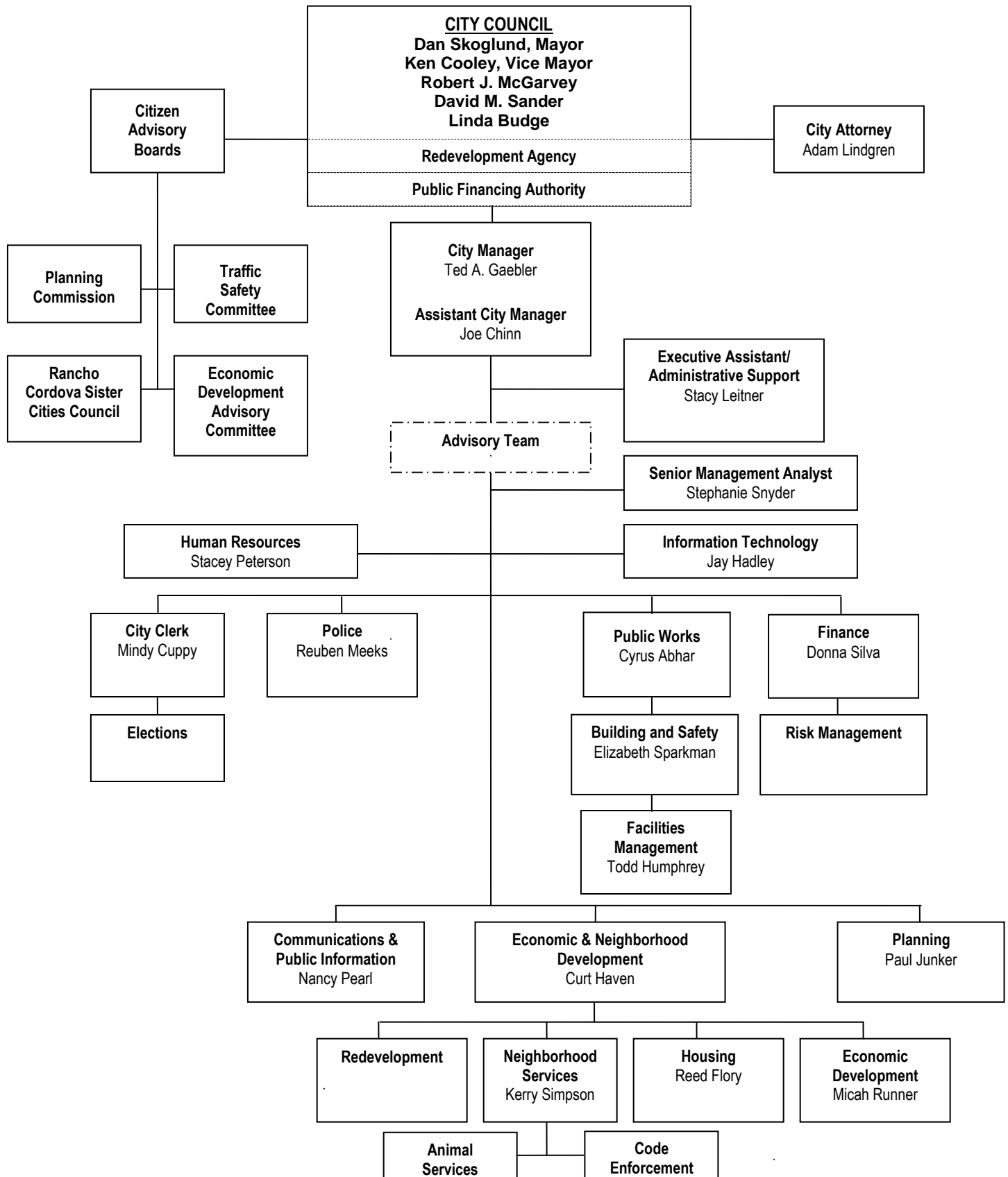


# ORGANIZATIONAL CHART - CITY OF RANCHO CORDOVA

JULY 1, 2009



# Citywide Goals

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- 1. Foster a Positive Image of Rancho Cordova**
- 2. Improve Transportation and Connectivity**
- 3. Champion Employee Development and a High Performance Work Environment**
- 4. Ensure the Availability of the Best Public Services in the Region**
- 5. Establish a Vibrant Downtown**
- 6. Ensure a Safe Community**
- 7. Improve the Quality of Housing in Rancho Cordova**
- 8. Sustain a Livable Community**
- 9. Drive Diverse Economic Opportunities**
- 10. Foster Responsible Citizenship**
- 11. Practice Sound Fiscal Management**
- 12. Establish Logical (City) Boundaries**
- 13. Continue to Provide Regional Leadership**

# Community Profile

## Introduction

This section of the FY 2009-10 budget document provides general information about the City of Rancho Cordova, its demographics and its economic climate. The goal of this section is to inform the reader about the environment in which City leaders make decisions during the budget process. This section will also make it easier to examine and understand other sections of this budget document, highlighting the needs and desires of City residents and how City services can meet those needs.

Rancho Cordova's budget is a policy document that reflects the City's policies, goals and priorities. It is also a communications tool, informing residents of the short and long-term issues and challenges confronting the City. The budget document reflects the goals of citizens and leaders alike, bearing in mind the resources the City has available.



Figure 1: The Sacramento Region (Source: Mapquest.com)

## Location and Demographics

The City of Rancho Cordova was incorporated on July 1, 2003, and encompasses 33.6 square miles on the Highway 50 corridor between the City of Sacramento and the City of Folsom. It is bound by the American River to the North.

The most recent population estimate for the City of Rancho Cordova is 61,817, according to a May 2009 estimate by the California State Department of Finance. This represents a 1.38% population increase from 2008.

## Residents

According to a 2002 study by the Public Policy Institute of California, Rancho Cordova experienced the most dramatic increase in diversity (out of all California cities) during the 1990s.<sup>i</sup> Rancho Cordova continues to be a community rich in diversity. This attribute presents valuable assets as well as unique challenges. The four major non-English languages spoken in Rancho Cordova are Spanish, Ukrainian, Russian and Armenian, in addition to many other languages.

Overall, the City's ethnic makeup is comparable to those of California and Sacramento County.<sup>ii</sup>

Area	White	Hispanic	Black	Asian	Multiple Races	Other
California	59.8%	35.9%	6.2%	12.3%	3.3%	18.40%
Sacramento County	60.8%	19.3%	10.1%	13.7%	4.2%	11.10%
<b>Rancho Cordova</b>	<b>53.6%</b>	<b>16.7%</b>	<b>11.8%</b>	<b>10.2%</b>	<b>6.3%</b>	<b>.3%</b>

Figure 2: Rancho Cordova Demographic Profile

## Education

Rancho Cordova students are served by four school districts, with the majority of schools in the Folsom Cordova Unified School District. Two elementary schools in the Sacramento Unified School District serve students in the western portion of Rancho Cordova, and students in the recently developed Anatolia area are served by Elk Grove Unified School District. A small number of students attend schools in the San Juan Unified School District.

Data on the educational status of Rancho Cordovans shows that approximately 84% of residents 25 years or older have a high school education and 19% of residents hold some type of college or post-secondary school degree. In Sacramento County, 85% of residents 25 years or older have a high school education and 28% of residents hold some type of college or post-secondary school degree. In the State of California 80% of residents 25 years or older have a high school education and 37% of residents hold some type of college or post-secondary school degree.

## Housing

According to a 2008 estimate, the total household number is 24,463, with 15,346 single family units.<sup>iii</sup> Rancho Cordova saw a rapid increase in single family home production during the first few years of incorporation, with a total of 2,519 permits issued from July 2003 to June 2006. Following a nationwide slowdown in the housing market, and nearing the end of several development projects, the number of single family home permits issued decreased to a total of 684 permits issued from July 2006 to June 2007, and to 334 permits issued from July 2007 to June 2008. It is estimated that 200 permits will be issued between July 2009 and June 2010. Rancho Cordova has been affected by the foreclosure crisis that has affected many communities in the nation, but at a slower rate than other cities.

<sup>i.</sup> Source: "Who's Your Neighbor: Residential Segregation and Diversity in California" *California Counts*, Public Policy Institute of California, Vol. 4 N. 1, August 2002.

<sup>ii.</sup> Source : 2008 Rancho Cordova Demographic Profile, Sacramento Regional Research Institute.

