

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2012



Cosumnes Community Services District
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Enriching Community • Saving Lives

COSUMNES COMMUNITY SERVICES DISTRICT

STATE OF CALIFORNIA

**The Cosumnes Community Services District is the Local Government Provider of
Fire & Emergency Services and Parks & Recreation Services**

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prepared by:

Jeff Ramos, General Manager

INTRODUCTORY SECTION



Enriching Community ● Saving Lives

Cosumnes Community Services District

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Cosumnes Community Services District

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December 21 2012

Honorable Board of Directors
Cosumnes Community Services District

The Comprehensive Annual Financial Report of the Cosumnes Community Services District (District) for the fiscal year ended June 30, 2012, is hereby submitted. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2012.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The District's accounting records for governmental funds are maintained on the modified accrual basis of accounting. This essentially involves the recording of revenues when they become measurable and available and the recording of expenditures when goods and services are received and the related liability incurred.

Badawi and Associates, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Cosumnes Community Services District's financial statements for the fiscal year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The District is a political subdivision of the State of California. The Elk Grove Community Services District was established under Government Code Sections 56261.1 and 56439(c) on July 1, 1985, by a reorganization resulting in the dissolution of the Elk Grove Fire Protection District and the Elk

Grove Recreation and Park District. In 2006, a reorganization of the Elk Grove CSD and the Galt Fire Protection District resulted in the creation of the Cosumnes Community Services District. This change expanded the delivery of CSD fire protection and emergency medical services from the Elk Grove region to the City of Galt and additional unincorporated areas in south Sacramento County. The governing body of the District is a five-member Board of Directors elected at large to four year staggered terms. Day-to-day operations are overseen by the District's General Manager.

The District provides fire protection services including fire suppression, fire prevention, inspection, plan checking, public education programs and the District provides emergency medical services, ambulance transport, advanced life support and rescue services and; in addition, the District provides parks, recreation facilities and programs. The District consists of approximately 157 square miles with a population of about 183,333; operates eight fire stations, one fire training facility and ninety-two parks (two undeveloped) and employs two hundred sixty-one full-time and over one hundred part-time staff.

The District Wide Landscape & Lighting Assessment District, which was organized under the Landscaping and Lighting Act of 1972, operates within the District to fund some capital and all maintenance and operations of parks and is governed by the same Board of Directors. All parcels of land in the District Wide Landscape & Lighting Assessment District are assessed at varying rates depending upon established benefit zones.

The Elk Grove Community Services District Foundation (the Foundation) was established on March 21, 1996 for the purpose of protecting lives through fire prevention educational programs, financially assisting residents who cannot afford to participate in recreational activities and beautifying the community of Elk Grove. On April 4, 1997, the Foundation was recognized as exempt under Section 501(c)(3) of the Internal Revenue Code. In June 2008, the Foundation was reorganized into an active community foundation. The name of the Foundation was changed to Cosumnes Legacy Foundation; the existing elected and appointed directors resigned their positions and seven (7) community members were appointed as Foundation Directors with two and three-year staggered terms. The Foundation is a legally separate component unit that is reported as a nonmajor governmental fund within the basic financial statements.

The Elk Grove Community Services District Public Facilities Acquisition Corporation (the Corporation) was established in March 2006 to facilitate financing the acquisition of capital assets of the District. The Corporation's Board is comprised of the members of the District's Board of Directors. The Corporation does not have any assets or liabilities. Its activities have been blended with the appropriate District funds. No separate financial statements are issued for the Corporation.

As required by the laws of the State of California, the District prepares and legally adopts a final operating budget on or before August 30 of each fiscal year. Each District department is required to submit their annual budget requests for the ensuing year. The General Manager reviews each request and a budget is presented to the Board of Directors. This budget reflects, as nearly as possible, the estimated revenues and expenditures for the upcoming year.

The budget is made available for public inspection through a public notice. On the dates stated in the notice, the Board of Directors conducts public hearings on the budget and at the conclusion of

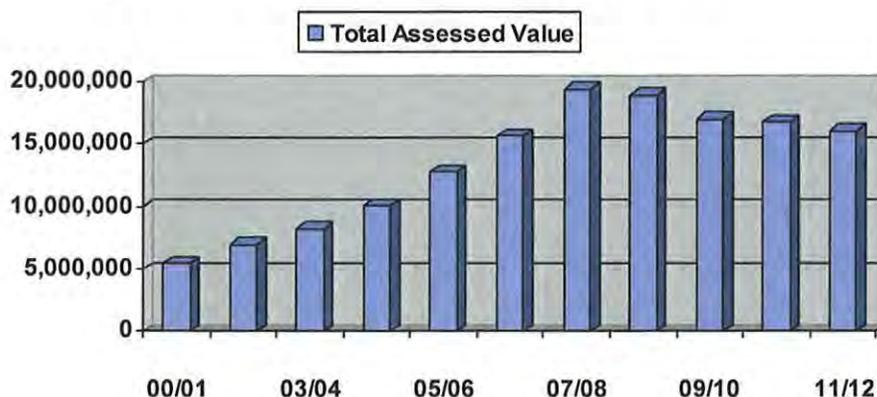
the hearings makes a final determination thereon. Annual budgets are adopted for the General Fund, Capital Projects Fund, Debt Service Fund, and Landscape and Lighting Special Revenue Fund. Until the adoption of the final budget, operations are governed by the adopted preliminary budget approved by the Board prior to June 30th. The final budget serves as an approved plan for operational control and performance evaluation.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the object level of all budgetary units except for fixed assets, which are controlled on the sub-object level. The expenditure portion of the budget is enacted into law through the passage of an appropriation resolution. This resolution constitutes maximum spending authorization for the fiscal year. It cannot be exceeded except by amendment of the budget by the Board of Directors. During 2011-2012, amendments were made to the final adopted budget. The budget data reflected in this comprehensive annual financial report includes the effect of all approved budget amendments. Monthly comparison of actual-to-budgeted revenues and expenditures identify significant variances that may require the District to take corrective action.

