$838,800	\$1,050,693	\$211,893
Fines, forfeitures and penalties						
Charges for services						
Intergovernmental						
Use of money and property		3,273	3,273		26,207	26,207
Total Revenues	7,900	27,597	19,697	838,800	1,076,900	238,100
<b>EXPENDITURES</b>						
Current:						
General Government				21,000	11,719	9,281
Community Development						
Public Safety						
Public Works	3,000	1,326	1,674		848	(848)
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	3,000	1,326	1,674	21,000	12,567	8,433
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	4,900	26,271	21,371	817,800	1,064,333	246,533
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in				2,140,000	2,130,718	(9,282)
Transfers (out)	(385,000)	(209,415)	175,585	(1,019,400)	(1,125,308)	(105,908)
Total Other Financing Sources (Uses)	(385,000)	(209,415)	175,585	1,120,600	1,005,410	(115,190)
<b>NET CHANGE IN FUND BALANCES</b>	(\$380,100)	(183,144)	\$196,956	\$1,938,400	2,069,743	\$131,343
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		503,928			2,259,378	
<b>ENDING FUND BALANCES (DEFICITS)</b>		\$320,784			\$4,329,121	

PARK DEVELOPMENT			GAS TAX			STREET CUT FEES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$183,000	\$224,829	\$41,829				\$54,500	\$44,360	(\$10,140)
	5,355	5,355	\$1,758,100	\$1,514,658	(\$243,442)		1,778	1,778
<u>183,000</u>	<u>230,184</u>	<u>47,184</u>	<u>1,758,100</u>	<u>1,536,961</u>	<u>(221,139)</u>	<u>54,500</u>	<u>46,138</u>	<u>(8,362)</u>
483,200	420,990	62,210						
			77,500	588,774	(511,274)			
<u>483,200</u>	<u>420,990</u>	<u>62,210</u>	<u>77,500</u>	<u>588,774</u>	<u>(511,274)</u>			
<u>(300,200)</u>	<u>(190,806)</u>	<u>109,394</u>	<u>1,680,600</u>	<u>948,187</u>	<u>(732,413)</u>	<u>54,500</u>	<u>46,138</u>	<u>(8,362)</u>
<u>(6,700)</u>	<u>(4,497)</u>	<u>2,203</u>	<u>(4,567,400)</u>	<u>(321,529)</u>	<u>4,245,871</u>			
<u>(6,700)</u>	<u>(4,497)</u>	<u>2,203</u>	<u>(4,567,400)</u>	<u>(321,529)</u>	<u>4,245,871</u>			
<u>(\$306,900)</u>	<u>(195,303)</u>	<u>\$111,597</u>	<u>(\$2,886,800)</u>	<u>626,658</u>	<u>\$3,513,458</u>	<u>\$54,500</u>	<u>46,138</u>	<u>(\$8,362)</u>
	<u>821,750</u>			<u>3,463,711</u>			<u>274,992</u>	
	<u>\$626,447</u>			<u>\$4,090,369</u>			<u>\$321,130</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, 2013

	TRANSPORTATION DEVELOPMENT ACT			VERY LOW INCOME HOUSING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Licenses, permits and fees						
Fines, forfeitures and penalties						
Charges for services						
Intergovernmental	\$39,900		(\$39,900)			
Use of money and property					\$173	\$173
<b>Total Revenues</b>	<b>39,900</b>		<b>(39,900)</b>		<b>173</b>	<b>173</b>
EXPENDITURES						
Current:						
General Government				\$60,000	47,304	12,696
Community Development						
Public Safety						
Public Works						
Capital outlay				107,219	50,000	57,219
Debt Service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>				<b>167,219</b>	<b>97,304</b>	<b>69,915</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<b>39,900</b>		<b>(39,900)</b>	<b>(167,219)</b>	<b>(97,131)</b>	<b>70,088</b>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
<b>Total Other Financing Sources (Uses)</b>						
NET CHANGE IN FUND BALANCES	<b>\$39,900</b>		<b>(\$39,900)</b>	<b>(\$167,219)</b>	<b>(97,131)</b>	<b>\$70,088</b>
BEGINNING FUND BALANCES (DEFICITS)					97,131	
ENDING FUND BALANCES (DEFICITS)						

<u>TRANSIT-RELATED SERVICES TAX</u>			<u>ROAD MAINTENANCE</u>			<u>COMMUNITY DEVELOPMENT BLOCK GRANT</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$120,100	\$128,143	\$8,043	\$434,000	\$442,069	\$8,069			
				6,500	6,500	\$803,000	\$378,025	(\$424,975)
	2,698	2,698		12,809	12,809		2,000	2,000
<u>120,100</u>	<u>130,841</u>	<u>10,741</u>	<u>434,000</u>	<u>461,378</u>	<u>27,378</u>	<u>803,000</u>	<u>380,025</u>	<u>(422,975)</u>
						682,400	525,859	156,541
65,400	66,653	(1,253)	130,900	70,367	60,533		3,806	(3,806)
<u>65,400</u>	<u>66,653</u>	<u>(1,253)</u>	<u>130,900</u>	<u>70,367</u>	<u>60,533</u>	<u>682,400</u>	<u>529,665</u>	<u>152,735</u>
54,700	64,188	9,488	303,100	391,011	87,911	120,600	(149,640)	(270,240)
(6,000)	(3,075)	2,925				(120,600)	53,600	53,600
(6,000)	(3,075)	2,925				(120,600)	(155,600)	(35,000)
<u>\$48,700</u>	61,113	<u>\$12,413</u>	<u>\$303,100</u>	391,011	<u>\$87,911</u>	<u>(251,640)</u>	(102,000)	18,600
	413,135			1,905,966			(10,315)	
	<u>\$474,248</u>			<u>\$2,296,977</u>			<u>(\$261,955)</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, 2013

	RENTAL CODE COMPLIANCE PROGRAM			ROADWAY IMPROVEMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Licenses, permits and fees	\$80,000	\$86,655	\$6,655	\$494,200	\$170,239	(\$323,961)
Fines, forfeitures and penalties						
Charges for services						
Intergovernmental						
Use of money and property		258	258		34,272	34,272
<b>Total Revenues</b>	<b>80,000</b>	<b>86,913</b>	<b>6,913</b>	<b>494,200</b>	<b>204,511</b>	<b>(289,689)</b>
EXPENDITURES						
Current:						
General government						
Community development						
Public works						
Public works				400,000	400,000	
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>				<b>400,000</b>	<b>400,000</b>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<b>80,000</b>	<b>86,913</b>	<b>6,913</b>	<b>94,200</b>	<b>(195,489)</b>	<b>(289,689)</b>
OTHER FINANCING SOURCES (USES)						
Transfers in				500,000	500,000	
Transfers (out)	(97,500)	(95,240)	2,260	(260,000)	(78,326)	181,674
<b>Total Other Financing Sources (Uses)</b>	<b>(97,500)</b>	<b>(95,240)</b>	<b>2,260</b>	<b>240,000</b>	<b>421,674</b>	<b>181,674</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(\$17,500)</b>	<b>(8,327)</b>	<b>\$9,173</b>	<b>\$334,200</b>	<b>226,185</b>	<b>(\$108,015)</b>
BEGINNING FUND BALANCES (DEFICITS)		8,402			5,595,029	
ENDING FUND BALANCES (DEFICITS)		<u>\$75</u>			<u>\$5,821,214</u>	

STORM WATER UTILITY TAX			LANDSCAPING AND LIGHTING			MEASURE A		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$300,000	\$2,375,953	\$2,075,953	\$888,500	\$999,238	\$110,738			
	2,921	2,921		224,991	224,991	\$2,077,400	\$7,218	\$7,218
	15,021	15,021		19,879	19,879		2,644,825	567,425
<u>300,000</u>	<u>2,393,895</u>	<u>2,093,895</u>	<u>888,500</u>	<u>1,244,108</u>	<u>355,608</u>	<u>2,077,400</u>	<u>5,075</u>	<u>5,075</u>
571,700	235,946	335,754	884,500	789,509	94,991	2,500	2,116,194	2,500
699,000		699,000				1,505,600		(610,594)
<u>1,270,700</u>	<u>235,946</u>	<u>1,034,754</u>	<u>884,500</u>	<u>789,509</u>	<u>94,991</u>	<u>1,508,100</u>	<u>2,116,194</u>	<u>(608,094)</u>
<u>(970,700)</u>	<u>2,157,949</u>	<u>3,128,649</u>	<u>4,000</u>	<u>454,599</u>	<u>450,599</u>	<u>569,300</u>	<u>540,924</u>	<u>(28,376)</u>
<u>(375,000)</u>	<u>(338,273)</u>	<u>36,727</u>	<u>(12,000)</u>	<u>(7,212)</u>	<u>4,788</u>	<u>(4,069,400)</u>	<u>(1,384,089)</u>	<u>2,685,311</u>
<u>(375,000)</u>	<u>(338,273)</u>	<u>36,727</u>	<u>(12,000)</u>	<u>(7,212)</u>	<u>4,788</u>	<u>(4,069,400)</u>	<u>(1,384,089)</u>	<u>2,685,311</u>
<u>(\$1,345,700)</u>	1,819,676	<u>\$3,165,376</u>	<u>(\$8,000)</u>	447,387	<u>\$455,387</u>	<u>(\$3,500,100)</u>	(843,165)	<u>\$2,656,935</u>
	1,664,633			2,897,601			2,070,638	
	<u>\$3,484,309</u>			<u>\$3,344,988</u>			<u>\$1,227,473</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, 2013