<sup>iii.</sup> Source : California State Department of Finance, 2009 City/County Population and Housing Estimates, May 2009. Retrieved at [http://www.dof.ca.gov/research/demographic/reports/estimates/e-5\\_2009/](http://www.dof.ca.gov/research/demographic/reports/estimates/e-5_2009/).

## **Economy and Jobs**

### ***State Economy and Budget***

California and the rest of the nation is in the midst of the worst recession since the Great Depression. The State's unemployment rate of 11.2% (as of March 2009) is the highest unemployment rate on record and is expected to increase over the next several months, albeit at a much slower rate than recently seen.<sup>iv</sup> At the heart of the recession is the bursting of the housing and credit bubbles, combined with sharp declines in consumer spending. On the plus side, both existing home sales and the inventory of unsold homes improved substantially from a year earlier.<sup>v</sup> Economists are predicting that we are approaching the bottom of the recession but warn that the rebound, expected to start in 2010 will be painfully slow.

Compounding the effects of the economy on local government budgets is the uncertainty surrounding the State Budget. The FY 2009-10 Governor's budget projected that the state would end FY 2009-10 with a \$40 billion deficit if no corrective actions were taken. In response, in February 2009, the Legislature and the Governor agreed to a \$42 billion package of solution. This package includes spending reductions, temporary tax increases, the use of federal stimulus funds and borrowing from future lottery profits. Almost \$6 billion of the package depends on voter approval at a May 19, 2009 special election.<sup>vi</sup>

In a May 2009 letter to the Legislature, the Governor indicated that due to lower than forecasted revenues, the State will face a projected \$15.4 billion budget shortfall if the ballot measures are approved on May 19<sup>th</sup> and a \$21.3 billion shortfall if they are not approved.<sup>vii</sup>

### ***Sacramento Region***

The six-county Sacramento Region lost 5% of its payroll jobs during the 12 months ending March 2009 – an absolute decline of 46,900 jobs. The region's economy is now essentially the same size as it was in 2003. The unemployment rate in Sacramento County was 11.3% as of March 2009, just slightly higher than the State unemployment rate of 11.2%. The recent acceleration of job losses is due to slowing growth in nearly every major sector with the Leisure & Hospitality, Professional & Business Services, Information, Transportation and Utilities sectors experiencing the most severe downturns. Similar to many other markets throughout the state and nation, only Education and Health services has held its own since early 2008.<sup>vii</sup>

Although the region was one of the first to feel the decline in the real estate collapse, certain indications are that it may be in the early stages of a recovery. Investors and first time homebuyers are taking advantage of low priced foreclosed homes. Sales are up 45% from last year and the level of inventory is decreasing. The purchase prices are down nearly half from the 2005 highs, which will continue to have a negative impact on the level of assessed value growth.<sup>vii</sup>

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iv Source: California Economic Development Department, March 2009 California Employment Highlights.

v Source: California Department of Finance, Economic Bulletin, April 2009.

vi Source: Legislative Analyst's Office, 2009-10 Budget Analysis Series: The Fiscal Outlook Under the February Budget Package.

vii Source: Sacramento Regional Research Institute "Economy Watch", April 2009.

## **Rancho Cordova**

The City of Rancho Cordova is fortunate to have a strong employment base. There are approximately 45,000 employees in the various business parks located throughout the City, and this large employment base will continue to drive both residential and commercial growth within the City. Rancho Cordova attracts businesses and economic development into the area based on its attributes of:

- Affordable and seismically-stable land
- Large business park environment
- Strong workforce
- Access to infrastructure and air cargo services
- Synergistic clusters of business industries such as home improvement and manufacturing

The largest industries in Rancho Cordova are professional and business services, financial activities, and wholesale and retail trade.

**Figure 3: Top 25 Employers in Rancho Cordova**

<b>Company</b>	<b>Employees</b>	<b>Industry</b>
State of California	3,000	Government
Health Net Inc	2,500	Health Insurance
Vision Service Plan (VSP)	1,800	Health Insurance
Aeroflex/GenCorp	1,600	Manufacturing
EDS, an HP Company	1,200	Data Processing/Preparation
Delta Dental	1,100	Health Insurance
Verizon Wireless	1,100	Telecommunications
Franklin Templeton Investor	1,000	Financial Services
Catholic Healthcare West	700	Healthcare
Bank of America	700	Commercial Bank
EdFund	600	Federal Credit Agency
Volcano Corp	600	Health Equipment Manufacturing
BloodSource	500	Laboratory/Blood Bank
Progressive Insurance	450	Insurance Agent/Broker
CVC Construction	400	Concrete Contractor
Hartford	400	Insurance Agent/Broker
Sprint Communications	350	Telecommunications
Cisco Systems	350	Software Development
Teledyne	300	Electronic Equipment Manufacturing
Motion Control Engineering	300	Elevator Manufacturing
Pearson School	220	Software Development
Wachovia, a Wells Fargo Company	200	Commercial Bank
Deloitte Consulting	200	Accounting/Consulting Services
Sacramento County Office of Education	200	Government
PennySaver	200	Periodical Publisher

## **Transportation and Land Use**

Rancho Cordova is fortunate to have excellent transportation access along its major thoroughfares. Sacramento Regional Transit (RT) provides transit services to Sacramento County by light rail and bus. Light rail services traverse the Interstate 50 Corridor, and include four stations in Rancho Cordova. RT is responsible for maintaining this infrastructure. The City's Public Works department plans for future development and revitalization of existing infrastructure, contracting with Sacramento County Municipal Services Agency to make routine repairs to existing streets.

The City will implement a demonstration shuttle service during the summer of 2009. The residents, visitors, employers, and employees that help our community flourish enjoy light rail service that allows mobility throughout much of the Sacramento region. Light rail service is accessible on the north side of Highway 50. Unfortunately, those south of Highway 50 are challenged with a formidable, physical barrier when attempting to use light rail. A key goal of the demonstration shuttle service will be to link the south to the north and mitigate the difficult pedestrian access over the Zinfandel/Highway 50 Interchange and provide better connectivity with the light rail system.

As the City finalizes its land use and transportation elements of the General Plan, citizens should expect to see greater flexibility in both the modes and routes of transportation, and an increased focus on pedestrian and bicycle mobility. Future land use and transportation policies will reflect the City's desire to foster efficient movement of people and goods around the City and within the region, and to promote an integrated mix of land uses that create lively and livable neighborhoods.

## **The Region**

The Sacramento Valley region consists of six contiguous counties, centered around Sacramento County. The area saw rapid growth in housing and jobs in the past few years as both businesses and residents left the high-priced San Francisco Bay Area in search of more affordable land and housing options. Increased growth brought both prosperity and greater strain on infrastructure, agriculture and the environment in the region. Organizations such as the Sacramento Area Council of Governments (SACOG) and non-profit group Valley Vision were formed to create and implement guiding policies and goals region-wide to ensure responsible growth.

The City of Rancho Cordova is an active participant in regional organizations and maintains a commitment to continue to provide regional leadership.

The City is served by a number of different regional organizations, including:

- Sacramento Regional Transit: transportation services
- Sacramento Metropolitan Fire District: fire protection services
- Sacramento Municipal Utility District: electricity provider
- Golden State Water Company, California American Water, Southern California Water, Sacramento City Water and Sacramento County Water: water services
- Sacramento Regional Sanitation District: sewer services

- Allied Waste: garbage services
- Wells Sweeping: street sweeping services
- Cordova Recreation and Park District: parks, open space and recreation activities
- Folsom Cordova Unified School District, Elk Grove Unified School District, Sacramento City Unified School District and San Juan Unified School District: school districts.



# FINANCIAL POLICIES

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## General Policies

- All current operating expenditures will be paid for with current revenues.
- Budgetary emphasis will focus on providing high quality municipal services, recognizing the fundamental importance to the citizens of public safety and properly maintained infrastructure.
- The budget will strive to provide sufficient funding for adequate maintenance and orderly replacement of capital plant and equipment.
- The budget will reflect a higher priority for maintenance of existing facilities than for acquisition of new facilities.
- Future maintenance needs for all new capital facilities will be identified with the inclusion of the capital project.
- Strong customer service and productivity improvements with a focus on cost savings remain important budgetary goals.