Local Economy

The Cosumnes CSD continues to be affected by the downturn in the economy. It is believed that the Sacramento region is beginning to recover from the recession, however a return to previous employment levels are unlikely to occur before 2014. With respect to the local housing market, a rebounding regional housing market has led to increased sales activity, increasing prices and decreased foreclosures.

The primary funding source of District operations is property taxes. Other revenue sources include recreation fees, ambulance fees, development impact fees and various other charges for services. Property tax revenues have decreased by approximately 3% from the prior year and with the continued appeal of assessed valuation of commercial properties within the District, the average annual growth in property tax revenues will decrease a projected 2%.



The residential real estate market continues to experience a decline in foreclosures, although California still ranks in the top five in the nation for foreclosure activity. The District is estimating that property tax revenues will decrease 2% in Fiscal Year 2012-13 compared to FY 2011-12 given the appeal of assessed valuation of commercial properties, the delay in commercial construction and the slow growth of the approved Laguna Ridge Specific Plan development.

The District Wide Landscape & Lighting Assessment fees account for approximately 23% of total revenues of the District. These fees are levied on parcels within the various benefit zones to provide funds for the maintenance, repair, replacement, services, utilities and capital improvements associated with the parks, landscape medians and corridors, parkways, Camden Lake, open space of any nature, trail systems and other recreation facilities, amenities and appurtenances within the District's parks thereto owned by the District which are designated for inclusion within the Assessment District.

Long-term financial planning

Elk Grove is expected to rebound in commercial, industrial, and residential growth during the next five to ten years. With approval of the Laguna Ridge specific plan, the Lent Ranch and South East Area specific plans, the District's largely undeveloped areas are well positioned for future growth. Commercial/industrial construction is anticipated to continue with the development of a regional shopping mall. It is the challenge of this District to maintain the high level of service that our residents and business leaders have come to expect from the District. One step in meeting these challenges is the annual review and update of the District's goals and strategies and Capital Improvement Plans. These Capital Improvement Plans provide an overview of the timing of future District facilities and corresponding revenue sources for development. This document, along with the annual budget, is the foundation upon which the District will build to meet the growing needs of the community.

Relevant financial policies

The District's unrestricted cash and investments are maintained in the State of California Local Agency Investment Fund (LAIF) and a separately managed investment portfolio. The State Treasurer is responsible for managing the investment of LAIF resources. The LAIF investment policy is to maintain a high credit quality, short duration portfolio to provide participants with safety of principal, liquidity, public trust and a market average rate of return.

The LAIF portfolio at June 30, 2012 was invested in U.S. Treasury and Government Agency investments (64%), pooled loans (15%), certificate of deposit (10%), time deposits (7%), and commercial paper (4%). The average yield on investments during fiscal year 2011-2012 was .38%.

At June 30, 2012, the District's separate investment portfolio of approximately \$23.6 million was invested 43% in Corporate Notes, 33% in certificates of deposit, 19% in Federal Agency Notes and 5% in a money market account. All investments are rated AAA/A-1+ by Standard & Poors. Maturities range from 1 month to 29 months. The average yield on investments during fiscal year 2011-2012 was 1.01%.

The District is a member of the Special District Risk Management Authority, a joint powers agency comprised of California special districts and agencies that provides general liability, automobile and property insurance coverage for the District. The limits of liability range between \$400,000 and \$350 million per occurrence annually. This policy covers real and personal property of the District.

The District participates in the Northern California Special Districts Insurance Authority (NCSDDIA), a public entity risk pool of special districts within Northern California, for workers compensation. The District pays an annual premium to NCSDDIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the NCSDDIA.

Major initiatives

The District is currently in the design and construction phase on two neighborhood parks totaling over 14 acres. In addition, the District has completed the Van Doren Park, Bike Park, sidewalk repair and tot lot upgrades at various park locations.

Awards and Acknowledgements

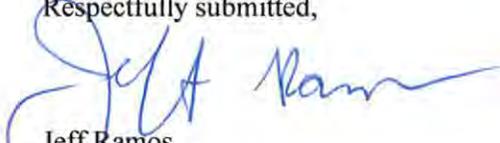
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Cosumnes Community Services District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This was the fifteenth consecutive year that the Cosumnes Community Services District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized comprehensive annual financial report that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another Certificate.

The preparation of this Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efficient and dedicated service of the entire staff of the Administrative Services Department and the cooperation and assistance received from the staff of the Parks and Recreation and Fire Departments.

In closing, we would like to commend the Board of Directors for its interest, support and leadership in planning and conducting the financial operations of the District in a responsive and progressive manner.

Respectfully submitted,



Jeff Ramos
General Manager

**COSUMNES COMMUNITY SERVICES DISTRICT
LIST OF PRINCIPAL OFFICIALS**

Board of Directors (Elected)

Guy Rutter	President
Rod Brewer	Vice-President
Gil Albiani	Member
Rich Lozano	Member
Michelle Orrock	Member