	GENERAL PLAN			CFD 2013-2 POLICE SERVICES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Licenses, permits and fees	\$60,000	\$80,568	\$20,568			
Fines, forfeitures and penalties						
Charges for services					\$7,000	\$7,000
Intergovernmental						
Use of money and property					6	\$6
Total Revenues	<u>60,000</u>	<u>80,568</u>	<u>20,568</u>	<u>10,000</u>	<u>7,006</u>	<u>7,006</u>
EXPENDITURES						
Current:						
General Government				\$10,000	8,163	1,837
Community Development	62,500	6,983	55,517			
Public Safety						
Public Works						
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>62,500</u>	<u>6,983</u>	<u>55,517</u>	<u>10,000</u>	<u>8,163</u>	<u>1,837</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,500)</u>	<u>73,585</u>	<u>76,085</u>	<u>(10,000)</u>	<u>(1,157)</u>	<u>8,843</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u><u>(\$2,500)</u></u>	<u>73,585</u>	<u><u>\$76,085</u></u>	<u><u>(\$10,000)</u></u>	<u>(1,157)</u>	<u><u>\$8,843</u></u>
BEGINNING FUND BALANCES (DEFICITS)		<u>(1,528,914)</u>				
ENDING FUND BALANCES (DEFICITS)		<u><u>(\$1,455,329)</u></u>			<u><u>(\$1,157)</u></u>	

LOCAL HOUSING			FINANCING CORPORATION DEBT SERVICE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$200,000	\$24,694	(\$175,306)			
	\$32	\$32		\$1,130	\$1,130
200,000	24,726	(175,274)		1,130	1,130
40,000	122,123	(82,123)			
			\$840,000	840,000	
			1,105,800	1,105,427	373
40,000	122,123	(82,123)	1,945,800	1,945,427	373
160,000	(97,397)	(257,397)	(1,945,800)	(1,944,297)	1,503
			1,950,800	1,943,642	(7,158)
			1,950,800	1,943,642	(7,158)
<u>\$160,000</u>	<u>(97,397)</u>	<u>(\$257,397)</u>	<u>\$5,000</u>	<u>(655)</u>	<u>(\$5,655)</u>
				1,864,340	
	<u>(\$97,397)</u>			<u>\$1,863,685</u>	

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**SUBCOMBINING FUND SCHEDULES**

CITY OF RANCHO CORDOVA  
SUBCOMBINING BALANCE SHEET  
SUNRISE DOUGLAS (SD) SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	Sunrise Douglas Program Updates Fund	Sunrise Douglas Interim Sewer Fund	Sunrise Douglas Library Fund	Sunrise Douglas Offsite Water Fund	Sunrise Douglas Traffic Impact Fund
ASSETS					
Cash and investments	\$121,227	\$347,531		\$252,824	\$14,008,295
Receivables:					
Interest	<u>6</u>	<u>18</u>		<u>13</u>	<u>805</u>
Total Assets	<u>\$121,233</u>	<u>\$347,549</u>		<u>\$252,837</u>	<u>\$14,009,100</u>
FUND BALANCES					
Restricted	<u>\$121,233</u>	<u>\$347,549</u>		<u>\$252,837</u>	<u>\$14,009,100</u>
Total Fund Balances	<u>121,233</u>	<u>347,549</u>		<u>252,837</u>	<u>14,009,100</u>
Total Liabilities and Fund Balances	<u>\$121,233</u>	<u>\$347,549</u>		<u>\$252,837</u>	<u>\$14,009,100</u>

Sunrise Douglas Transit Shuttle Fund	Sunrise Douglas Admin Fund	Total Sunrise Douglas Special Revenue Fund
\$439,885	\$769,429	\$15,939,191
<u>23</u>	<u>40</u>	<u>905</u>
<u>\$439,908</u>	<u>\$769,469</u>	<u>\$15,940,096</u>
<u>\$439,908</u>	<u>\$769,469</u>	<u>\$15,940,096</u>
<u>439,908</u>	<u>769,469</u>	<u>15,940,096</u>
<u>\$439,908</u>	<u>\$769,469</u>	<u>\$15,940,096</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, 2013

	Sunrise Douglas Program Updates Fund	Sunrise Douglas Interim Sewer Fund	Sunrise Douglas Library Fund	Sunrise Douglas Offsite Water Fund	Sunrise Douglas Traffic Impact Fund
<b>REVENUES</b>					
Licenses, permits and fees	\$18,021	\$206,606	\$99,889	\$279,838	\$3,116,386
Use of money and property	700	1,813	12,076	1,045	92,599
<b>Total Revenues</b>	<b>18,721</b>	<b>208,419</b>	<b>111,965</b>	<b>280,883</b>	<b>3,208,985</b>
<b>EXPENDITURES</b>					
Current:					
Public Works			1,357		10,000
Capital outlay		96,860		135,638	
<b>Total Expenditures</b>		<b>96,860</b>	<b>1,357</b>	<b>135,638</b>	<b>10,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>18,721</b>	<b>111,559</b>	<b>110,608</b>	<b>145,245</b>	<b>3,198,985</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (out)			(1,922,064)		(2,983,792)
<b>Total Other Financing Sources (Uses)</b>			<b>(1,922,064)</b>		<b>(2,983,792)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>18,721</b>	<b>111,559</b>	<b>(1,811,456)</b>	<b>145,245</b>	<b>215,193</b>
<b>BEGINNING FUND BALANCES</b>	<b>102,512</b>	<b>235,990</b>	<b>1,811,456</b>	<b>107,592</b>	<b>13,793,907</b>
<b>ENDING FUND BALANCES</b>	<b>\$121,233</b>	<b>\$347,549</b>	<b>\$1,811,456</b>	<b>\$252,837</b>	<b>\$14,009,100</b>

Sunrise Douglas Transit Shuttle Fund	Sunrise Douglas Admin Fund	Total Sunrise Douglas Special Revenue Fund
\$17,190	\$138,579	\$3,876,509
<u>2,734</u>	<u>4,949</u>	<u>115,916</u>
<u>19,924</u>	<u>143,528</u>	<u>3,992,425</u>
	161,076	172,433
		<u>232,498</u>
	<u>161,076</u>	<u>404,931</u>
<u>19,924</u>	<u>(17,548)</u>	<u>3,587,494</u>
		<u>(4,905,856)</u>
		<u>(4,905,856)</u>
19,924	(17,548)	(1,318,362)
<u>419,984</u>	<u>787,017</u>	<u>17,258,458</u>
<u>\$439,908</u>	<u>\$769,469</u>	<u>\$15,940,096</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, 2013

	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	\$10,700	\$18,021	\$7,321	\$121,400	\$206,606	\$85,206
Use of money and property		700	700		1,813	1,813
Total Revenues	<u>10,700</u>	<u>18,721</u>	<u>8,021</u>	<u>121,400</u>	<u>208,419</u>	<u>87,019</u>
EXPENDITURES						
Current:						
General Government						
Public Works						
Capital outlay				120,000	96,860	23,140
Total Expenditures				<u>120,000</u>	<u>96,860</u>	<u>23,140</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,700</u>	<u>18,721</u>	<u>8,021</u>	<u>1,400</u>	<u>111,559</u>	<u>110,159</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	10,700	18,721	8,021	1,400	111,559	110,159
BEGINNING FUND BALANCES	<u>102,512</u>	<u>102,512</u>		<u>235,990</u>	<u>235,990</u>	
ENDING FUND BALANCES	<u>\$113,212</u>	<u>\$121,233</u>	<u>\$8,021</u>	<u>\$237,390</u>	<u>\$347,549</u>	<u>\$110,159</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)
\$82,000	\$99,889	\$17,889	\$209,500	\$279,838	\$70,338	\$2,172,000	\$3,116,386	\$944,386
	12,076	12,076		1,045	1,045		92,599	92,599
82,000	111,965	29,965	209,500	280,883	71,383	2,172,000	3,208,985	1,036,985
	1,357	(1,357)				216,300	10,000	206,300
			200,000	135,638	64,362			
	1,357	(1,357)	200,000	135,638	64,362	216,300	10,000	206,300
82,000	110,608	28,608	9,500	145,245	135,745	1,955,700	3,198,985	1,243,285
(1,930,000)	(1,922,064)	7,936				(3,050,400)	(2,983,792)	66,608
(1,930,000)	(1,922,064)	7,936				(3,050,400)	(2,983,792)	66,608
(1,848,000)	(1,811,456)	36,544	9,500	145,245	135,745	(1,094,700)	215,193	1,309,893
1,811,456	1,811,456		107,592	107,592		13,793,907	13,793,907	
(\$36,544)		\$36,544	\$117,092	\$252,837	\$135,745	\$12,699,207	\$14,009,100	\$1,309,893