## Revenue Policies

- A diversified and stable revenue system will be maintained to shelter the City from short-run fluctuations in any single revenue source.
- Revenues will be conservatively estimated.
- Intergovernmental assistance in the form of grants and loans will be used to finance only:
  - Those capital improvements which can be maintained and operated over time; or
  - Operating programs that can either be sustained over time or have a limited horizon.
- In general, one-time revenues will be used only to support capital or other non-recurring expenditures. One-time revenues may be used for operating programs only after an examination determines if they are subsidizing an imbalance between operating revenues and expenditures; and then only if a long-term forecast shows that the operating deficit will not continue.
- Development process costs and related administrative expenses will be totally offset by development fees.
- The City will identify basic tax-provided services and will establish user fees and charges for services provided in excess of basic services and/or to non-taxpaying users.

## Reserve Policies

- A minimum fund balance reserve in the General Fund will be maintained at all times. The minimal, optimal level required for this reserve will be 20% of the General Fund

operating budget. The reserve will be drawn down as a funding source of last resort and used only after other reserve accounts have been accessed.

- Commencing with FY 2008-09, the actual and final General Fund surplus will first be used to fully fund the required General Fund reserve. Fifty percent of any remaining General Fund surplus will be automatically appropriated as a transfer out of the General Fund to the Internal Service Reserve funds at the City Managers discretion. This will ensure that reserves for technology enhancements, equipment, and facilities are funded each year a surplus exists.
- The unappropriated fund balance in the General Fund will be maintained at a level sufficient to provide adequate working capital and to accommodate required adjustments to other reserve accounts, including the reserves for advances to other funds, deposits and prepaid items.
- Reserves for encumbrances are established at the end of every fiscal year to reserve fund-balance in the amount equal to the City's unpaid obligations and unfinished projects at yearend.
- Funding levels of General Fund reserves will be reviewed during periods of economic stagnation to avoid reductions in operating service levels.
- Appropriations or use of funds from any designated reserves will require City Council action.

## **Cash Management**

- Investments and cash management will be the responsibility of the Finance Director.
- In accordance with Section 53646 of the Government Code, the City Council will review and update annually an investment policy. The primary purpose of this policy is to set forth the City's investment philosophy and objectives. The City's investment objectives are, in order of priority: safety; compliance with federal, state and local laws; liquidity; and yield. The policy also specifically outlines authorized investments, the maximum maturities allowed for each investment instrument, and the criteria used to determine qualified depositories and/or dealers.
- The City invests all idle cash as determined by analysis of anticipated cash flow needs. Specific emphasis will be placed on future cash requirements when selecting maturity dates to avoid forced liquidations and the potential corresponding loss of investment earnings.
- In order to maximize yields from the overall portfolio, the City will consolidate cash balances from all funds for investment purposes, and will allocate investment earnings to each fund that has a positive cash balance.
- The City will maintain the investment portfolio under the "Prudent Person Standard." The "Prudent Person Standard" is as follows: Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The investment officer, acting in accordance with written procedures and the investment policy and exercising due diligence, shall be relieved of personal responsibility for the credit risk of an individual security or market price

changes, provided deviations from expectations are reported within 30 days and appropriate action is taken to control adverse developments.

- To protect against potential losses by collapse of individual securities and/or dealers, and to enhance access to securities, interest payments and maturity proceeds, all securities owned by the City will be held in safekeeping by a third party bank trust department, acting as the City's agent.
- The Finance Director will generate a monthly report to the City Manager and a quarterly report to the City Council in accordance with all state laws and City investment policy requirements.
- The City's independent auditors, in conjunction with their annual audit, will audit the cash and investment balances in accordance with Generally Accepted Accounting Principles (GAAP). In addition, the Finance Director shall establish an annual process of independent review by an external auditor to assure compliance with internal controls. The City Council may at any time order an audit of the investment portfolio and/or Finance Director's investment practices.

## **Debt Policy**

- It is the intent of the City of Rancho Cordova to issue debt in a manner that adheres to state and federal laws, existing bond covenants and prudent financial management.
- The General Fund currently does not have any general obligation bonds and does not anticipate issuing such debt.
- When the City finances capital projects by issuing bonds, it will pay back the bonds within a period that is consistent with the useful life of the project.
- The City will not use long-term debt financing for any recurring purpose such as current operating and maintenance expenditures. Short-term debt instruments such as revenue tax or bond anticipation notes shall be excluded from this limitation.
- The City will generally conduct debt financing on a competitive basis. However, negotiated issues may be used due to market volatility or the use of an unusual or complex financing or security structure.
- The City will diligently monitor its compliance with bond covenants and ensure its adherence to federal arbitrage regulations.
- The City will operate under the provisions of Proposition 13, the California Constitutional Amendment that limits the incurrence of "general obligation" debt. To incur this debt, the City must receive a two-thirds (2/3) vote of the voters at a general election.

## **Cost Allocation**

- The City has established internal service funds. Currently these funds are utilized to accumulate resources for specified needs and to fund those needs as they arise via transfers in and out to/from the General Fund. In the future, the internal service funds may be used to charge the departments for those resources accounted for in the internal service funds. The City currently has the following internal service funds:
  - Insurance Fund: currently used to accumulate resources sufficient to qualify for an increased deductible resulting in lower premiums.
  - Vehicle and Equipment Replacement Fund: currently being used to accumulate funds for the replacement of existing vehicles and equipment.
  - Technology Enhancement and Replacement Fund: currently being used to accumulate and provide funds for acquisition and replacement of technology equipment and software.
  - Capital Facilities Fund: used to account for accumulation of resources and the acquisition, construction, maintenance and remodeling of City owned building and facilities.

## **Risk Management**

- The City is self insured for the first \$100,000 on each general liability claim and has no deductible on worker's compensation.
- Third party coverage is currently maintained for general liability claims greater than \$100,000 up to a limit of \$15 million. For worker's compensation claims the limit is \$200 million.
- The City maintains a comprehensive risk assessment program and annual hazard survey to identify areas that may pose liability issues.
- The City has a policy of vigorously defending claims filed against the City of Rancho Cordova and continues to maintain an excellent loss history.

## **Annual Audit**

- Sound accounting practices suggest that an annual audit is a prudent business decision.
- The City requires an annual audit by a qualified independent accountant of the books of account, financial records, inventories and reports of all City officers and employees involved in the handling of financial matters.
- The independent auditing firm will be selected by the City based on a competitive proposal process. It is the policy of the City that the most qualified firm is selected and therefore the "lowest cost" approach is not the defining method of selecting an auditing firm.
- The City shall issue a Request for Proposal for audit services at least every five years.

# **ACCOUNTING STRUCTURE AND PRINCIPLES**

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## **City Government Reporting Entities and Services**

The budget includes all of the funds and account groups of the City of Rancho Cordova. The City provides the following municipal services directly:

- Building Permit/Plan Approval
- Community Development
- Emergency Services
- Engineering
- Planning and Zoning
- Public Safety (Parks and Recreation and Fire being provided by a Special District)
- Street Maintenance
- Neighborhood Services
- Economic Development

## **Accounting System and Budgetary Control**

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition; and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a specific control feature should not exceed the benefits likely to be derived and the evaluation of costs and benefits require estimates and judgments by management.

All evaluations of the City's internal control will continue to occur within the above framework. The City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

## **Basis of Accounting**

The budgets of all governmental and fiduciary funds type are prepared on a modified accrual basis. Under the modified accrual basis, revenue is recognized when susceptible to accrual (e.g., when it becomes both measurable and available). "Measurable" means the amount can be determined and "available" means collectible within the current period or soon enough thereafter to pay current liabilities. This is generally within sixty (60) days after the end of the fiscal year. Expenditures are recognized when the related fund liability is incurred.

The budgets of the proprietary funds (enterprise and internal service funds) are prepared on an accrual basis. Under this method, revenue is recognized when earned and expenses are recognized at the time the liability is incurred. Under this method, depreciation for fixed assets is budgeted.

## **Fund Descriptions**

The City's accounting records are organized and operate on a "fund" basis, which is the basic financial accounting entity in governmental accounting. The accounting system is designed to enable the use of these types of funds. Each fund is designed by fund type and classification:

- Governmental Funds: General, Special Revenue, Debt Service and Capital Projects
- Proprietary Funds: Enterprise and Internal Service
- Fiduciary Funds: Trust and Agency
- Account Groups: General Fixed Assets and General Long-Term Debt

### **Governmental Funds**

Governmental Funds are used to account for the City's expendable financial resources and related current liabilities, except for those accounted for in proprietary funds. The basic financial statements necessary to fairly present financial position and operating results for governmental funds are the balance sheet and the statement of revenues, expenditures and changes in fund balance. Governmental funds are maintained using the modified accrual basis of accounting.