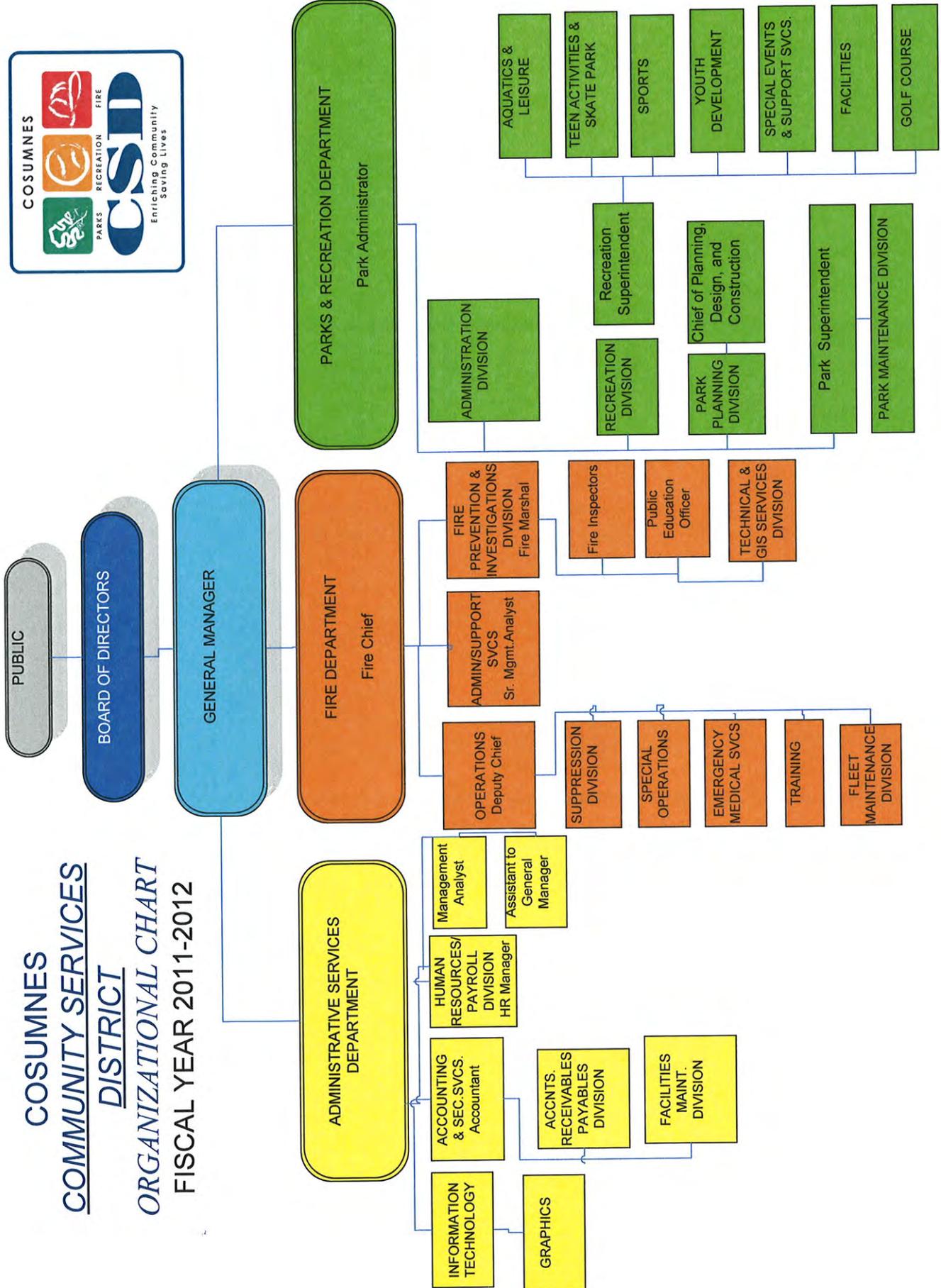
Officials (Appointed)

Jeff Ramos
General Manager/Chief Operating Officer

Tracey Hansen
Fire Chief

Bob Roessler
Parks and Recreation Department Administrator

**COSUMNES
COMMUNITY SERVICES
DISTRICT
ORGANIZATIONAL CHART
FISCAL YEAR 2011-2012**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cosumnes Community Services
District, California

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

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



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



Enriching Community ● Saving Lives



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Cosumnes Community Services District
Elk Grove, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cosumnes Community Services District, California (District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District's management. Our responsibility is to express opinions on these financial statements based on our audit.

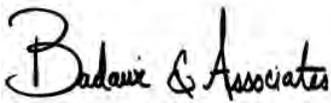
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining,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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 15 and 54 through 56 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.

To the Board of Directors
of the Cosumnes Community Services District
Elk Grove, California
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District financial statements as a whole. The introductory section, combining and individual fund statements, general fund schedules, landscape and lighting special revenue fund schedules, capital assets used in the operation of governmental funds, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund statements, general fund schedules, landscape and lighting special revenue fund schedule, capital assets used in the operation of governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Badawi & Associates
Certified Public Accountants
Oakland, California
December 21, 2012

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

As management of the Cosumnes Community Services District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii-viii of this report.