(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, 2013

	Sunrise Douglas Transit Shuttle Fund			Sunrise Douglas Admin Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Licenses, permits and fees	\$12,200	\$17,190	\$4,990	\$86,000	\$138,579	\$52,579
Use of money and property		2,734	2,734		4,949	4,949
<b>Total Revenues</b>	<b>12,200</b>	<b>19,924</b>	<b>7,724</b>	<b>86,000</b>	<b>143,528</b>	<b>57,528</b>
<b>EXPENDITURES</b>						
Current:						
General Government				180,900		180,900
Public Works				200,000	161,076	38,924
Capital outlay						
<b>Total Expenditures</b>				<b>380,900</b>	<b>161,076</b>	<b>219,824</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>12,200</b>	<b>19,924</b>	<b>7,724</b>	<b>(294,900)</b>	<b>(17,548)</b>	<b>277,352</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers (out)						
<b>Total Other Financing Sources (Uses)</b>						
<b>NET CHANGE IN FUND BALANCES</b>	<b>12,200</b>	<b>19,924</b>	<b>7,724</b>	<b>(294,900)</b>	<b>(17,548)</b>	<b>277,352</b>
<b>BEGINNING FUND BALANCES</b>	<b>419,984</b>	<b>419,984</b>		<b>787,017</b>	<b>787,017</b>	
<b>ENDING FUND BALANCES</b>	<b>\$432,184</b>	<b>\$439,908</b>	<b>\$7,724</b>	<b>\$492,117</b>	<b>\$769,469</b>	<b>\$277,352</b>

Total Sunrise Douglas  
Special Revenue Fund

Budget	Actual	Variance Positive (Negative)
\$2,693,800	\$3,876,509	\$1,182,709
	115,916	115,916
<u>2,693,800</u>	<u>3,992,425</u>	<u>1,298,625</u>
180,900		180,900
416,300	172,433	243,867
<u>320,000</u>	<u>232,498</u>	<u>87,502</u>
<u>917,200</u>	<u>404,931</u>	<u>512,269</u>
<u>1,776,600</u>	<u>3,587,494</u>	<u>1,810,894</u>
<u>(4,980,400)</u>	<u>(4,905,856)</u>	<u>74,544</u>
<u>(4,980,400)</u>	<u>(4,905,856)</u>	<u>74,544</u>
(3,203,800)	(1,318,362)	1,885,438
<u>17,258,458</u>	<u>17,258,458</u>	
<u>\$14,054,658</u>	<u>\$15,940,096</u>	<u>\$1,885,438</u>

CITY OF RANCHO CORDOVA  
SUBCOMBINING BALANCE SHEET  
TRAFFIC MITIGATION SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	Traffic Mitigation Fund	Traffic Mitigation Admin Fund	Total Traffic Mitigation Special Revenue Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and investments	\$19,101,737	\$192,774	\$19,294,511
Receivables:			
Accounts, net	290,502		290,502
Interest	1,138	10	1,148
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$19,393,377</u>	<u>\$192,784</u>	<u>\$19,586,161</u>
<b>LIABILITIES</b>			
Accounts payable	\$44,820		\$44,820
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>44,820</u>	<u>          </u>	<u>44,820</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - accounts receivable	290,502		\$290,502
	<u>          </u>	<u>          </u>	<u>          </u>
Total Deferred Inflows of Resources	<u>290,502</u>	<u>          </u>	<u>290,502</u>
<b>FUND BALANCES</b>			
Restricted	19,058,055	\$192,784	19,250,839
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>19,058,055</u>	<u>192,784</u>	<u>19,250,839</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$19,393,377</u>	<u>\$192,784</u>	<u>\$19,586,161</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, 2013

	Traffic Mitigation Fund	Traffic Mitigation Admin Fund	Total Traffic Mitigation Special Revenue Fund
<b>REVENUES</b>			
Charges for services			
Licenses, permits and fees	\$1,615,813	\$28,077	\$1,643,890
Use of money and property	134,110	1,468	135,578
	<u>1,749,923</u>	<u>29,545</u>	<u>1,779,468</u>
<b>Total Revenues</b>			
<b>EXPENDITURES</b>			
Current:			
Public Works	130,936	81,697	212,633
	<u>130,936</u>	<u>81,697</u>	<u>212,633</u>
<b>Total Expenditures</b>			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,618,987</u>	<u>(52,152)</u>	<u>1,566,835</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(3,055,968)		(3,055,968)
	<u>(3,055,968)</u>		<u>(3,055,968)</u>
<b>Total Other Financing Sources (Uses)</b>			
<b>NET CHANGE IN FUND BALANCES</b>	(1,436,981)	(52,152)	(1,489,133)
<b>BEGINNING FUND BALANCES</b>	<u>20,495,036</u>	<u>244,936</u>	<u>20,739,972</u>
<b>ENDING FUND BALANCES</b>	<u>\$19,058,055</u>	<u>\$192,784</u>	<u>\$19,250,839</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, 2013

	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	\$1,640,400	\$1,615,813	(\$24,587)	\$32,300	\$28,077	(\$4,223)
Use of money and property		134,110	134,110		1,468	1,468
Total Revenues	1,640,400	1,749,923	109,523	32,300	29,545	(2,755)
EXPENDITURES						
Current:						
Public Works	1,219,800	130,936	1,088,864	261,500	81,697	179,803
Total Expenditures	1,219,800	130,936	1,088,864	261,500	81,697	179,803
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	420,600	1,618,987	1,198,387	(229,200)	(52,152)	177,048
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(6,889,900)	(3,055,968)	3,833,932			
Total Other Financing Sources (Uses)	(6,889,900)	(3,055,968)	3,833,932			
NET CHANGE IN FUND BALANCES	(6,469,300)	(1,436,981)	5,032,319	(229,200)	(52,152)	177,048
BEGINNING FUND BALANCES	20,495,036	20,495,036		244,936	244,936	
ENDING FUND BALANCES	\$14,025,736	\$19,058,055	\$5,032,319	\$15,736	\$192,784	\$177,048

Total Traffic Mitigation Special Revenue Fund

<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$1,672,700	\$1,643,890	(\$28,810)
	135,578	135,578
<u>1,672,700</u>	<u>1,779,468</u>	<u>106,768</u>
<u>1,481,300</u>	<u>212,633</u>	<u>1,268,667</u>
<u>1,481,300</u>	<u>212,633</u>	<u>1,268,667</u>
<u>191,400</u>	<u>1,566,835</u>	<u>1,375,435</u>
<u>(6,889,900)</u>	<u>(3,055,968)</u>	<u>3,833,932</u>
<u>(6,889,900)</u>	<u>(3,055,968)</u>	<u>3,833,932</u>
(6,698,500)	(1,489,133)	5,209,367
<u>20,739,972</u>	<u>20,739,972</u>	
<u>\$14,041,472</u>	<u>\$19,250,839</u>	<u>\$5,209,367</u>

CITY OF RANCHO CORDOVA  
SUBCOMBINING BALANCE SHEET  
GRANT REVENUE SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	<u>State Grant Fund</u>	<u>Federal Grant Fund</u>	<u>Other Grant Fund</u>	<u>Intra-fund Elimination</u>	<u>Total Grant Special Revenue Fund</u>
<b>ASSETS</b>					
Receivables:					
Interest	\$2				\$2
Due from other governmental agencies	800,137	\$2,342,154	\$99,491		3,241,782
Loans		4,621,180			4,621,180
	<u>800,139</u>	<u>\$6,963,334</u>	<u>\$99,491</u>		<u>\$7,862,964</u>
<b>LIABILITIES</b>					
Accounts payable	\$69,088	\$32,117			\$101,205
Due to other funds	284,030	2,551,401	\$99,491		2,934,922
Unearned revenue					
	<u>353,118</u>	<u>2,583,518</u>	<u>99,491</u>		<u>3,036,127</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - accounts receivable		1,448,595	99,491		1,548,086
Unavailable revenue - due from other governmental agencies	297,937				297,937
Unavailable revenue - loans receivable		4,621,180			4,621,180
	<u>297,937</u>	<u>6,069,775</u>	<u>99,491</u>		<u>6,467,203</u>
<b>FUND BALANCES (DEFICITS)</b>					
Restricted	149,084			(\$149,084)	
Unassigned		(1,689,959)	(99,491)	149,084	(1,640,366)
	<u>149,084</u>	<u>(1,689,959)</u>	<u>(99,491)</u>		<u>(1,640,366)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$800,139</u>	<u>\$6,963,334</u>	<u>\$99,491</u>		<u>\$7,862,964</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, 2013

	State Grant Fund	Federal Grant Fund	Other Grant Fund	Total Grant Special Revenue Fund
<b>REVENUES</b>				
Intergovernmental	\$1,677,416	\$5,260,224		\$6,937,640
Charges for services	786			786
Use of money and property	149			149
Other				
<b>Total Revenues</b>	<b>1,678,351</b>	<b>5,260,224</b>		<b>6,938,575</b>
<b>EXPENDITURES</b>				
Current:				
General Government		6,878		6,878
Community Development	73,289			73,289
Public Safety	95,359	244,376		339,735
Public Works	240,599			240,599
Capital outlay	194,155			194,155
<b>Total Expenditures</b>	<b>603,402</b>	<b>251,254</b>		<b>854,656</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,074,949</b>	<b>5,008,970</b>		<b>6,083,919</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		18,776		18,776
Transfers (out)	(732,727)	(3,917,357)	(\$99,491)	(4,749,575)
<b>Total Other Financing Sources (Uses)</b>	<b>(732,727)</b>	<b>(3,898,581)</b>	<b>(99,491)</b>	<b>(4,730,799)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>342,222</b>	<b>1,110,389</b>	<b>(99,491)</b>	<b>1,353,120</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<b>(193,138)</b>	<b>(2,800,348)</b>		<b>(2,993,486)</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>\$149,084</b>	<b>(\$1,689,959)</b>	<b>(\$99,491)</b>	<b>(\$1,640,366)</b>