- General Fund: accounts for all the general revenue of the City not specifically levied or collected for other City funds and for expenditures related to the rendering of general services by the City.
- Special Revenue Fund: accounts for the proceeds of specific revenue sources that are restricted by law or administrative action for specified purposes.
- Debt Service Fund: accounts for accumulation of resources for, and payment of, interest and principal on long-term debt.
- Capital Project Fund: accounts for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

### **Proprietary Funds**

Generally Accepted Accounting Principles (GAAP) applicable to a private commercial business are applicable to proprietary funds of a governmental entity. The accrual basis of accounting is utilized. The measurement focus is based upon a determination of net income, financial position and cash flows. Accordingly, basic financial statements are required, such as the balance sheet, the statement of revenues, expenses and changes in retained earnings (deficit), and the statement of cash flows.

- Enterprise Fund: accounts for operations that are financed and operated in a manner similar to private enterprises, where the intent of the City Council is that the cost and expense (including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.
- Internal Service Fund: accounts for activities involved in rendering services to departments within the City. Costs of materials and services used are accumulated in these funds and are charged to the user departments as such goods are delivered or services rendered.

## **Fiduciary Funds**

Fiduciary Funds are maintained to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments and other funds. Expendable trust funds are budgeted in accordance with their restrictions. The budget generally consists of a transfer of funds to another fund.

- Private Purpose Trust: used to report all trust arrangements, other than those properly reported in pension trust or investment trust funds, under which principal and income benefit individuals, private organizations or other governments.
- Permanent Trust: used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs; that is, for the benefit of the government or its citizenry.
- Expendable Trust: used to report resources that are not legally restricted to expenditure of principal and restricted to a specific purpose in accordance with a trust agreement.
- Agency Funds: used to account for assets held by the City as an agent or in trust.

## **Account Groups**

Account Groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term debt.

- General Fixed Assets Account Group: accounts for long-term assets of the City, except for those accounted for in proprietary fund types.
- General Long-Term Debt Account Group: accounts for long-term debt of the City, except for debt accounted for in proprietary fund types.

## **GASB 34**

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Beginning with the fiscal year ending on June 30, 2004, the City implemented the provisions of GASB 34 with the publication of our Comprehensive Annual Financial Report (CAFR). The CAFR presents the status of the City's finances on the basis of Generally Accepted Accounting Principles (GAAP). In most cases, this conforms to the way the City prepares its budget with the following exceptions:

- Compensated absences liabilities that are expected to be liquidated with expendable available financial resources are accrued as earned by employees (GAAP) as opposed to being expended when paid (budget).
- Principal payments on long-term debt within the Enterprise Funds are applied to the outstanding liability on a GAAP basis as opposed to being expended on a budget basis.
- Capital outlays within the Enterprise Funds are recorded as assets on a GAAP basis and expended on a budget basis.
- Inventory is recorded as an expenditure at the time it is used.
- Depreciation expense is not budgeted as an expense.

The CAFR shows fund expenditures and revenues on both a GAAP basis and budget basis for comparison purposes.



# **BUDGET POLICIES AND PROCEDURES**

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## **Policy**

The City Manager shall submit a proposed budget to the City Council each year by May 31. The budget that is submitted is a balanced budget either through the matching of ongoing revenues with proposed expenditures or the use of existing reserves.

## **Budget Basis**

The budgets of general government type funds (for example, the General Fund itself, and Gas Tax Funds) are prepared on a modified accrual basis. Briefly, this means that obligations of the City are budgeted as expenses, but revenues are recognized only when measurable and available.

The Comprehensive Annual Financial Report (CAFR) shows the status of the City's finances on the basis of Generally Accepted Accounting Principles (GAAP). In most cases, this conforms to the way the City prepares the budget. One exception is the treatment of compensated absences. Compensated absences, including accrued but unused Universal Time Off (UTO) are treated slightly different in the budget than in the CAFR.

## **Responsibility**

The Management Team is responsible for preparing their budgets in accordance with the guidelines provided by the City Manager and Finance Director. The Finance Department provides cost experience data as required by City departments. The Finance Director prepares all revenue, debt service and reserve estimates.

## **Operating Budget**

Ongoing operating costs should be supported by ongoing, stable revenue sources. This protects the City from fluctuating services levels and avoids crises when one-time revenues are reduced or removed. Listed below are some corollaries to this policy:

- Fund balances or contingency accounts should be used only for one-time expenditures, such as capital equipment and capital improvements.
- Ongoing maintenance costs, such as street resurfacing and trail maintenance, should be financed through recurring operating revenues rather than through bond issuance.
- In addition, at least \$1 million of transportation related funding should annually fund the annual overlay and slurry program.
- Fluctuating federal grants should not be used to fund ongoing programs.

## **Budget Review**

During the budget review phase, the City Manager's Office, in conjunction with the Finance Department, analyzes new positions, operating and capital budget requests. This information is then compiled and the City Manager, Assistant City Manager and the Finance Director hold meetings with each department to review their estimated expenditures for the current fiscal year and the proposed baseline requests and enhancements for the proposed budget year. At the completion of these meetings, the Finance Director again compiles all the financial data and presents the Proposed Budget to the City Manager for review.

## **Budget Adoption**

The City Manager presents, via publicly noticed study sessions, the budget to the City Council. Public hearings are held and after modifications and revisions, the budget is adopted by resolution (the "adopted budget").

## **Budget Implementation**

A budgetary control system will be maintained to ensure compliance with the budget. The Finance Department is responsible for setting up the budget for tracking purposes and is charged with ensuring fund availability during the year to cover expenditures and appropriations. Reports comparing the budget with expenditures are generated and sent to departments on a monthly basis.

## **Budget Revision**

Actual expenditures may not exceed budgeted appropriations at the fund level. The City Manager or his/her designee is authorized to transfer budgeted amounts at the department and category level. The City has the following programs accounted for through its governmental funds: Legislative, General Government, Public Safety, Community Development, Public Works and Non-Departmental. Use of unappropriated reserves must be specifically approved by the City Council.