FINANCIAL HIGHLIGHTS

- ◆ The assets of the Cosumnes Community Services District exceeded its liabilities at the close of the 2011-12 and 2010-11 fiscal years by \$218,735,931 and \$225,155,004 (*net assets*), respectively. Of this amount, \$34,461,962 and \$35,770,912 is restricted for specific purposes (*restricted net assets*), and \$183,173,511 and \$179,698,464 is invested in capital assets, net of related debt. The decrease in net assets is due to the utilization of the District's reserves. This decrease is discussed further on pages 11 and 12 of this report.
- ◆ For FY 2011-12, total District governmental fund revenues, including program and general revenues, were \$61.2 million, a decrease of \$1.2 million from the prior fiscal year and the changes are as follows. The change in revenue in the current year is due to a 3% decrease in taxes (\$1.1 million), a 31% decrease in intergovernmental revenues (\$200 thousand), a 27% decrease in developer fees and contributions (\$500 thousand), and a 10% decrease in use of money and property (\$100 thousand), offset by a 3% increase in charges for current services (\$700 thousand). Total governmental fund expenses were \$66.7 million, a decrease of \$5.2 million from the prior fiscal year. The decrease is directly related to a 48% decrease in debt service expenses (\$5.2 million).
- ◆ For FY 2010-11, total District governmental fund revenues, including program and general revenues, were \$60.5 million, which is the almost the same as the prior year and the changes are as follows. The change in revenue in the current year is due to a 4% decrease in taxes (\$1.3 million), a 63% decrease in intergovernmental revenues (\$1.5 million), offset by a 9% increase in charges for current services (\$1.9 million), and a 100% increase in developer fees and contributions (\$900 thousand). Total governmental fund expenses were \$71.9 million, a decrease of \$7.8 million from the prior fiscal year. The decrease is directly related to a 78% decrease in capital outlay expenses (\$12.8 million), which was offset by a 96% increase in debt service expenses (\$5 million).
- ◆ As of June 30, 2012 and 2011, total District's governmental funds reported combined fund balances of \$53,969,865 and \$59,021,916, respectively, a decrease of \$5,052,051 and a decrease of \$8,531,436 in comparison with the prior year. Approximately 36% and 39% of the combined fund balances, \$19,487,133 and \$23,234,797 is available for spending at the government's discretion (*assigned fund balance*).

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

- ◆ At the close of the fiscal year ended June 30, 2012 and 2011, the total fund balance restricted for park and fire station construction, capital projects, landscape and lighting district operations and foundation activities was \$34,461,962 and \$35,770,912, respectively.
- ◆ The District's total long-term obligations decreased by a net amount of \$4,211,765 during the 2011-12 fiscal year and decreased \$7,140,785 during the 2010-11 fiscal year. For FY 2011-12, the decrease resulted primarily from a \$4.3 million principal reduction offset by the acquisition of new leases totaling \$122,000 to purchase District copiers and recreation equipment. For FY 2010-11, the decrease resulted primarily from a \$7.5 million principal reduction offset by the acquisition of new leases totaling \$389,000 to purchase a fire vehicle and park equipment.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in three major parts:

- 1) **Introductory section**, which includes the Transmittal Letter and general information,
- 2) **Financial section**, The Management's Discussion and Analysis (this part), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements, along with the notes to these financial statements, Required Supplementary Information, and Combining and Individual Fund Financial Statements and Schedules, and
- 3) **Statistical section**.

The Basic Financial Statements

The Basic Financial Statements consist of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the District's financial activities and financial position.

The Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the District's activities as a whole, and consist of the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the District as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the District's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the District's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

All of the District's activities and amounts in the Statement of Net Assets and the Statement of Activities are considered Governmental Activities, as explained below.

- ◆ **Government activities** – All of the District's basic services are considered to be governmental activities, including general government, public protection, and recreation and culture. These services are supported by property taxes, and also by specific program revenues such as recreation fees, ambulance and plan check fees and developer fees.

The District's governmental activities include the activities of two separate legal entities, the Cosumnes Legacy Foundation and the Elk Grove Community Services District Public Facilities Acquisition Corporation, because the District is financially accountable for the Foundation and Acquisition Corporation. The Foundation and Acquisition Corporation have been included as an integral part of the primary government.

Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the Governmental Fund Financial Statements 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 in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial 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.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

The Governmental Fund Financial Statements provide detailed information about each of the District's most significant funds, called *major funds*. The concept of *major funds*, and the determination of which are *major funds*, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each *major fund* is presented individually, with all *non-major funds* summarized and presented only in a single column. Subordinate schedules present the detail of these *non-major funds*. *Major funds* present the major activities of the District for the year, and may change from year to year as a result of changes in the pattern of the District's activities. For the fiscal year ending June 30, 2012, the District's *major funds* are as follows:

- General Fund
- Landscape and Lighting Special Revenue Fund

For the fiscal year ended June 30, 2012, the District adopted annual appropriated budgets for all funds, except for the following:

- Foundation Special Revenue Fund

A budgetary comparison statement has been provided for the General Fund and the Landscape and Lighting Special Revenue Fund.

The basic governmental fund financial statements can be found on pages 15 to 22 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the financial statements can be found on pages 23-50 of this report.

Required Supplementary Information

Supplemental information regarding the funding progress of the District's pension plan can be found on page 52 of this report.

Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 59-89 of this report.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$218,735,931 at the close of the most recent fiscal year.

COSUMNES COMMUNITY SERVICES DISTRICT

SUMMARY OF NET ASSETS JUNE 30, 2012, 2011 AND 2010

	Governmental Activities		
	2012	2011	2010
Current and other assets	\$ 56,295,070	\$ 61,903,397	\$ 72,117,305
Capital assets	222,238,856	222,617,784	224,229,290
Total assets	278,533,926	284,521,181	296,346,595
Long-term liabilities outstanding	57,143,627	56,228,286	58,530,970
Other liabilities	2,654,368	3,137,891	2,879,438
Total liabilities	59,797,995	59,366,177	61,410,408
Net assets:			
Invested in capital assets, net of related debt	183,173,511	179,698,464	174,181,494
Restricted	34,461,962	35,770,912	26,886,848
Unrestricted	1,100,458	9,685,628	33,867,845
Total net assets	\$ 218,735,931	\$ 225,155,004	\$ 234,936,187

The largest portion of the District's net assets of \$183,173,511 (84 percent) reflects its investment in capital assets (e.g. land, structures and improvements, equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

Another significant portion of the District's net assets of \$34,461,962 (16 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* of \$1,100,458 may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets for the District as a whole, however the District is depending on the use of reserve fund balance in these tough economic times.