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, 2013

	State Grant Fund			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Intergovernmental	\$547,600	\$547,600	\$1,677,416	\$1,129,816
Charges for services			786	786
Use of money and property			149	149
Total Revenues	<u>547,600</u>	<u>547,600</u>	<u>1,678,351</u>	<u>1,130,751</u>
<b>EXPENDITURES</b>				
Current:				
General Government				
Community Development			73,289	(73,289)
Public Safety	106,000	106,000	95,359	10,641
Public Works	441,600	441,600	240,599	201,001
Capital outlay	60,000	60,000	194,155	(134,155)
Total Expenditures	<u>607,600</u>	<u>607,600</u>	<u>603,402</u>	<u>4,198</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(60,000)</u>	<u>(60,000)</u>	<u>1,074,949</u>	<u>1,134,949</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Transfers (out)	<u>(1,880,000)</u>	<u>(1,880,000)</u>	<u>(732,727)</u>	<u>1,147,273</u>
Total Other Financing Sources (Uses)	<u>(1,880,000)</u>	<u>(1,880,000)</u>	<u>(732,727)</u>	<u>1,147,273</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,940,000)	(1,940,000)	342,222	2,282,222
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<u>(193,138)</u>	<u>(193,138)</u>	<u>(193,138)</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>	<u><u>(\$2,133,138)</u></u>	<u><u>(\$2,133,138)</u></u>	<u><u>\$149,084</u></u>	<u><u>\$2,282,222</u></u>

Federal Grant Fund				Other Grant Fund			
Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
\$7,579,000	\$7,579,000	\$5,260,224	(\$2,318,776)	\$100,000	\$100,000		(\$100,000)
<u>7,579,000</u>	<u>7,579,000</u>	<u>5,260,224</u>	<u>(2,318,776)</u>	<u>100,000</u>	<u>100,000</u>		<u>(100,000)</u>
		6,878	(6,878)				
140,000	140,000		140,000				
20,000	20,000	244,376	(224,376)				
<u>160,000</u>	<u>160,000</u>	<u>251,254</u>	<u>(91,254)</u>				
<u>7,419,000</u>	<u>7,419,000</u>	<u>5,008,970</u>	<u>(2,410,030)</u>	<u>100,000</u>	<u>100,000</u>		<u>(100,000)</u>
		18,776	18,776				
<u>(7,419,000)</u>	<u>(7,419,000)</u>	<u>(3,917,357)</u>	<u>3,501,643</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(\$99,491)</u>	<u>509</u>
<u>(7,419,000)</u>	<u>(7,419,000)</u>	<u>(3,898,581)</u>	<u>3,520,419</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(99,491)</u>	<u>509</u>
		1,110,389	1,110,389			(99,491)	(99,491)
<u>(2,800,348)</u>	<u>(2,800,348)</u>	<u>(2,800,348)</u>					
<u>(\$2,800,348)</u>	<u>(\$2,800,348)</u>	<u>(\$1,689,959)</u>	<u>\$1,110,389</u>			<u>(\$99,491)</u>	<u>(\$99,491)</u>

(Continued)

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, 2013

	Totals			Variance Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Intergovernmental	\$8,226,600	\$8,226,600	\$6,937,640	(\$1,288,960)
Charges for services			786	786
Use of money and property			149	149
Total Revenues	<u>8,226,600</u>	<u>8,226,600</u>	<u>6,938,575</u>	<u>(1,288,025)</u>
<b>EXPENDITURES</b>				
Current:				
General Government			6,878	(6,878)
Community Development	140,000	140,000	73,289	66,711
Public Safety	126,000	126,000	339,735	(213,735)
Public Works	441,600	441,600	240,599	201,001
Capital outlay	60,000	60,000	194,155	(134,155)
Total Expenditures	<u>767,600</u>	<u>767,600</u>	<u>854,656</u>	<u>(87,056)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,459,000</u>	<u>7,459,000</u>	<u>6,083,919</u>	<u>(1,375,081)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			18,776	18,776
Transfers (out)	(9,399,000)	(9,399,000)	(4,749,575)	4,649,425
Total Other Financing Sources (Uses)	<u>(9,399,000)</u>	<u>(9,399,000)</u>	<u>(4,730,799)</u>	<u>4,668,201</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,940,000)	(1,940,000)	1,353,120	3,293,120
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<u>(2,993,486)</u>	<u>(2,993,486)</u>	<u>(2,993,486)</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>	<u><u>(\$4,933,486)</u></u>	<u><u>(\$4,933,486)</u></u>	<u><u>(\$1,640,366)</u></u>	<u><u>\$3,293,120</u></u>

CITY OF RANCHO CORDOVA  
SUBCOMBINING BALANCE SHEET  
VILLAGES OF ZINFANDEL (VOZ) SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	Villages of Zinfandel Traffic Mitigation Fund	Villages of Zinfandel Admin Fund	Villages of Zinfandel Library Fund	Total Villages of Zinfandel Special Revenue Fund
<b>ASSETS</b>				
Cash and investments	\$314,432	\$6,336		\$320,768
Receivables:				
Accounts, net	8,878			8,878
Interest	16			16
Total Assets	<u>\$323,326</u>	<u>\$6,336</u>		<u>\$329,662</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - accounts receivable	\$8,878			\$8,878
Total Deferred Inflows of Resources	<u>8,878</u>			<u>8,878</u>
<b>FUND BALANCES</b>				
Restricted	314,448	\$6,336		320,784
Total Fund Balances	<u>314,448</u>	<u>6,336</u>		<u>320,784</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$323,326</u>	<u>\$6,336</u>		<u>\$329,662</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, 2013

	Villages of Zinfandel Traffic Mitigation Fund	Villages of Zinfandel Admin Fund	Villages of Zinfandel Library Fund	Total Villages of Zinfandel Special Revenue Fund
<b>REVENUES</b>				
Licenses, permits and fees	\$10,223	\$826	\$13,275	\$24,324
Use of money and property	1,955	43	1,275	3,273
<b>Total Revenues</b>	<b>12,178</b>	<b>869</b>	<b>14,550</b>	<b>27,597</b>
<b>EXPENDITURES</b>				
Current:				
Public works		1,326		1,326
<b>Total Expenditures</b>		<b>1,326</b>		<b>1,326</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>12,178</b>	<b>(457)</b>	<b>14,550</b>	<b>26,271</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	(760)		(208,655)	(209,415)
<b>Total Other Financing Sources (Uses)</b>	<b>(760)</b>		<b>(208,655)</b>	<b>(209,415)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>11,418</b>	<b>(457)</b>	<b>(194,105)</b>	<b>(183,144)</b>
<b>BEGINNING FUND BALANCES</b>	<b>303,030</b>	<b>6,793</b>	<b>194,105</b>	<b>503,928</b>
<b>ENDING FUND BALANCES</b>	<b>\$314,448</b>	<b>\$6,336</b>		<b>\$320,784</b>

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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, 2013

	Villages of Zinfandel Traffic Mitigation Fund			Villages of Zinfandel Admin Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees	\$3,300	\$10,223	\$6,923	\$300	\$826	\$526
Use of money and property		1,955	1,955		43	43
Total Revenues	<u>3,300</u>	<u>12,178</u>	<u>8,878</u>	<u>300</u>	<u>869</u>	<u>569</u>
EXPENDITURES						
Current:						
General Government						
Public works				3,000	1,326	1,674
Total Expenditures				<u>3,000</u>	<u>1,326</u>	<u>1,674</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,300</u>	<u>12,178</u>	<u>8,878</u>	<u>(2,700)</u>	<u>(457)</u>	<u>2,243</u>
OTHER FINANCING SOURCES (USES)						
Transfers (out)	(175,000)	(760)	174,240			
Total Other Financing Sources (Uses)	<u>(175,000)</u>	<u>(760)</u>	<u>174,240</u>			
NET CHANGE IN FUND BALANCES	(171,700)	11,418	183,118	(2,700)	(457)	2,243
BEGINNING FUND BALANCES	<u>303,030</u>	<u>303,030</u>		<u>6,793</u>	<u>6,793</u>	
ENDING FUND BALANCES	<u>\$131,330</u>	<u>\$314,448</u>	<u>\$183,118</u>	<u>\$4,093</u>	<u>\$6,336</u>	<u>\$2,243</u>

Villages of Zinfandel Library Fund			Totals		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$4,300	\$13,275	\$8,975	\$7,900	\$24,324	\$16,424
	1,275	1,275		3,273	3,273
4,300	14,550	10,250	7,900	27,597	19,697
			3,000	1,326	1,674
			3,000	1,326	1,674
4,300	14,550	10,250	4,900	26,271	21,371
(210,000)	(208,655)	1,345	(385,000)	(209,415)	175,585
(210,000)	(208,655)	1,345	(385,000)	(209,415)	175,585
(205,700)	(194,105)	11,595	(380,100)	(183,144)	196,956
194,105	194,105		503,928	503,928	
(\$11,595)		\$11,595	\$123,828	\$320,784	\$196,956

CITY OF RANCHO CORDOVA  
SUBCOMBINING BALANCE SHEET  
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	CFF Library Impact Fund	CFF Museum Impact Fund	CFF Parking Facility Fund	CFF City Hall Fund	CFF Police Fund	CFF Community Center Fund
<b>ASSETS</b>						
Cash and investments	\$2,786,528					
Receivables:						
Accounts, net	19,074					
Interest	145					
Total Assets	<u>\$2,805,747</u>					
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - accounts receivable	\$19,074					
Total Deferred Inflows of Resources	<u>19,074</u>					
<b>FUND BALANCES</b>						
Restricted	2,786,673					
Unassigned						
Total Fund Balances (Deficits)	<u>2,786,673</u>					
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$2,805,747</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>CFF Impact Fund</u>	<u>Intra-fund Elimination</u>	<u>Total CFF Special Revenue Fund</u>
					\$1,542,367		\$4,328,895
					81		19,074 226
					<u>\$1,542,448</u>		<u>\$4,348,195</u>
							\$19,074
							19,074
					\$1,542,448		4,329,121
					1,542,448		4,329,121
					<u>\$1,542,448</u>		<u>\$4,348,195</u>