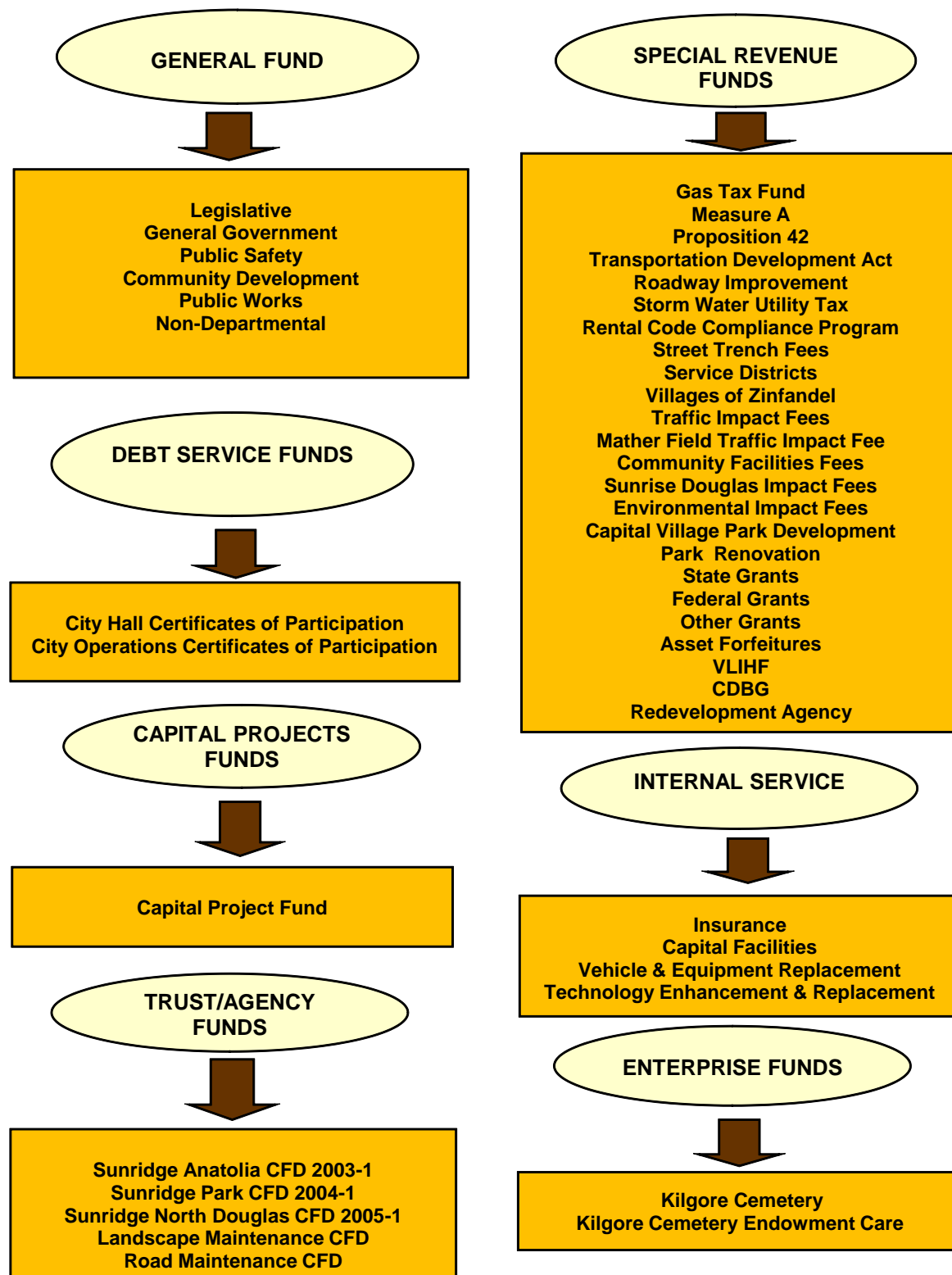
## FY 2009-2010 BUDGET SCHEDULE

<i>Date</i>	<i>Activity</i>	<i>Participants</i>
November – determine and secure presenters for Annual Financial Issues Workshop		
Jan. 12 - 16 (Department Meeting)	Department midyear budget review meetings (2 hours each) Final meetings with each Department Head	Management Team Add on all staff final meeting 2 hours each Department 4 hours Public Works (PW)
Jan. 20 - 23	Discuss midyear and begin Financial Issues Workshop	City Manager and all staff 4 hours
Jan. 26 – Feb. 6	Prepare citizens financial report	Finance
Feb. 13 10:30a.m. - 2:30 p.m.	Annual Work Session on Financial Issues ( <i>Corporate Report</i> ): First opportunity to gather input from Council before budget development process begins Midyear budget review	City Council, City Manager, Management Team, Budget Team and the public
Feb. 18	HR to provide Finance with salary worksheet based on existing approved positions	
Feb. 18 - 23	Prepare Department Worksheets, incorporating salaries	HR and Finance
Feb. 25 12:30 p.m.-2:30 p.m.	Budget development kick-off: Distribute budget packet and answer questions on budget process, schedule, expectations	Departments, City Manager and Budget Team
Feb. 24 - Mar. 6 (approximately 2 weeks)	Prepare narrative: <ol style="list-style-type: none"> <li>1. Department description, including organizational changes</li> <li>2. FY 2008-09 accomplishments</li> <li>3. FY 2009-10 projects</li> <li>4. HR staffing change requests (Due 3/03)</li> <li>5. Capital and Information Technology (IT) requests (Due 3/03)</li> </ol>	Departments, with assistance from Budget Team, as needed or requested
Mar. 3	Staffing Requests due to HR IT requests due to IT	
Mar. 9 - 13	<i>Submit budget narratives</i> , including department description, accomplishments and goals	Departments Each Management Team member will meet with Finance to review submittal
Feb. 24 – Mar. 20 (approximately 4 weeks)	Prepare Proposed Budget requests: <ol style="list-style-type: none"> <li>1. Revenue estimates</li> <li>2. Expenditure requests</li> </ol>	Departments, with assistance from Finance and Budget Team, as needed or requested

Mar. 20	<i>Submit Proposed Revenue and Expenditures Budget requests to Finance, including all backup.</i> 1. Revenue estimates 2. Expenditure requests 3. Supplemental requests	Departments
Mar. 20	Salary spreadsheet incorporating requested staffing changes due to finance from HR.	
Mar. 23 - Mar. 27 (1 week)	Meet with City Manager to discuss Proposed Budget requests plus supplemental and capital	Meetings with Communications, Building, Facilities, City Attorney, City Clerk, Administrative Services, Finance, Risk Management and City Manager Departments, City Manager and Budget Team 4-8 hours/department <ul style="list-style-type: none"> <li>• <i>First 4 hours with City Manager</i></li> <li>• <i>Next 2 hours with department and Finance</i></li> <li>• <i>Finance will use the last 1-2 hours to make changes that are decided on during meetings with departments</i></li> </ul>
Mar. 30 - Apr. 3 (1 week)	Meet with City Manager to discuss Proposed Budget requests plus supplemental and capital  IT and HR meetings last	Meetings with PW, IT, HR, Economic Development, Neighborhood Services, Police and Planning Departments, City Manager and Budget Team 4-8 hours/department) <ul style="list-style-type: none"> <li>• <i>First 4 hours with City Manager</i></li> <li>• <i>Next 2 with department and Finance</i></li> <li>• PW needs 2 meetings</li> <li>• <i>Finance will use the last 1-2 hours to make changes that are decided on during meetings with departments</i></li> </ul>
Apr. 6 – Apr. 10	Follow up meetings and overflow	
Apr. 13 – Apr. 17 (3 weeks)	First comprehensive review of budget numbers	Meet with City Manager and Assistant City Manager mid-week
Apr. 20 - 24	Share first draft of budget numbers	All departments meet –first part of week
Apr. 27	Final budget numbers due to Finance	

Apr. 29 – May 1	Review revised budget	City Manager, Assistant City Manager and Finance – make final decisions. (Meet on April 29, follow up on May 1).
May 4 – 8 (1 week)	Review final revenue estimates and overall resource allocation recommendations  This is the supplementals	City Manager and Budget Team *Monday, Tuesday, Wednesday and/or Thursday meeting with City Manager 2 hours
May 6	Complete budget message	City Manager and Budget Team
May 8	Communicate final decisions to departments	Budget Team hosting all Department Heads 2-4 hours
May 8	Final proofreading and budget	Budget Team
May 14	Proposed Budget distributed to Council and Departments	Budget Team
May 18 12:00 p.m.- 12:30 p.m. (lunch) 12:30 p.m.- 5:00 p.m. (workshop)	Budget workshop on Proposed Budget	City Council, City Manager, Budget Team and Departments
May 20	Distribute revised Proposed Budget, <i>if needed</i>	Budget Team
Jun. 1 12:00 p.m.- 5:00 p.m. (Budget Workshop if needed)	Adopt Final Proposed Budget and GANN Limitation, <i>if was not adopted on May 18</i>	City Council
Jun. 15	Adopt Final Proposed Budget and GANN Limitation, <i>if was not adopted on Jun. 1</i>	City Council
Jun. 24 11:30 a.m.-1:00 p.m.	All Hands staff meeting to discuss FY 2009-10 Adopted Budget	City Manager, Budget Team, Department Heads, all employees
Jun. 30	Distribute Adopted Budget, <i>if approved by Jun. 15 (if not approved, add 3 weeks from approval date)</i>	Budget Team

## DIAGRAM OF FUNDS USED IN THE CITY



## FUND DESCRIPTIONS

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The City of Rancho Cordova uses fund accounting to track revenues and expenditures.

### Governmental Funds

Governmental funds typically include those activities which are financed through the use of tax-supported activities. The major categories within this fund type are the General Fund, Special Revenue Funds, Debt Service Funds and Redevelopment Agency. This category also includes Capital Project Funds and Permanent Funds. Permanent funds are not budgeted in the City.

**General Fund:** this fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general operating revenues not restricted as to use are recorded in this fund.

**Special Revenue Funds:** used to account for activities supported by specific taxes or other designated revenue sources. These funds are generally required by statute, charter or ordinance to finance specific government functions and include:

- **Very Low Impact Housing Fund:** used to account for the collection of Housing Trust Development Impact Fee charged for the issuance of non-residential construction building permits. The purpose of the fund is to offset some of the increased burden of need for very low income housing, created by the construction of non-residential uses which employ a significant number of low wage earners.
- **Community Development Block Grant (CDBG):** used to account for annual federal grants received under the Housing and Community Development Act of 1974. Funds may be used to respond to a variety of neighborhood, economic development and community facilities and service needs primarily to benefit low and moderate income persons.
- **Rental Housing Code Compliance Fee:** used to account for the fee assessed on all rental dwellings. The monies are used to offset the expenses of operating the Rental Housing Inspection Program.
- **Traffic Mitigation Impact Fees:** used to account for funds received from development in all other areas of the City. The funds will be used to construct public transportation improvements that are necessitated by development.
- **Villages of Zinfandel Impact Fees:** used to account 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.
- **Capital Village:** used to account for funds received from the Capital Village 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.