The District's net assets decreased by \$6,419,073 during the 2011/12 fiscal year, which accounts for 3 percent of total net assets. The District's restricted and unrestricted net assets decreased approximately \$9.9 million, which was offset by an increase in investment in capital assets of approximately \$3.5 million. The decrease is due to a 14% decrease in park development (\$1.8 million) combined with a 30% decrease in fire station and equipment (\$1.4 million), and a 89% decrease in unrestricted (\$8.6 million), which was offset by a 2% increase in investment in capital assets (\$3.5 million) and a 11% increase in Landscape and Lighting improvements (\$1.9 million).

The District's net assets decreased by \$9,781,183 during the 2010/11 fiscal year, which accounts for 4 percent of total net assets. The District's restricted and unrestricted net assets decreased approximately \$15.3 million, which was offset by an increase in investment in capital assets of approximately \$5.5 million. The decrease is due to a 9% decrease in park development (\$1 million) combined with a 31% decrease in fire station and equipment (\$2 million), and a 41% decrease in capital projects (\$4 million), which was offset by a 7% increase in investment in capital assets (\$12 million).

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

The table below indicates the changes in net assets for governmental activities:

COSUMNES COMMUNITY SERVICES DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2012, 2011 AND 2010

	Governmental Activities		
	2012	2011	2010
REVENUES:			
Program revenues:			
Charges for services	\$ 27,185,982	\$ 24,069,905	\$ 24,540,068
Operating grants and contributions	191,286	258,509	119,007
Capital grants and contributions	2,078,404	2,891,068	3,416,858
General revenues:			
Property taxes	31,186,985	32,253,420	33,603,024
Investment earnings	407,021	361,833	633,265
Loss on sale of assets	-	(42,335)	-
Insurance recoveries	-	505,836	-
Miscellaneous	179,772	162,470	336,775
TOTAL REVENUES	61,229,450	60,460,706	62,648,997
 EXPENSES:			
Governmental activities:			
Public protection	40,510,293	40,893,161	42,540,446
Recreation and culture	23,383,633	24,731,700	20,933,664
General government	3,754,597	4,617,028	4,827,511
TOTAL EXPENSES	67,648,523	70,241,889	68,301,621
INCREASE (DECREASE) IN NET ASSETS	(6,419,073)	(9,781,183)	(5,652,624)
Net assets at beginning of year, as previously reported	225,155,004	234,936,187	240,588,811
NET ASSETS AT END OF YEAR	\$ 218,735,931	\$ 225,155,004	\$ 234,936,187

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

Revenues

The District's total revenues per the Statement of Activities were \$61,229,450 and \$60,460,706 for the fiscal years ended June 30, 2012 and 2011, respectively. Property tax revenue of \$31,186,985 and \$32,253,420 comprised 50.93% and 53.35%, respectively of the total governmental revenues of the District. Charges for services and capital grant and contribution revenue, which is comprised primarily of parkland dedications and fees from developers that is restricted for the construction of parks and fire stations, provided 44.40% and 39.81% and 3.70% and 5.20%, respectively, of the total governmental revenue of the District for the fiscal years ended June 30, 2012 and 2011. The decrease in property tax revenues reflects the decline of new home sales and home re-sales combined with the continued appeal of assessed valuation on commercial properties. The decrease in capital grant and contribution revenue is primarily due to the decrease in developer fees and contributions.

Expenses

Expenses of the District for the year totaled \$67,648,523 and \$70,241,889 for the fiscal years ended June 30, 2012 and 2011, respectively. Public protection costs represent 58.70% and 58.22%, respectively, of total governmental activities expenses and are the largest single expenditure in the governmental activities.

The following table shows the cost of each of the District's major programs and the net cost of the programs for the fiscal year ended June 30, 2012. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost of the public protection, recreation and culture and general government services reflects the financial burden that was placed on the District's taxpayers by each of the programs.

	<u>Total Cost of services</u>	<u>Net Revenue (Cost) of services</u>
Public protection	\$40,510,293	\$ (34,277,593)
Recreation and culture	23,383,633	(1,826,971)
General government	<u>3,754,598</u>	<u>(2,088,288)</u>
TOTAL	<u>\$67,648,524</u>	<u>\$ (38,192,851)</u>

The net cost to taxpayers for recreation and culture services, excluding developer fees, was \$3,285,595.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses **fund accounting** to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measurement of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2012 and 2011 the District's governmental funds reported combined fund balances of \$53,969,865 and \$59,021,916, a decrease of \$5,052,051 and a decrease of \$8,531,436, respectively, in comparison with the prior year. The major reason for the decrease was the usage of fire and park development reserves (\$3.2 million). Approximately 36 and 39 percent of the combined fund balances, \$19,487,133 and \$23,234,797, respectively, constitutes *assigned fund balance*, which is available to meet the District's current and future needs. The remainder of fund balance is *restricted* to indicate that it is *not* available for new spending because it has been restricted: 1) to reflect amounts set aside for future construction (\$14,984,608); 2) to use for specific purpose of the fund (\$19,245,297); and 3) to reflect amounts held on behalf of the Cosumnes Legacy Foundation (\$232,057).

The General Fund is the chief operating fund of the District. At June 30, 2012 and 2011, assigned fund balance of the general fund was \$19,487,133 and \$23,234,797, respectively, while total fund balance reached \$34,228,055 and \$41,205,983. The decrease in total fund balance of \$6,977,928 represents a decrease in property taxes (\$1.1 million), and a decrease of developer fees and contributions (\$500 thousand) combined with the use of fire and park development reserves (\$3.2 million). As a measure of the general fund's liquidity, it may be useful to compare both assigned fund balance and total fund balance to total fund expenditures. Assigned fund balance represents 35 percent and 42 percent of total fund expenditures, while total fund balance represents 62 percent and 74 percent of that same amount.