CITY OF RANCHO CORDOVA  
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
COMMUNITY FACILITIES FEES (CFF) SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	CFF Library Impact Fund	CFF Museum Impact Fund	CFF Parking Facility Fund	CFF City Hall Fund	CFF Police Fund	CFF Community Center Fund
<b>REVENUES</b>						
Licenses, permits and fees	\$51,403	\$52,342	\$58,312	\$150,703	\$197,666	\$182,153
Use of money and property	3,731	7,149	7,728			
<b>Total Revenues</b>	<b>55,134</b>	<b>59,491</b>	<b>66,040</b>	<b>150,703</b>	<b>197,666</b>	<b>182,153</b>
<b>EXPENDITURES</b>						
Current:						
General government	1,107					
Public works	848					
<b>Total Expenditures</b>	<b>1,955</b>					
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>53,179</b>	<b>59,491</b>	<b>66,040</b>	<b>150,703</b>	<b>197,666</b>	<b>182,153</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	2,130,718			573,677	1,039,214	717,560
Transfers (out)		(1,180,368)	(1,278,147)	(377,475)	(144,790)	(461,358)
<b>Total Other Financing Sources (Uses)</b>	<b>2,130,718</b>	<b>(1,180,368)</b>	<b>(1,278,147)</b>	<b>196,202</b>	<b>894,424</b>	<b>256,202</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,183,897</b>	<b>(1,120,877)</b>	<b>(1,212,107)</b>	<b>346,905</b>	<b>1,092,090</b>	<b>438,355</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<b>602,776</b>	<b>1,120,877</b>	<b>1,212,107</b>	<b>(346,905)</b>	<b>(1,092,090)</b>	<b>(438,355)</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>\$2,786,673</b>					

CFF Corporate Yard Fund	CFF Admin Fund	CFF Animal Services Fund	CFF Records Management Fund	CFF Tele- communication Impact Fund	CFF Impact Fund	Intra-fund Elimination	Total CFF Special Revenue Fund
\$50,453	\$27,711	\$11,829	\$713	\$9,992	\$257,416		\$1,050,693
6,358	734	230	52		225		26,207
56,811	28,445	12,059	765	9,992	257,641		1,076,900
	2,025				8,587		11,719
							848
	2,025				8,587		12,567
56,811	26,420	12,059	765	9,992	249,054		1,064,333
(1,052,820)	(130,084)	(139,524)	(8,761)	24,174	1,304,995	(\$3,659,620)	2,130,718
					(11,601)	3,659,620	(1,125,308)
(1,052,820)	(130,084)	(139,524)	(8,761)	24,174	1,293,394		1,005,410
(996,009)	(103,664)	(127,465)	(7,996)	34,166	1,542,448		2,069,743
996,009	103,664	127,465	7,996	(34,166)			2,259,378
					\$1,542,448		\$4,329,121

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, 2013

	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	\$45,000	\$51,403	\$6,403	\$60,000	\$52,342	(\$7,658)
Use of money and property		3,731	3,731		7,149	7,149
Total Revenues	45,000	55,134	10,134	60,000	59,491	(509)
EXPENDITURES						
Current:						
General Government	3,000	1,107	(1,893)			
Public Works		848	848			
Total Expenditures	3,000	1,955	(1,045)			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	42,000	53,179	11,179	60,000	59,491	(509)
OTHER FINANCING SOURCES (USES)						
Transfers in	2,140,000	2,130,718	(9,282)			
Transfers (out)				(1,200,000)	(1,180,368)	19,632
Total Other Financing Sources (Uses)	2,140,000	2,130,718	(9,282)	(1,200,000)	(1,180,368)	19,632
NET CHANGE IN FUND BALANCES	2,182,000	2,183,897	1,897	(1,140,000)	(1,120,877)	19,123
BEGINNING FUND BALANCES (DEFICITS)	602,776	602,776		1,120,877	1,120,877	
ENDING FUND BALANCES (DEFICITS)	\$2,784,776	\$2,786,673	\$1,897	(\$19,123)		\$19,123

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)
\$66,000	\$58,312	(\$7,688)	\$161,200	\$150,703	(\$10,497)	\$211,000	\$197,666	(\$13,334)
	7,728	7,728						
66,000	66,040	40	161,200	150,703	(10,497)	211,000	197,666	(13,334)
66,000	66,040	40	161,200	150,703	(10,497)	211,000	197,666	(13,334)
(1,300,000)	(1,278,147)	21,853	(378,400)	573,677 (377,475)	573,677 925	(150,000)	1,039,214 (144,790)	1,039,214 5,210
(1,300,000)	(1,278,147)	21,853	(378,400)	196,202	574,602	(150,000)	894,424	1,044,424
(1,234,000)	(1,212,107)	21,893	(217,200)	346,905	564,105	61,000	1,092,090	1,031,090
\$1,212,107	1,212,107		(346,905)	(346,905)		(1,092,090)	(1,092,090)	
(\$21,893)		\$21,893	(\$564,105)		\$564,105	(\$1,031,090)		\$1,031,090

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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, 2013

	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	\$194,000	\$182,153	(\$11,847)	\$55,800	\$50,453	(\$5,347)
Use of money and property					6,358	6,358
Total Revenues	<u>194,000</u>	<u>182,153</u>	<u>(11,847)</u>	<u>55,800</u>	<u>56,811</u>	<u>1,011</u>
EXPENDITURES						
Current:						
General Government						
Public Works						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>194,000</u>	<u>182,153</u>	<u>(11,847)</u>	<u>55,800</u>	<u>56,811</u>	<u>1,011</u>
OTHER FINANCING SOURCES (USES)						
Transfers in		717,560	717,560			
Transfers (out)	(462,400)	(461,358)	1,042	(1,060,000)	(1,052,820)	7,180
Total Other Financing Sources (Uses)	<u>(462,400)</u>	<u>256,202</u>	<u>718,602</u>	<u>(1,060,000)</u>	<u>(1,052,820)</u>	<u>7,180</u>
NET CHANGE IN FUND BALANCES	(268,400)	438,355	706,755	(1,004,200)	(996,009)	8,191
BEGINNING FUND BALANCES (DEFICITS)	<u>(438,355)</u>	<u>(438,355)</u>		<u>996,009</u>	<u>996,009</u>	
ENDING FUND BALANCES (DEFICITS)	<u>(\$706,755)</u>	<u>\$0</u>	<u>\$706,755</u>	<u>(\$8,191)</u>	<u>\$0</u>	<u>\$8,191</u>

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)
\$31,000	\$27,711	(\$3,289)	\$14,000	\$11,829	(\$2,171)	\$800	\$713	(\$87)
	734	734		230	230		52	52
31,000	28,445	(2,555)	14,000	12,059	(1,941)	800	765	(35)
3,000	2,025	(975)						
3,000	2,025	(975)						
28,000	26,420	(1,580)	14,000	12,059	(1,941)	800	765	(35)
(131,000)	(130,084)	916	(140,000)	(139,524)	476	(9,000)	(8,761)	239
(131,000)	(130,084)	916	(140,000)	(139,524)	476	(9,000)	(8,761)	239
(103,000)	(103,664)	(664)	(126,000)	(127,465)	(1,465)	(8,200)	(7,996)	204
103,664	103,664		127,465	127,465		7,996	7,996	
\$664		(\$664)	\$1,465		(\$1,465)	(\$204)		\$204

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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, 2013

	Community Facility Fees Telecommunication Impact Fund			Community Facility Fees Impact Fund		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Licenses, permits and fees		\$9,992	\$9,992		\$257,416	\$257,416
Use of money and property					225	225
Total Revenues		9,992	9,992		257,641	257,641
EXPENDITURES						
Current:						
General Government				\$15,000	8,587	(6,413)
Public Works						
Total Expenditures				15,000	8,587	(6,413)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		9,992	9,992	(15,000)	249,054	264,054
OTHER FINANCING SOURCES (USES)						
Transfers in		24,174	24,174	3,823,400	1,304,995	(2,518,405)
Transfers (out)				(12,000)	(11,601)	399
Total Other Financing Sources (Uses)		24,174	24,174	3,811,400	1,293,394	(2,518,006)
NET CHANGE IN FUND BALANCES		34,166	34,166	3,796,400	1,542,448	(2,253,952)
BEGINNING FUND BALANCES (DEFICITS)	(\$34,166)	(34,166)				
ENDING FUND BALANCES (DEFICITS)	(\$34,166)		\$34,166	\$3,796,400	\$1,542,448	(\$2,253,952)

Intra-fund Elimination		Totals		
Budget	Actual	Budget	Actual	Variance Positive (Negative)
		\$838,800	\$1,050,693	\$211,893
			26,207	26,207
		838,800	1,076,900	238,100
		21,000	11,719	(9,281)
			848	848
		21,000	12,567	(8,433)
		817,800	1,064,333	246,533
(\$3,823,400)	(\$3,659,620)	2,140,000	2,130,718	(9,282)
3,823,400	3,659,620	(1,019,400)	(1,125,308)	(105,908)
		1,120,600	1,005,410	(115,190)
		1,938,400	2,069,743	131,343
		2,259,378	2,259,378	
		\$4,197,778	\$4,329,121	\$131,343

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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 Position.