- **Community Facilities Fees:** imposed on new development to construct or obtain municipal facilities. The City collects fees for the following facilities:
  - Library
  - City Hall
  - Community Center
  - Museum
  - Corporation Yard
  - Parking
  - Animal Services
  - Records Management
  - Technology
  - Police Facilities
- **Sunrise Douglas Impact Fees:** 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.
- **General Plan Impact Fees:** used to account for funds received from development throughout the City to pay for the creation and ongoing maintenance of the City's General Plan.
- **Environmental Impact Fee:** used to account for funds received from development to mitigate the impact on the Swainson's Hawk. This fee is no longer collected.
- **Park Renovation:** used to account for funds received from developers for the impact of development on existing parks.
- **State Grants:** used to account for revenues and expenditures related to funds received from the State of California.
- **Federal Grants:** used to account for revenues and expenditures related funds received from the federal government.
- **Gas Tax Fund:** used to account for funds received from the State of California from the statewide tax on gasoline and other fuels. Gas Tax funds can be used for construction, improvements, studies and/or maintenance of public streets and must be in the Public Right of Way.
- **Measure A:** used to account for the voter approved, one-half percent sales tax in Sacramento County to be levied over a 20-year period (1989-2009). The proceeds of the tax are used to fund a comprehensive program of roadway and transit improvements. In 2004, voters approved a 30-year extension of this program that went into effect in April 2009.
- **Proposition 42:** used to account for funds received from the State of California as a result of a state constitutional referendum (Proposition 42). These funds are used for street or road maintenance or reconstruction.
- **Transportation Development Act (TDA):** TDA is administered by the California Department of Transportation and provides two major sources for the funding of public transportation in California through regional planning and programming



agencies such as the Sacramento Area Council of Governments (SACOG). Nearly all of Rancho Cordova's TDA funds are allocated by SACOG to Sacramento Regional Transit. There is, however, a countywide set aside of 2% of available funds to be allocated for pedestrian and bicycle facilities anywhere in the county.

- **Service Districts:** used to account for funds received from assessments on property owners and are used for specific purposes based on their origin:
  - **Landscape & Lighting 2005:** public landscaping areas previously in County Zone 4 and 5.
  - **Road Maintenance:** installation, construction, rehabilitation, repair or maintenance of improvements, including streetlight and street improvements and any facilities.
  - **Transit Related Services (Zones 1 - 3):** transit related services in Villages of Zinfandel (Zone 1), Sunridge Specific Plan (Zone 2) and new development areas of the City (Zone 3).
- **Street Trench:** used to account for funds collected at the time a permit is issued for work performed that causes excavation of a paved City street. Funds may be expended for the resurfacing, maintenance, administration and protection of City streets where excavation has occurred.
- **Roadway Improvement Fund:** used at the City's discretion for a variety of roadway improvement projects funded by the State Proposition 1B allocation and other non-nexus based roadway fees passed through from the County.
- **Storm Water Utility Fund:** used to account for monies transferred from Sacramento County, collected in order to provide storm drainage, flood control and storm water quality management.
- **Mather Field Traffic Fees:** accounts for developer impact fees that are imposed on certain development.
- **Asset Forfeiture:** accounts for revenues and expenditures associated with the City's share of federally forfeited property derived from illegal activities.

**Capital Projects Fund:** used to account for the accumulation of resources and payment of expenses related to specific capital projects (other than those financed by proprietary funds).

**Debt Service Funds:** used to account for the accumulation of resources and payment of long-term debt principal and interest.

- **City Hall Certificates of Participation (COPs):** used to account for debt service payments on the \$21 million debt issuance that was completed in late FY 2004-05 and refinanced in FY 2006-07 to acquire the City Hall facility.
- **City Operations Facility Certificates of Participation (COPs):** used to account for debt service payments on the approximate \$7 million debt issuance that was completed in early FY 2005-06 to acquire a site for a future police facility and corporation yard.

**Redevelopment Agency:** used to account for revenues and expenditures for the City's Redevelopment Agency. The City has been providing funds from its General Fund to fund activities in this area. Tax increment was received in FY 2007-08 but General Fund support will be necessary until tax increment growth is sufficient to fund Redevelopment activities.

- **Redevelopment Administration:** receives 80% of the tax increment less interest on the loan for the City's General Fund and accounts for the majority of the agencies activities.
- **Redevelopment Debt Service:** receives the tax increment revenue and apportions 80% to the Administrative Fund and 20% to the Housing Set Aside Fund. Also accounts for the payment of principal and interest on any agency debt.
- **Redevelopment Capital Projects:** used to account for the accumulation of resources and payment of expenses related to specific capital projects.
- **Redevelopment Low/Mod Fund:** used to account for the twenty percent (20%) of the redevelopment tax increment that is required to be set aside for increasing, improving, and preserving the community's supply of low and moderate income housing.

## Proprietary Funds

Proprietary Funds include Enterprise Funds and Internal Service Funds.

**Enterprise Funds:** may be used to report any activity for which a fee is charged to external users for goods or services.

- **Kilgore Cemetery:** used to account for the historic Kilgore Cemetery, rededicated and opened in FY 2006-07. The Fund will receive revenues from the sale of burial rights and burial services at the Cemetery as well as endowment funds paid by all Cemetery customers. The earnings from the endowment fund will offset ongoing facility maintenance costs.

**Internal Service Funds:** used to account for the services that are provided to all departments and is used to accumulate reserves to fund future acquisition and expenses. The City maintains four (4) internal service funds.

- **Insurance Fund:** used to accumulate reserves to fund future litigation and insurance claims that the City may participate in, and to potentially increase our deductible and lower premiums.
- **Vehicle Equipment and Replacement Fund:** used to account for funds that are accumulated to replace vehicle and equipment as needed.
- **Technology Enhancement and Replacement Fund:** used to account for funds that are accumulated to replace and/or enhance technology.
- **Capital Facilities Fund:** a new fund that will be used to account for accumulation of resources and the acquisition, construction, maintenance and remodeling of city owned buildings and facilities.

## Agency Funds

Agency funds are typically used when a government is a temporary custodian of assets and is required by GAAP to account for debt service transactions involving special assessment debt in which the government is not obligated in any manner.

**CFD 2003-1 Sunridge Anatolia:** used to account for the property tax collections related to the repayment of special tax debt (Series 2003, 2005 and 2007).

**CFD 2004-1 Sunridge Park:** used to account for the property tax collections related to the repayment of special tax debt (Series 2007).

**CFD 2005-1 Sunridge North Douglas:** used to account for the property tax collections related to the future repayment of special tax debt.

**CFD No. 2005-2 (Landscape Maintenance):** used to account for funds received from special taxes on property owners and are used for maintenance and operation of and the furnishing of services and materials for turf, ground cover, shrubs and plants, trees, irrigation and drainage systems, ornamental lighting, masonry walls or other fencing, hardscape improvements, monuments and associated facilities located within the landscape easements or public right-of-ways.

**CFD 2008-1 (Street Lighting and Road Maintenance):** used to account for funds received from special taxes on property owners and are used maintenance services and new public improvements, including streets, bridges/culverts, traffic signals, traffic signs, striping and legends, ITS operations and street lights.