The Landscape & Lighting Special Revenue Fund has a total fund balance of \$19,245,297 and \$17,357,939 at June 30, 2012 and 2011. These amounts are restricted for the specific purpose of the fund. Total fund balance increased by \$1,887,358 and \$2,413,409 for the fiscal year ended June 30, 2012 and 2011. The increase is mainly attributable to the revenue produced from the East Franklin zone combined with the Landscape and Lighting assessment increases which are based on the CPI index each year.

At June 30, 2012, the Nonmajor Governmental Funds consist of the Capital Project Fund and the Foundation Special Revenue Fund. Total fund balance at June 30, 2012 is \$496,513. Of this amount, \$264,456 is restricted for capital projects and \$232,057 is restricted for foundation activities. The increase in fund balance of \$38,519 is directly related to the represents donations and contributions received within the Foundation Special Revenue Fund.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

At June 30, 2011, the Nonmajor Governmental Funds consist of the Capital Project Fund, the Debt Service Fund and the Foundation Special Revenue Fund. Total fund balance at June 30, 2011 is \$457,994. Of this amount, \$265,422 is restricted for capital projects and \$192,572 is restricted for foundation activities. The decrease in fund balance of \$5,599,854 represents capital outlay expenditure reimbursement from the fleet maintenance expansion project, utilization of restricted amount for debt retirement in the private placement BSP loan, offset by donations received within the Foundation Special Revenue Fund.

General Fund Budgetary Highlights

For the fiscal year ended June 30, 2012, differences between the original budget and the final amended budget reflect increased General Fund expenditures totaling \$1,066,392. The increase is due to an increase in capital outlay expenditures for projects and purchased equipment. Actual General Fund revenues were \$2,454,590 greater than the final budget. This variance is related to developer fees and contributions combined with the District's charges for current services. Actual General Fund expenditures were \$2,488,729 lower than the final budget, of which approximately \$1 million represented several fire and park development projects which were not completed and/or not started during the fiscal year in addition to lower departmental expenditures.

For the fiscal year ended June 30, 2011, differences between the original budget and the final amended budget reflect decreased General Fund expenditures totaling \$141,132. The decrease is due to a reduction in full and part time staffing combined with an overall decrease in service and supplies. Actual General Fund revenues were \$2,110,324 greater than the final budget. This variance is related to developer fees and contributions combined with the District's use of money and property. Actual General Fund expenditures were \$6,101,271 lower than the final budget, of which approximately \$4.4 million represented several fire and park development projects which were not completed and/or not started during the fiscal year in addition to lower general government expenditures.

CAPITAL ASSET AND LONG-TERM DEBT

Capital assets. As of June 30, 2012 and 2011, the Districts' investment in capital assets amounted to \$222,238,856 and \$222,617,784, respectively, net of depreciation. This investment in capital assets includes land, land improvements, structures and improvements, equipment and construction in progress costs for various parkland improvements and fire station construction.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

COSUMNES COMMUNITY SERVICES DISTRICT

CAPITAL ASSETS (net of depreciation) AS OF JUNE 30, 2012, 2011 AND 2010

		2012	2011	2010
Land	\$	85,427,738	85,382,639	85,262,639
Land improvements		61,035,213	59,984,162	46,205,223
Construction in Progress		20,071,879	17,903,656	40,804,809
Structures and improvements		53,042,218	54,875,759	45,002,143
Equipment		<u>2,661,808</u>	<u>4,471,568</u>	<u>6,954,476</u>
Total	\$	<u>222,238,856</u>	<u>222,617,784</u>	<u>212,264,069</u>

The following provides an explanation of significant changes in capital assets for the fiscal year ended June 30, 2012:

- ◆ Land –receipt of grant deed for Station 46.
- ◆ Land improvements – completion of Van Doren Park and Bike Park.
- ◆ Structures and improvements – increase is due to improvements from two park sites, sidewalk repair and tot lot replacement of various locations.
- ◆ Construction in progress – increase is due to the construction of Derr-Okamoto Park, Buscher Park, playground sand removal at various locations, and the WCAC floor project.
- ◆ Equipment – decrease is due to the disposal of two fire apparatus and depreciation for FY 2011-12.

The following provides an explanation of significant changes in capital assets for the fiscal year ended June 30, 2011:

- ◆ Land –developer contribution of Sheldon Place Park.
- ◆ Land improvements – completion of Bartholomew Sports Park and Jordan Family Park.
- ◆ Structures and improvements – increase is due to improvements from two park sites, a recreation center, a well & pump, lighting, drainage and tot lot replacement of various locations.
- ◆ Construction in progress – decrease is due to the completion of the fleet maintenance project, Stephenson Recreation Center, Bartholomew Sports Park, Jordan Family Park and the Kloss Park Well.
- ◆ Equipment – decrease is due to the sale of two fire apparatus and depreciation for FY 2010-11.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

Additional information on the District's capital assets can be found in Note 3 on page 36 to 37.

The District was in the process of completing Derr-Okamoto Park, Buscher Park, and Elk Grove Bike park project at June 30, 2012. The total amount committed at June 30, 2012 is \$2,759,166. Additional information on the District's commitments can be found in Note 10 on page 50.

Long-term debt. At June 30, 2012, the District had long-term debt obligations totaling \$37,685,224. District debt issues include \$1,191,700 in Certificates of Participation for the construction of two fire stations, a note agreement for \$2,281,623 for the partial financing of the construction of the Wackford Aquatic/Community Complex, Fire Training Facility, Underwood Park Well, and funding for the Bartholomew Sports Park, an option agreement for \$14,699,250 to purchase 40 acres of land for a park site and \$20,512,651 in various capital lease obligations for the construction and equipping of a fire station and purchase of equipment and vehicles. The District's total debt decreased by \$4,211,765 (14%) during the current fiscal year due to the principal reduction of \$4,344,151 offset by the funding for District copiers (\$94,612) and recreation equipment (\$27,774).