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 benefits.

CITY OF RANCHO CORDOVA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013

	Insurance	Vehicle & Equipment Replacement	Technology Enhancement & Replacement	Capital Facility	Infrastructure
ASSETS					
Current assets:					
Cash and investments	\$508,511	\$382,661	\$231,411	\$3,131,269	\$1,127,023
Receivables:					
Interest	25	20	9	101	37
Total current assets	<u>508,536</u>	<u>382,681</u>	<u>231,420</u>	<u>3,131,370</u>	<u>1,127,060</u>
Noncurrent assets:					
Capital assets:					
Nondepreciable				292,418	554,390
Depreciable, net			150,084	818,472	248,413
Total noncurrent assets			<u>150,084</u>	<u>1,110,890</u>	<u>802,803</u>
Total Assets	<u>508,536</u>	<u>382,681</u>	<u>381,504</u>	<u>4,242,260</u>	<u>1,929,863</u>
Current liabilities:					
Accounts payable	2,213			51,740	
Total Liabilities	<u>2,213</u>			<u>51,740</u>	
NET POSITION					
Net investment in capital assets			150,084	1,110,890	802,803
Unrestricted	506,323	382,681	231,420	3,079,630	1,127,060
Total Net Position	<u>\$506,323</u>	<u>\$382,681</u>	<u>\$381,504</u>	<u>\$4,190,520</u>	<u>\$1,929,863</u>

Employee Benefits	Total
	\$5,380,875
	<u>192</u>
	<u>5,381,067</u>
	846,808
	<u>1,216,969</u>
	<u>2,063,777</u>
	<u>7,444,844</u>
	<u>53,953</u>
	<u>53,953</u>
	2,063,777
	<u>5,327,114</u>
	<u><u>\$7,390,891</u></u>

CITY OF RANCHO CORDOVA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013

	Insurance	Vehicle & Equipment Replacement	Technology Enhancement & Replacement	Capital Facility	Infrastructure
OPERATING EXPENSES					
Administration	\$19,621				\$30,351
Depreciation			\$53,015	\$29,620	15,287
Total Operating Expenses	19,621		53,015	29,620	45,638
Operating Income (Loss)	(19,621)		(53,015)	(29,620)	(45,638)
NONOPERATING REVENUES					
Interest income	3,173	\$2,439	1,227	13,510	4,568
Total Nonoperating Revenues	3,173	2,439	1,227	13,510	4,568
Income (Loss) Before Transfers	(16,448)	2,439	(51,788)	(16,110)	(41,070)
Transfers in	25,000			1,266,619	633,309
Net Transfers	25,000			1,266,619	633,309
Change in Net Position	8,552	2,439	(51,788)	1,250,509	592,239
BEGINNING NET POSITION	497,771	380,242	433,292	2,940,011	1,337,624
ENDING NET POSITION	\$506,323	\$382,681	\$381,504	\$4,190,520	\$1,929,863

<u>Employee Benefits</u>	<u>Total</u>
\$3,449	\$53,421
<u>3,449</u>	<u>97,922</u>
3,449	151,343
<u>(3,449)</u>	<u>(151,343)</u>
15	24,932
<u>15</u>	<u>24,932</u>
<u>(3,434)</u>	<u>(126,411)</u>
<u>          </u>	<u>1,924,928</u>
<u>          </u>	<u>1,924,928</u>
(3,434)	1,798,517
<u>3,434</u>	<u>5,592,374</u>
<u>          </u>	<u>\$7,390,891</u>

CITY OF RANCHO CORDOVA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013

	Insurance	Vehicle & Equipment Replacement	Technology Enhancement & Replacement	Capital Facility	Infrastructure
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Reimbursements from suppliers					
Payments to suppliers	(\$26,793)				(\$323,000)
Cash Flows from (Used by) Operating Activities	(26,793)				(323,000)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	25,000			\$1,266,619	633,309
Cash Flows from Noncapital Financing Activities	25,000			1,266,619	633,309
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets			(\$1)	(240,678)	(217,311)
Cash Flows from Capital and Related Financing Activities			(1)	(240,678)	(217,311)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest	3,193	\$2,453	1,239	13,495	4,544
Cash Flows from Investing Activities	3,193	2,453	1,239	13,495	4,544
Net Cash Flows	1,400	2,453	1,238	1,039,436	97,542
Cash and investments at beginning of period	507,111	380,208	230,173	2,091,833	1,029,481
Cash and investments at end of period	<u>\$508,511</u>	<u>\$382,661</u>	<u>\$231,411</u>	<u>\$3,131,269</u>	<u>\$1,127,023</u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>					
Operating income (loss)	(\$19,621)		(\$53,015)	(\$29,620)	(\$45,638)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation			53,015	29,620	15,287
Change in assets and liabilities:					
Accounts payable	(7,172)				(292,649)
Cash Flows from (Used by) Operating Activities	<u>(\$26,793)</u>				<u>(\$323,000)</u>

Employee Benefits	Total
<u>(\$3,449)</u>	<u>(353,242)</u>
<u>(3,449)</u>	<u>(353,242)</u>
<u>          </u>	<u>1,924,928</u>
<u>          </u>	<u>1,924,928</u>
<u>          </u>	<u>(457,990)</u>
<u>          </u>	<u>(457,990)</u>
<u>      \$15</u>	<u>      24,939</u>
<u>      15</u>	<u>      24,939</u>
<u>      (3,434)</u>	<u>      1,138,635</u>
<u>      3,434</u>	<u>      4,242,240</u>
<u>          </u>	<u>      \$5,380,875</u>
<u>          </u>	<u>          </u>
<u>      (\$3,449)</u>	<u>      (\$151,343)</u>
<u>          </u>	<u>          97,922</u>
<u>          </u>	<u>      (299,821)</u>
<u>      (\$3,449)</u>	<u>      (\$353,242)</u>

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

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

CITY OF RANCHO CORDOVA  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013
<u>Sunridge Anatolia CFD 2003-1</u>				
Cash and investments	\$2,661,368	\$5,361,246	\$4,247,913	\$3,774,701
Restricted cash and investments	5,363,625	23,441,493	23,320,000	5,485,118
Accounts receivable	571			571
Due from other governmental agencies	123,802	35,635	123,802	35,635
Interest receivable	1,936	2,784	1,936	2,784
<b>Total Assets</b>	<b><u>\$8,151,302</u></b>	<b><u>\$28,841,158</u></b>	<b><u>\$27,693,651</u></b>	<b><u>\$9,298,809</u></b>
Accounts Payable	\$2,627			\$2,627
Due to assessment district bondholders	8,148,675	28,841,158	27,693,651	9,296,182
<b>Total Liabilities</b>	<b><u>\$8,151,302</u></b>	<b><u>\$28,841,158</u></b>	<b><u>\$27,693,651</u></b>	<b><u>\$9,298,809</u></b>
<u>Sunridge Park CFD 2004-1</u>				
Cash and investments	\$2,150,435	\$1,325,561	\$936,513	\$2,539,483
Restricted cash and investments	8,602,330	2,458	1,085,744	7,519,044
Due from other governmental agencies	8,354	35,378	8,354	35,378
Interest receivable	718	937	718	937
<b>Total Assets</b>	<b><u>\$10,761,837</u></b>	<b><u>\$1,364,334</u></b>	<b><u>\$2,031,329</u></b>	<b><u>\$10,094,842</u></b>
Due to assessment district bondholders	\$10,761,837	\$1,364,334	\$2,031,329	\$10,094,842
<b>Total Liabilities</b>	<b><u>\$10,761,837</u></b>	<b><u>\$1,364,334</u></b>	<b><u>\$2,031,329</u></b>	<b><u>\$10,094,842</u></b>
<u>Sunridge North Douglas CFD 2005-1</u>				
Cash and investments	\$45,197	\$293		\$45,490
Interest receivable	4	2	\$4	2
<b>Total Assets</b>	<b><u>\$45,201</u></b>	<b><u>\$295</u></b>	<b><u>\$4</u></b>	<b><u>\$45,492</u></b>
Due to assessment holders	\$45,201	\$295	\$4	\$45,492
<u>Montelena CFD</u>				
Cash and investments	\$111,144	\$717		\$111,861
Interest receivable	10	6	\$10	6
<b>Total Assets</b>	<b><u>\$111,154</u></b>	<b><u>\$723</u></b>	<b><u>\$10</u></b>	<b><u>\$111,867</u></b>
Deposits	\$100,211			\$100,211
Due to assessment holders	10,943	\$723	\$10	11,656
<b>Total Liabilities</b>	<b><u>\$111,154</u></b>	<b><u>\$723</u></b>	<b><u>\$10</u></b>	<b><u>\$111,867</u></b>

(Continued)

CITY OF RANCHO CORDOVA  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013
<u>Sunrise Douglas Park Fund</u>				
Cash and investments	\$7,237,357	\$1,233,881	\$85,802	\$8,385,436
Interest receivable	647	437	647	437
Total Assets	<u>\$7,238,004</u>	<u>\$1,234,318</u>	<u>\$86,449</u>	<u>\$8,385,873</u>
Accounts Payable	\$23,208	\$29,488	\$23,208	\$29,488
Due to assessment holders	7,214,796	1,204,830	\$63,241	8,356,385
Total Liabilities	<u>\$7,238,004</u>	<u>\$1,234,318</u>	<u>\$86,449</u>	<u>\$8,385,873</u>
<u>Total Agency Funds</u>				
Cash and investments	\$12,205,501	\$7,921,698	\$5,270,228	\$14,856,971
Restricted cash and investments	13,965,955	23,443,951	24,405,744	13,004,162
Accounts receivable	571			571
Due from other governmental agencies	132,156	71,013	132,156	71,013
Interest receivable	3,315	4,166	3,315	4,166
Total Assets	<u>\$26,307,498</u>	<u>\$31,440,828</u>	<u>\$29,811,443</u>	<u>\$27,936,883</u>
Accounts payable	\$25,835	\$29,488	\$23,208	\$32,115
Deposits	100,211			100,211
Due to assessment district bondholders	18,910,512	30,205,492	29,724,980	19,391,024
Due to assessment holders	7,270,940	1,205,848	63,255	8,413,533
Total Liabilities	<u>\$26,307,498</u>	<u>\$31,440,828</u>	<u>\$29,811,443</u>	<u>\$27,936,883</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 wellbeing have changed over time:

1. Net Position by Component
2. Changes in Net Position
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 (Miscellaneous Statistics)
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.