## **BUDGET SUMMARY**

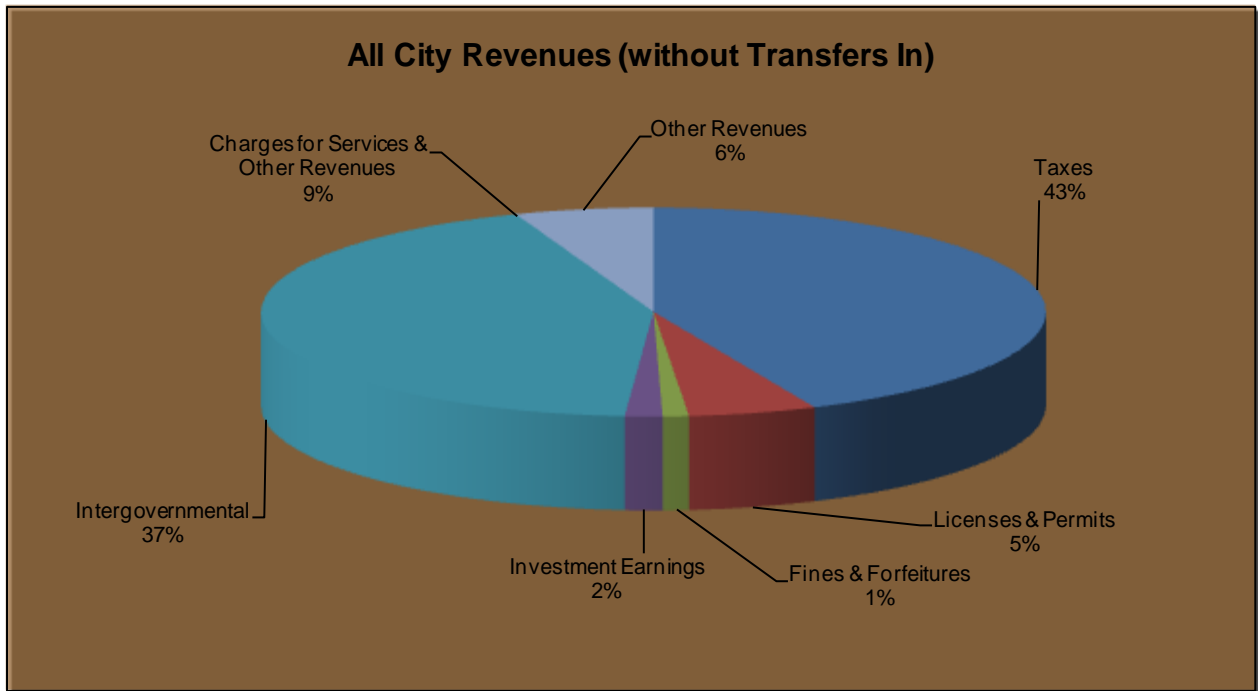
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The annual budget for the City of Rancho Cordova is divided into five (5) major components which include all of the appropriations for the City. Those divisions are:

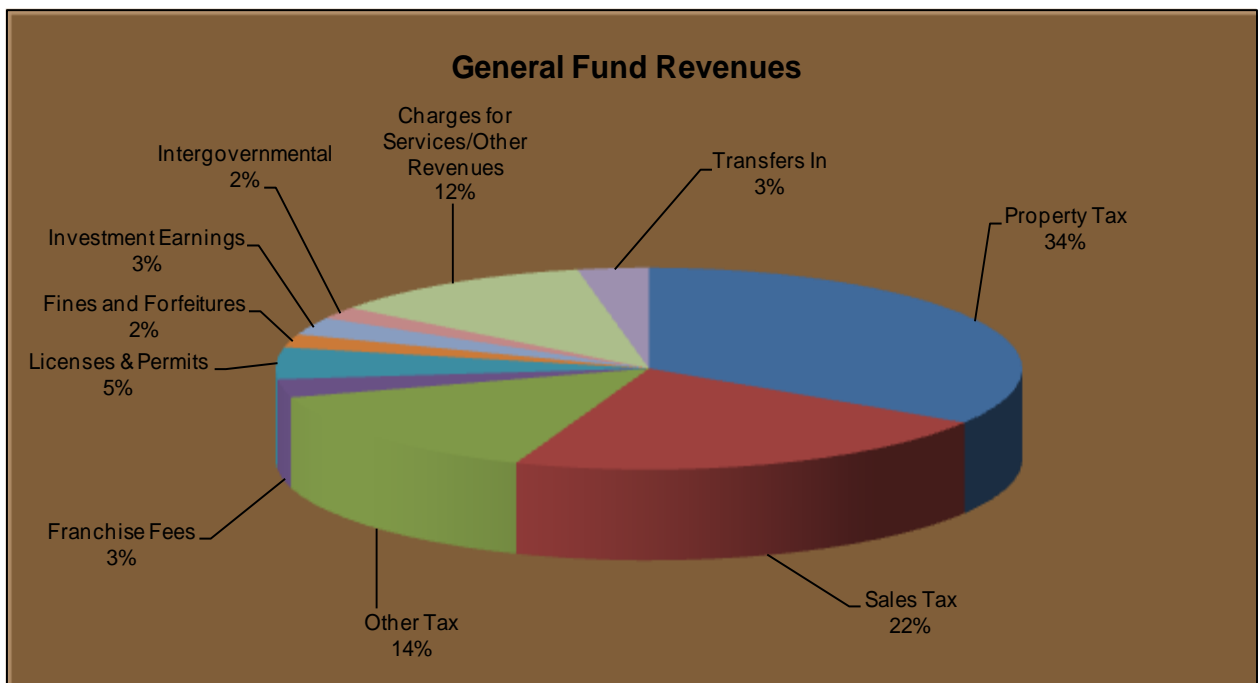
- Salaries and Benefits (Personnel).
- Operating Expenses: day-to-day expenses associated with operating a multi-million dollar corporation. Included in this section are the large contracts that the City has with Pacific Municipal Consultants (Planning), County of Sacramento (Police) and Meyers Nave (Legal).
- Capital Outlay: finances the infrastructure projects that are proposed in this budget.
- Debt Service: provides the resources to pay for the ongoing debt service of the City. In FY 2009-10 those debts include Community Facilities District (CFD) debt and the debt service on City Hall as well as the Kilgore properties.
- Transfers In/Out to Other Funds: provides a means of moving funds between the various funds to finance the ongoing operations of the City. This is a self-balancing component as there is a like amount recognized in the City's revenue base.