Additional information on the District's long-term debt can be found in Note 5 on pages 39-42.

ECONOMIC OUTLOOK

The Cosumnes CSD continues to be affected by the downturn in the economy. It is believed that the Sacramento region is beginning to recover from the recession, however a return to previous employment levels are unlikely to occur before 2014. With respect to the local housing market, a rebounding regional housing market has led to increased sales activity, increasing prices and decreased foreclosures.

The primary funding source of District operations is property taxes. Property tax revenues have decreased by approximately 3% from the prior year and with the continued appeal of assessed valuation of existing single family homes and commercial properties within the District, the average annual growth in property tax revenues will decrease a projected 2%.

The residential real estate market continues to experience a decline in foreclosures, although California still ranks in the top five in the nation for foreclosure activity. The District is estimating that property tax revenues will decrease 2% in Fiscal Year 2012-13 compared to FY 2011-12 given the appeal of assessed valuation of commercial properties, the delay in commercial construction and the slow growth of approved Laguna Ridge Specific Plan development.

COSUMNES COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

It is the challenge of this District to maintain the high level of service that our residents and business leaders have come to expect from the District. One step in meeting these challenges is the annual review and update of the District's goals and strategies and Capital Improvement Plans. These Capital Improvement Plans provide an overview of the timing of future District facilities and corresponding revenue sources for development. This document, along with the annual budget, are the foundation upon which the District will build to meet the growing needs of the community.

REQUESTS FOR INFORMATION

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances. If you have questions about this report or need additional financial information, contact the Cosumnes Community Services District Administrative Services Department, 8820 Elk Grove Boulevard, Elk Grove, CA 95624, or visit the District's web page at www.yourcsd.com.

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BASIC FINANCIAL STATEMENTS

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Cosumnes Community Services District
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$ 50,938,017
Receivables:	
Accounts	153,437
Interest	19,961
Intergovernmental	1,345,597
Ambulance	923,758
Other	100,544
Restricted cash and investments	2,813,756
Total current assets	<u>56,295,070</u>
Noncurrent assets:	
Capital assets:	
Not being depreciated	166,534,830
Being depreciated, net	55,704,026
Total capital assets	<u>222,238,856</u>
Total noncurrent assets	<u>222,238,856</u>
Total assets	<u>278,533,926</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	1,498,776
Accrued interest payable	380,100
Unearned revenue	775,492
Total current liabilities	<u>2,654,368</u>
Noncurrent liabilities:	
Long-term liabilities:	
Due within one year	17,887,969
Due in more than one year	39,255,658
Total noncurrent liabilities	<u>57,143,627</u>
Total liabilities	<u>59,797,995</u>
NET ASSETS	
Invested in capital assets, net of related debt	183,173,511
Restricted for:	
Park development	11,559,018
Fire station and equipment	3,161,134
Capital projects	264,456
Landscape and lighting improvements	19,245,297
Foundation activities	232,057
Unrestricted	1,100,458
Total net assets	<u>\$ 218,735,931</u>

See accompanying Notes to Basic Financial Statements.

Cosumnes Community Services District
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2012

Functions / Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue Governmental Activities
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:						
Public protection	\$39,708,302	\$ 801,991	\$ 5,612,920	\$ -	\$ 619,780	\$ (34,277,593)
Recreation and culture	22,920,702	462,931	20,049,112	48,926	1,458,624	(1,826,971)
General government	3,680,267	74,331	1,523,950	142,360	-	(2,088,288)
Interest on long-term debt	1,339,252	(1,339,252)	-	-	-	-
Total governmental activities	<u>\$67,648,523</u>	<u>\$ -</u>	<u>\$ 27,185,982</u>	<u>\$ 191,286</u>	<u>\$ 2,078,404</u>	<u>(38,192,851)</u>

General Revenues and Transfers:

Taxes:	
Property taxes	31,186,985
Investment earnings	407,021
Miscellaneous	179,772
Total general revenues and transfers	<u>31,773,778</u>
Change in net assets	<u>(6,419,073)</u>
Net assets - beginning of year	<u>225,155,004</u>
Net assets - end of year	<u><u>\$ 218,735,931</u></u>

Cosumnes Community Services District
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds			
	General Fund	Landscape and Lighting Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 31,469,901	\$ 19,214,915	\$ 253,201	\$ 50,938,017
Receivables:				
Accounts	41,500	111,937	-	153,437
Interest	11,874	8,087	-	19,961
Intergovernmental	1,118,637	226,960	-	1,345,597
Ambulance	923,758	-	-	923,758
Other	100,544	-	-	100,544
Due from other funds	-	-	191,454	191,454
Advances to other funds	20,770	-	-	20,770
Restricted cash and investments	2,740,754	-	73,002	2,813,756
Total assets	\$ 36,427,738	\$ 19,561,899	\$ 517,657	\$ 56,507,294
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,186,570	\$ 311,832	374	\$ 1,498,776
Due to other funds	191,454	-	-	191,454
Advances from other funds	-	-	20,770	20,770
Deferred revenue	821,659	4,770	-	826,429
Total liabilities	2,199,683	316,602	21,144	2,537,429
Fund Balances:				
Nonspendable	20,770	-	-	20,770
Restricted for:				
Park development	11,559,018	-	-	11,559,018
Fire station and equipment	3,161,134	-	-	3,161,134
Capital projects	-	-	264,456	264,456
Specific purpose of the fund	-	19,245,297	-	19,245,297
Foundation activities of the fund	-	-	232,057	232,057
Assigned	19,487,133	-	-	19,487,133
Total fund balances	34,228,055	19,245,297	496,513	53,969,865
Total liabilities and fund balances	\$ 36,427,738	\$ 19,561,899	\$ 517,657	\$ 56,507,294

See accompanying Notes to Basic Financial Statements.