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>										
Net investment in capital assets	\$ 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	320,087,426
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	64,124,648
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	28,612,663
Total governmental activities net position	<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>	<u>412,824,737</u>
<b>Business-type activities</b>										
Net investment in capital assets	-	-	-	1,422,003	1,470,806	1,489,554	1,477,013	1,502,122	1,472,178	1,442,253
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	(1,224,820)	(1,345,183)	(1,401,825)	(1,471,042)	(1,570,040)	(1,592,398)	(1,622,508)
Total business-type activities net position	<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>	<u>(180,255)</u>
<b>Primary government</b>										
Net investment in capital assets	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	321,529,679
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	64,124,648
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	26,990,155
Total primary government net position	<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>	<u>\$ 412,644,482</u>

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

Expenses	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
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	27,907,919
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	16,476,763
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	5,452,232
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	8,276,583
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	1,107,696
Total governmental activities expenses	<u>15,910,607</u>	<u>24,993,474</u>	<u>41,709,944</u>	<u>47,761,804</u>	<u>57,936,883</u>	<u>58,071,348</u>	<u>52,570,297</u>	<u>59,190,666</u>	<u>61,027,853</u>	<u>59,221,193</u>
Business-type activities:										
Cemetery	-	-	-	9,988	71,680	86,381	89,905	80,919	63,809	69,629
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,988</u>	<u>71,680</u>	<u>86,381</u>	<u>89,905</u>	<u>80,919</u>	<u>63,809</u>	<u>69,629</u>
Total primary government expenses	<u>15,910,607</u>	<u>24,993,474</u>	<u>41,709,944</u>	<u>47,771,792</u>	<u>58,008,563</u>	<u>58,157,729</u>	<u>52,660,202</u>	<u>59,271,585</u>	<u>61,091,662</u>	<u>59,290,822</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services	2,326,721	25,932,561	26,142,639	33,364,367						
General government					12,500,088	1,101,483	723,545	981,611	1,045,377	642,864
Public Safety					878,827	1,560,634	2,054,171	2,166,447	2,107,741	2,268,689
Community Development					3,555,238	2,997,656	2,800,846	3,137,047	2,607,312	3,149,670
Public Works					5,651,648	3,485,309	3,590,042	3,568,562	3,787,812	3,722,318
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	8,306,015
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	40,963,959
Total governmental activities program revenues	<u>2,348,163</u>	<u>28,349,763</u>	<u>31,268,572</u>	<u>43,903,550</u>	<u>35,625,662</u>	<u>52,201,099</u>	<u>29,130,203</u>	<u>36,500,851</u>	<u>36,073,106</u>	<u>59,053,515</u>
Business-type activities:										
Charges for services						48,277	8,000	6,850	11,400	9,500
Capital grants and contributions	-	-	-	225,000	-	-	-	-	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,000</u>	<u>-</u>	<u>48,277</u>	<u>8,000</u>	<u>6,850</u>	<u>11,400</u>	<u>9,500</u>
Total primary government program revenues	<u>2,348,163</u>	<u>28,349,763</u>	<u>31,268,572</u>	<u>44,128,550</u>	<u>35,625,662</u>	<u>52,249,376</u>	<u>29,138,203</u>	<u>36,507,701</u>	<u>36,084,506</u>	<u>59,063,015</u>
<b>Net (expense)/revenue</b>										
Governmental activities	(13,562,444)	3,356,289	(10,441,372)	(3,858,254)	(22,311,221)	(5,870,249)	(23,440,094)	(22,689,815)	(24,954,747)	(167,678)
Business-type activities	-	-	-	215,012	(71,680)	(38,104)	(81,905)	(74,069)	(52,409)	(60,129)
Total primary government net (expense)/revenue	<u>\$ (13,562,444)</u>	<u>\$ 3,356,289</u>	<u>\$ (10,441,372)</u>	<u>\$ (3,643,242)</u>	<u>\$ (22,382,901)</u>	<u>\$ (5,908,353)</u>	<u>\$ (23,521,999)</u>	<u>\$ (22,763,884)</u>	<u>\$ (25,007,156)</u>	<u>\$ (227,807)</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Position</b>										
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	7,712,950
Property taxes in lieu of vehicle license 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	4,793,814
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	12,060,818
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	3,411,126
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	2,636,893
Other	1,606,250	138,817	982,636	1,028,478	1,371,957	402,924	285,702	1,908,640	1,907,975	2,295,517
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	959,979
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	658,883
Extraordinary item	-	-	-	-	-	-	-	-	265,589	(144,949)
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>	<u>34,385,031</u>
Business-type activities:										
Use of money and property	-	-	-	320	120	210	147	180	107	94
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>	<u>94</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>	<u>34,385,125</u>
<b>Change in Net Position</b>										
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	34,217,353
Business-type activities	-	-	-	197,183	(71,560)	(37,894)	(81,758)	(73,889)	(52,302)	(60,035)
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>	<u>\$ 34,157,318</u>

CITY OF RANCHO CORDOVA  
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	2013
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	9,333,571
Unassigned								<u>16,963,918</u>	<u>14,070,687</u>	<u>17,549,125</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>	<u>\$ 26,882,696</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	63,518,924
Committed								3,209,102	-	-
Unassigned								<u>(2,047,218)</u>	<u>(5,555,704)</u>	<u>(3,456,204)</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>	<u>\$ 60,062,720</u>

\* 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	2013
<b>Revenues</b>										
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	35,506,292
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	12,028,868
Fines and forfeitures	36,041	388,859	464,745	567,078	735,999	777,339	1,135,908	1,236,844	1,083,794	1,336,428
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	13,145,345
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	986,863
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	3,042,033
Miscellaneous	47,922	205,057	3,747,908	4,547,716	1,581,394	353,094	575,108	477,040	338,618	315,467
<b>Total revenues</b>	<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>	<u>66,361,296</u>
<b>Expenditures</b>										
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	15,156,251
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	16,354,005
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	5,452,232
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	7,628,907
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	850,445
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	1,107,653
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	13,418,857
<b>Total expenditures</b>	<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>	<u>59,968,350</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)	6,392,946
<b>Other financing sources (uses)</b>										
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	18,071,384
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)	(19,996,312)
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)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<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>	<u>(1,924,928)</u>
Net change in fund balances before extraordinary item									(1,958,445)	4,468,018
Extraordinary Item									265,589	(144,949)
	<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>	<u>\$ 4,323,069</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%	4.2%

**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	12,027,442	11,354,606	1,580,803	3,380,600	2,625,755	217,172	1,161,104	32,347,482
2012/13	12,008,690	12,060,818	1,972,151	3,411,126	2,636,893	215,116	1,228,246	33,533,040
<b>TOTAL</b>	<b>\$ 111,255,806</b>	<b>\$ 101,299,315</b>	<b>\$ 12,444,173</b>	<b>\$ 22,252,782</b>	<b>\$ 24,162,638</b>	<b>\$ 3,300,438</b>	<b>\$ 8,138,161</b>	<b>\$ 282,853,313</b>

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.