## WHERE THE MONEY COMES FROM

### ALL CITY FUNDS \$82,853,900

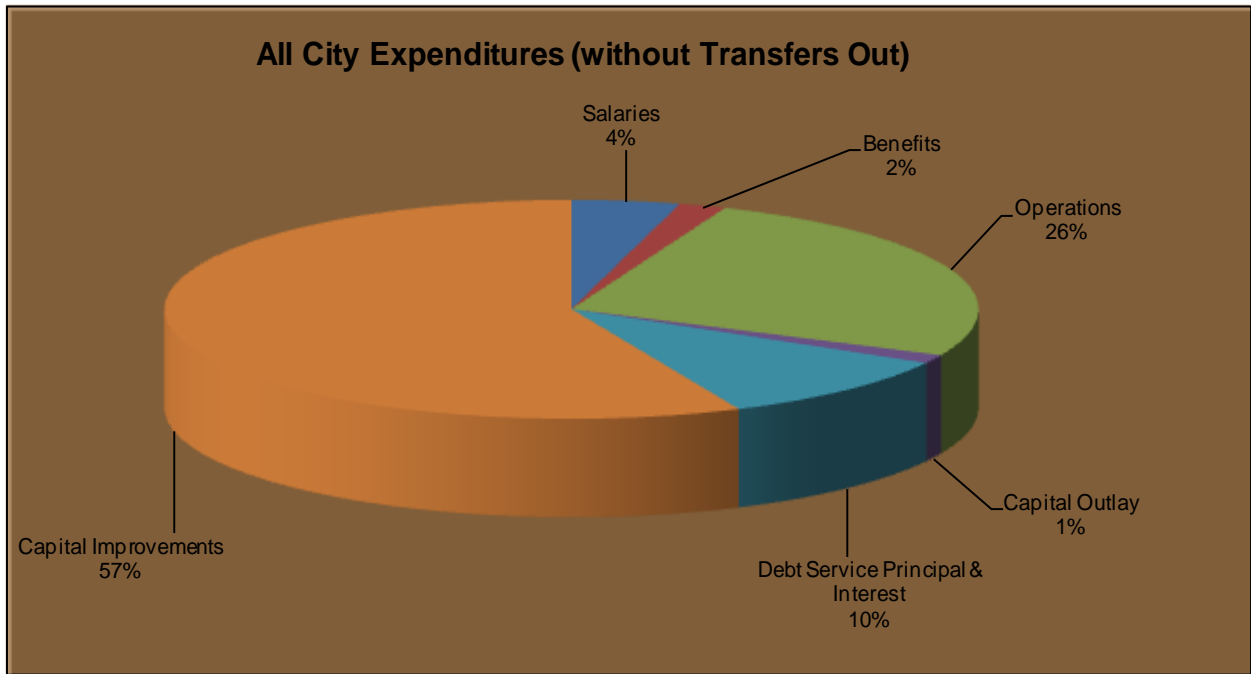


### GENERAL FUND \$38,703,900

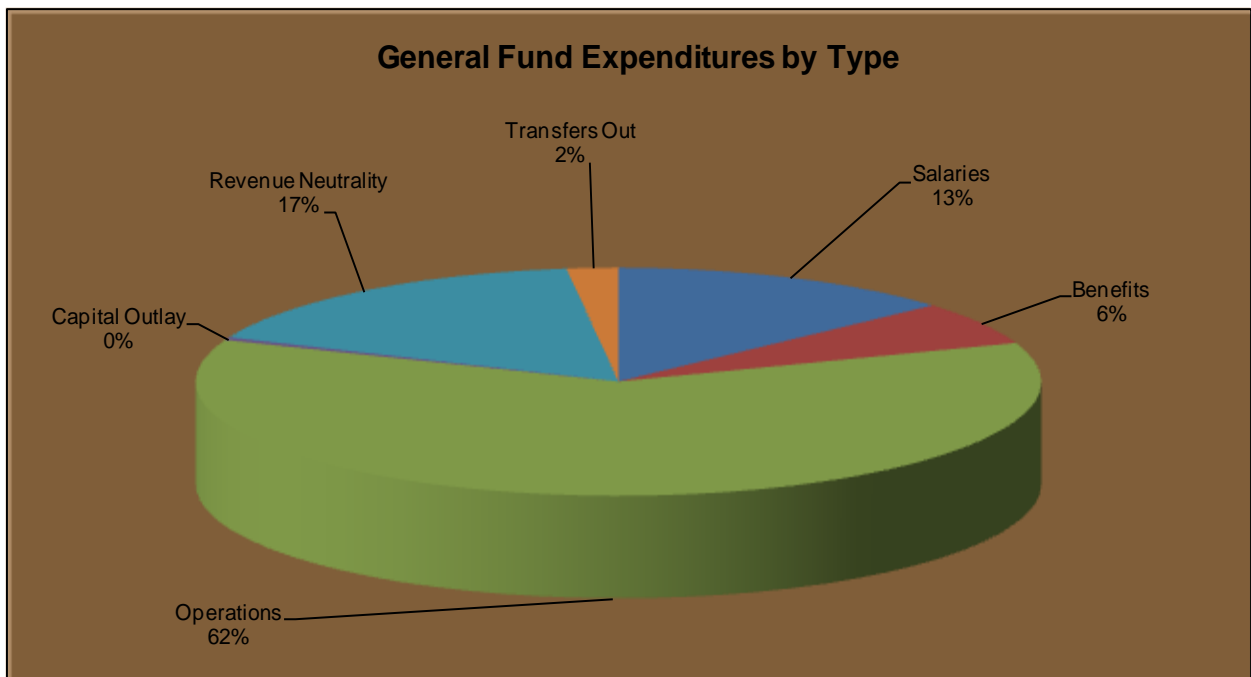


## WHERE THE MONEY GOES

**ALL CITY FUNDS \$127,244,400**



**GENERAL FUND \$38,698,700**



# FY 2009-10 SOURCES AND USES OF FUNDS

	General Fund	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Redevelopment Agency	Agency	Total City Funds
<b>Revenues:</b>									
Taxes	\$ 28,362,000	\$ 1,077,600	\$ -	\$ -	\$ -	\$ -	\$ 1,586,600	\$ 4,829,600	\$ 35,855,800
Licenses & Permits	1,963,900	2,291,800	-	-	-	-	-	\$ 120,000	4,375,700
Fines & Forfeitures	826,800	48,100	-	-	-	-	-	\$ 15,000	889,900
Investment Earnings	1,095,700	10,900	-	-	-	-	-	\$ 166,600	1,273,200
Intergovernmental	754,000	34,971,400	-	-	-	-	-	\$ -	35,725,400
Charges for Services & Other Revenues	4,508,900	-	40,000	-	185,000	-	-	-	4,733,900
<b>Total Revenues</b>	<b>\$ 37,511,300</b>	<b>\$ 38,399,800</b>	<b>\$ 40,000</b>	<b>\$ -</b>	<b>\$ 185,000</b>	<b>\$ -</b>	<b>\$ 1,586,600</b>	<b>\$ 5,131,200</b>	<b>\$ 82,853,900</b>
<b>Other Sources:</b>									
Transfers In	\$ 1,192,600	-	\$ 42,706,400	\$ 1,950,100	\$ -	\$ 40,000	\$ 1,361,600	\$ -	\$ 47,250,700
Proceeds from Debt	-	-	-	-	-	-	-	-	-
<b>Total Other Sources</b>	<b>\$ 1,192,600</b>	<b>\$ -</b>	<b>\$ 42,706,400</b>	<b>\$ 1,950,100</b>	<b>\$ -</b>	<b>\$ 40,000</b>	<b>\$ 1,361,600</b>	<b>\$ -</b>	<b>\$ 47,250,700</b>
<b>Total Revenues &amp; Other Sources</b>	<b>\$ 38,703,900</b>	<b>\$ 38,399,800</b>	<b>\$ 42,746,400</b>	<b>\$ 1,950,100</b>	<b>\$ 185,000</b>	<b>\$ 40,000</b>	<b>\$ 2,948,200</b>	<b>\$ 5,131,200</b>	<b>\$ 130,104,600</b>
<b>Expenditures:</b>									
Salaries	\$ 5,161,800	\$ 104,100	\$ -	\$ -	\$ -	\$ -	\$ 203,800	\$ -	\$ 5,469,700
Benefits	2,384,500	-	-	-	-	-	-	-	2,384,500
Operations	23,774,900	7,770,100	-	7,000	41,700	-	945,500	224,600	32,763,800
Capital Outlay	157,600	1,045,600	-	-	-	-	415,000	-	1,618,200
Capital Improvements	-	52,000	71,375,000	-	312,800	-	-	450,000	72,189,800
<b>Total Expenditures</b>	<b>\$ 31,478,800</b>	<b>\$ 8,971,800</b>	<b>\$ 71,375,000</b>	<b>\$ 7,000</b>	<b>\$ 354,500</b>	<b>\$ -</b>	<b>\$ 1,564,300</b>	<b>\$ 674,600</b>	<b>\$ 114,426,000</b>
<b>Other Uses:</b>									
Transfers Out	\$ 759,600	\$ 36,643,800	\$ -	\$ -	\$ -	\$ 20,000	\$ 1,503,400	\$ 8,323,900	\$ 47,250,700
Debt Service	-	-	-	-	-	-	-	-	-
Principal & Interest	6,460,300	-	-	1,943,100	-	-	225,000	4,190,000	12,818,400
<b>Total Other Uses</b>	<b>\$ 7,219,900</b>	<b>\$ 36,643,800</b>	<b>\$ -</b>	<b>\$ 1,943,100</b>	<b>\$ -</b>	<b>\$ 20,000</b>	<b>\$ 1,728,400</b>	<b>\$ 12,513,900</b>	<b>\$ 60,069,100</b>
<b>Total Expenditures &amp; Other Uses</b>	<b>\$ 38,698,700</b>	<b>\$ 45,615,600</b>	<b>\$ 71,375,000</b>	<b>\$ 1,950,100</b>	<b>\$ 354,500</b>	<b>\$ 20,000</b>	<b>\$ 3,292,700</b>	<b>\$ 13,188,500</b>	<b>\$ 174,495,100</b>
<b>Difference</b>	<b>\$ 5,200</b>	<b>\$ (7,215,800)</b>	<b>\$ (28,628,600)</b>	<b>\$ -</b>	<b>\$ (169,500)</b>	<b>\$ 20,000</b>	<b>\$ (344,500)</b>	<b>\$ (8,057,300)</b>	<b>\$ (44,390,500)</b>
<b>Est. Beginning Fund Balance</b>	<b>\$ 26,821,838</b>	<b>\$ 42,749,932</b>	<b>\$ 41,182,675</b>	<b>\$ -</b>	<b>\$ 141,623</b>	<b>\$ 1,321,495</b>	<b>\$ (1,670,052)</b>	<b>\$ 18,929,241</b>	<b>\$ 129,476,752</b>
<b>Est. Ending Fund Balance</b>	<b>\$ 26,827,038</b>	<b>\$ 35,534,132</b>	<b>\$ 12,554,075</b>	<b>\$ -</b>	<b>\$ (27,877)</b>	<b>\$ 1,341,495</b>	<b>\$ (2,014,552)</b>	<b>\$ 10,871,941</b>	<b>\$ 85,086,253</b>