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%
2012/13	5,851,403,070	175,453	508,419,318	70,314,733	6,289,683,108	6,359,997,841	1.2782%

\* 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 1	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%	0.0000%	0.0370%	0.0600%	**
2008/09	1.0000%	0.0000%	0.0000%	0.0074%	0.0000%	0.0477%	0.0000%	0.0000%	0.0505%	0.0343%	1.1399%
2009/10	1.0000%	0.0000%	0.0000%	0.0124%	0.0000%	0.0537%	0.0000%	0.0000%	0.0985%	0.0599%	1.2245%
2010/11	1.0000%	0.0000%	0.0000%	0.0192%	0.0000%	0.0702%	0.0000%	0.0000%	0.0916%	0.0756%	1.2566%
2011/12	1.0000%	0.0000%	0.0000%	0.0072%	0.0000%	0.0507%	0.0000%	0.0000%	0.0000%	0.0000%	1.0579%
2012/13	1.0000%	0.0000%	0.0000%	0.0193%	0.0000%	0.0000%	0.0000%	0.0708%	0.1155%	0.0726%	1.2782%

\* 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  
Current Year and Nine Years Ago  
As of June 30, 2013  
(Unaudited)

Taxpayer	Land Use	2012/2013 Assessed Valuation	Percentage of Total Assessed Valuation **	2003/2004 Assessed Valuation	Percentage of Total Assessed Valuation
VSP Holding Company	Office Building	\$ 80,049,769	1 1.37%		
Franklin Resources Inc	Office Building	71,588,990	2 1.22%	\$ 47,931,162	4 1.34%
MSCP Capital Center Investor LLC	Office Building	70,379,997	3 1.20%		
Karlin Capital Center LLC	Office Building	60,000,000	4 1.03%		
Rreef America Reit Corp	Office Building	50,184,000	5 0.86%		
D. Bruce/Darlyne Fite Family Trust	Office Building	47,923,427	6 0.82%		
Cordova LLC	Office Building	38,562,143	7 0.66%	33,442,539	8 0.93%
Wasatch Pool Holdings LLC	Apartments	32,302,701	8 0.55%	34,916,838	7 0.97%
Mather Development Partners LP	Office Building	30,113,570	9 0.51%		
JB Management LP	Commercial	28,456,842	10 0.49%	25,973,468	10 0.72%
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%
		<b>\$ 509,561,439</b>		<b>\$ 433,163,208</b>	

\*\* 2012/2013 Local Secured Assessed Valuation: \$5,851,403,070

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%	-
2012/13	7,515,163	7,515,163	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
2012/13	34,895	-	22,192,903	22,227,798	0.68%	332

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)

2012-13 Assessed Valuation: \$ 6,359,997,841

	<b>Total Debt</b>	<b>%</b>	<b>City's share of</b>
	<b><u>6/30/13</u></b>	<b><u>Applicable (1)</u></b>	<b><u>Debt 6/30/13</u></b>
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Los Rios Community College District	\$ 377,395,000	4.50%	\$ 16,963,905
Folsom-Cordova Unified School District Facilities Improvement District No. 1	36,746,565	84.33%	\$ 30,987,276
Folsom-Cordova Unified School District Facilities Improvement District No. 3	41,353,856	63.47%	\$ 26,248,533
Folsom-Cordova Unified School District Facilities Improvement District No. 4	58,738,831	89.67%	\$ 52,673,459
Sacramento Unified School District	313,677,966	2.71%	\$ 8,484,989
San Juan Unified School District	355,755,134	0.09%	\$ 302,392
Elk Grove Unified School District Facilities Improvement District No. 1	185,189,881	3.23%	\$ 5,983,485
City of Rancho Cordova Community Facilities District No. 2003-1	58,875,000	100.00%	\$ 58,875,000
City of Rancho Cordova Community Facilities District No. 2004-1	13,275,000	100.00%	\$ 13,275,000
Sac Area Flood Control District Consolidated Capital Assessment District	196,895,000	3.17%	\$ 6,231,727
Sac Area Flood Control District Operation & Maintenance Assessment District	3,350,000	6.86%	<u>\$ 229,911</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 220,255,677</b>
<b><u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u></b>			
Sacramento County General Fund Obligations	\$ 317,356,921	5.50%	\$ 17,445,110
Sacramento County Pension Obligations	959,632,708	5.50%	\$ 52,751,010
Sacramento County Office of Education Certificates of Participation	8,740,000	5.50%	\$ 480,438
Los Rios Community College District Certificates of Participation	5,890,000	4.50%	\$ 264,756
Folsom-Cordova Unified School District Certificates of Participation	24,165,000	31.33%	\$ 7,570,895
Sacramento Unified School District Certificates of Participation	80,160,000	2.71%	\$ 2,168,328
Sacramento Unified School District Pension Obligations	2,255,000	2.71%	\$ 60,998
San Juan Unified School District General Fund Obligations	1,246,189	0.09%	\$ 1,059
<b>City of Rancho Cordova Certificates of Participation</b>	<b>22,455,000</b>	<b>100.00%</b>	<b>\$ 22,455,000</b>
Sacramento Metropolitan Fire District Pension Obligations	61,333,975	12.92%	<u>\$ 7,925,576</u>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 111,123,170</b>
Less: Sacramento County self-supported obligations			<u>366,512</u>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b><u>\$ 110,756,658</u></b>
<b><u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u></b>	<b>74,905,000</b>	<b>10.38%</b>	<b>\$ 7,775,139</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$ 22,455,000</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>\$ 316,698,986</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>\$ 316,332,474</b>
<b>GROSS COMBINED TOTAL DEBT</b>			<b>\$ 339,153,986 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$ 338,787,474</b>

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2012-13 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	3.46%
<b>Total Direct Debt (\$22,455,000)</b>	<b>0.35%</b>
Gross Combined Total Debt	5.33%
Net Combined Total Debt	5.33%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$100,406,127):

Total Overlapping Tax Increment Debt	7.74%
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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>	<u>2013</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	\$ 943,452,466
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	0
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	\$ 943,452,466
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.	n.a.

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	6,359,997,841
Less: Exemptions	<u>(70,314,733)</u>
Net assessed value	6,289,683,108
Debt limit (15% of total assessed value)	943,452,466
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>\$ 943,452,466</u>

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
	City (1)	County (2)		Sacramento Metro Area (4)		Rate County (6)
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	1,769,997,840	31,408	33.7	4.8%
2006/07	59,056	1,406,804	1,876,268,176	31,771	34.1	5.3%
2007/08	60,975	1,424,415	1,859,859,450	30,502	34.1	8.1%
2008/09	61,500	1,472,084	1,817,755,500	29,557	34.1	12.2%
2009/10	62,899	1,453,495	1,787,904,075	28,425	33.7	12.5%
2010/11	65,502	1,418,788	1,861,894,350	27,654	34.4	11.8%
2011/12	66,093	1,436,105	1,827,735,822	27,706	34.8	10.2%
2012/13	66,927	1,450,151	1,854,279,462	27,706	33.1	8.6%

(1) Source: [www.citydata.com/RanchoCordova](http://www.citydata.com/RanchoCordova)

(2) Source: County of Sacramento

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

(4) Source: Sacramento California Household Income/Department of Numbers

(5) Source: California Department of Finance

(6) Source: [www.labormarketinfo.edd.ca.gov](http://www.labormarketinfo.edd.ca.gov) (June 2013)

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

<u>Employer</u>	2013		2004	
	Number of Employees (1)	Percentage of Total City Employment	Number of Employees (2)	Percentage of Total City Employment
State of California	3000	5.45%		
Health Net Federal Services	2500	4.55%		
Veterans Affairs Medical Center	2300	4.18%		
Vision Service Plan	1900	3.45%		
GenCorp, Inc. (Aerojet)	1600	2.91%	1387	n.a.
Sutter Health/Sutter Connect	1400	2.55%		
Delta Dental	1300	2.36%	1500	n.a.
Verizon	1000	1.82%		
Franklin Templeton Investments	1000	1.82%		
Bank of America	800	1.45%		
Volcano Corporation			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.

*(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	2013
City Council	5	5	5	5	5	5	5	5	5	5
City Manager	3	3	3	4	4	4	3	3	3	3
City Clerk	2.5	3.5	4	3	4	4	3	3	2	2
Administrative Services	-	-	4	3	5	5	4	4	4	4
Human Resources	0	1	1	2	3	3	3	3	3	3
Finance	3	5.5	5	7	8	9	8	9	9	9
Information Technology	-	-	1	1	2	2	2	2	3	3
Building & Inspection	-	1	6	11	10	9	6	6	5	5
Animal Services	-	-	2	2	2	2	2	1	1	2
Economic Development	1	1	2	2	3	4	4	4	3	2.5
Facilities Management	-	-	1	2	2	2	3	4	4	4
Code Enforcement	-	-	-	4	9	8	6	6	10	9
Housing	-	-	-	1	2	2	3	2	2	3
Planning	-	-	-	-	-	-	-	-	-	1
Public Information Officer	-	-	-	-	-	1	1	2	2	1.5
Public Works	3	6	10	15	17	17	18	15	14	16.6
Total employees	17.5	26	44	62	76	77	71	69	70	73.6

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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Date of Incorporation	July 1, 2003					
Form of Government	General Law					
Number of Employees						
Full-time	73.6	70	69	71	77	76
Part-time	-	-	-	-	-	-
Number of contract employees (excludes public safety - shown on next page)	22.15	20	19	14	17	17
Area in square miles	35	35	35	33	33	33
Facilities and services not included in the reporting entity						
Culture and Recreation:						
Parks	32	31	31	31	31	31
Park acreage	309	304	304	304	304	304
Swimming pools	2	2	2	2	2	2
Tennis courts	27	27	27	27	27	27
Community centers	3	3	3	3	3	3
Senior centers	1	1	1	1	1	1
Ball and soccer fields	21	21	21	20	20	20
Fire Protection:						
Number of stations	5	5	5	5	5	5
Education:						
Number of districts	4	4	4	4	4	4
Number of elementary schools	13	13	13	13	13	13
Number of secondary schools	4	4	4	4	4	4
Number of community colleges	2	2	2	2	2	2
County Library:						
City branches	1	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	2013
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sworn personnel	72	67	67	69	68	64	58	60	60	58
Non sworn personnel	16	13	13	13	13	16	14	14	14	12
Highways and Streets										
Streets (miles)	208	220	220	220	295	235	245	245	235	235
Streetlights	2,715	3,000	3,000	3,000	4,435	4,435	4,435	4,435	4,697	4,697
Traffic Signals	46	70	70	70	76	76	76	76	83	83

Source: Departments within the City of Rancho Cordova



10 YEARS—STRONG, SOUND & STABLE



CITY OF Rancho  
Cordova  
*Incorporated July 1, 2003*



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