Cosumnes Community Services District
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2012

Total Fund Balances - Total Governmental Funds \$ 53,969,865

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and are therefore not reported in the funds:

- Governmental capital assets	263,760,402	
- Less: accumulated depreciation	<u>(41,521,546)</u>	
Total capital assets		222,238,856

Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis used in the government-wide statements. Those revenues consist of:

- Ambulance charges	<u>50,937</u>	
Total revenues		50,937

Net OPEB liabilities are not due and payable in the current period and are therefore not reported in the funds (16,561,174)

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. (380,100)

Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds. Those liabilities consist of: (40,582,453)

Net Assets of Governmental Activities \$ 218,735,931

Cosumnes Community Services District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2012

	Major Funds			Total Governmental Funds
	General Fund	Landscape and Lighting Special Revenue Fund	Non-Major Governmental Funds	
REVENUES:				
Taxes	\$ 31,186,985	\$ -	\$ -	\$ 31,186,985
Charges for current services	11,879,983	13,953,831	-	25,833,814
Developer fees and contributions	1,458,624	-	-	1,458,624
Intergovernmental	619,780	-	-	619,780
Donations and contributions	142,360	1,078	47,848	191,286
Use of money and property	1,055,702	311,328	34	1,367,064
Miscellaneous	96,066	83,706	-	179,772
Total revenues	46,439,500	14,349,943	47,882	60,837,325
EXPENDITURES:				
Current:				
Public protection	33,475,820	-	2,372	33,478,192
Recreation and culture	9,919,555	9,847,285	1,042	19,767,882
General government	3,223,873	-	1,000	3,224,873
Capital outlay	4,291,094	65,058	-	4,356,152
Debt service:				
Principal	3,144,028	785,729	414,396	4,344,153
Interest	1,163,157	99,627	104,841	1,367,625
Total expenditures	55,217,527	10,797,699	523,651	66,538,877
REVENUES OVER (UNDER) EXPENDITURES	(8,778,027)	3,552,244	(475,769)	(5,701,552)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	156,250	-	-	156,250
Issuance recoveries	493,251	-	-	493,251
Transfers in	2,656,251	2,362,623	525,456	5,544,330
Transfers out	(1,505,653)	(4,027,509)	(11,168)	(5,544,330)
Total other financing sources (uses)	1,800,099	(1,664,886)	514,288	649,501
Net change in fund balances	(6,977,928)	1,887,358	38,519	(5,052,051)
FUND BALANCES:				
Beginning of year	41,205,983	17,357,939	457,994	59,021,916
End of year	\$ 34,228,055	\$ 19,245,297	\$ 496,513	\$ 53,969,865

See accompanying Notes to Basic Financial Statements.

Cosumnes Community Services District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes
in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets
For the year ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ (5,052,051)

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets are different because:

Governmental funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

- Capital outlay	4,356,152	
- Depreciation expense	(4,653,993)	
Total governmental funds		(297,841)

In the statement of activities and changes in net assets, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds, proceeds from sales increase financial resources.

- Proceeds from sale of assets not recorded on Statement of Activities and Changes in Net Assets		(156,250)
- Loss on disposal of capital assets are not recorded on Governmental Funds		(47,223)

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the statement of net assets.

- Proceeds from long-term liabilities	-	
- Principal repayments on long-term liabilities	4,344,153	
Net of long-term debt proceeds and repayments		4,344,153

Revenues in the statement of activities and changes in net assets that do not provide current financial resources are not reported as revenues in the funds. Amount represent the change in the ambulance receivable. (101,126)

OPEB expenses do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds. (5,344,311)

Some expenses reported in the statement of activities and changes in net assets do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

- Change in accrued interest payable	28,373	
- Change in compensated absences	207,203	
Total non-current expenses		235,576

Change in Net Assets of Governmental Activities **\$ (6,419,073)**

See accompanying Notes to Basic Financial Statements.

Cosumnes Community Services District
Notes to Basic Financial Statements
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

A. Reporting Entity

The Elk Grove Community Services District (the District) was established under Government Code Sections 56261.1 and 56439(c) on July 1, 1985 by a reorganization resulting in the dissolution of the Elk Grove Fire Protection District and the Elk Grove Recreation and Park District. In November 2006, the District and the Galt Fire Protection District merged to become the Cosumnes Community Services District. It is governed by a five member Board of Directors elected to four year staggered terms. The District consists of approximately 157 square miles within the City's of Elk Grove and Galt and unincorporated areas of South Sacramento County with a population of approximately 183,333 residents. The District develops, owns and maintains all park, recreation and fire facilities within its service area, with the exception of park and recreation facilities located within the area commonly known as Laguna Ridge in the City of Elk Grove (the City). In August 2007, the District and the City entered into an agreement with a four year term specifying the District and City will jointly develop and own park and recreation facilities within Laguna Ridge and the District will maintain the facilities. The fire protection services provided by the District include fire suppression, fire prevention, inspection, plan checking, and public education programs and the District provides emergency medical services, ambulance transport, advanced life support and rescue services and recreation facilities and programs. The District operates eight fire stations, one fire training facility, one golf course, two community centers, five recreation centers, two aquatic complexes, and over 90 parks (3 undeveloped) and employs 66 full-time and over 100 part-time people. The District also leases 87 acres of land within Elk Grove Regional Park from the County of Sacramento under an agreement that expires September 14, 2053. Through the exercise of Joint Powers, the District is a member of the Sacramento Regional Fire/EMS Communications Center and the Northern California Special District Insurance Authority.

The District makes assessments and provides services under a District Wide Landscape and Lighting Assessment District, which operates under the Landscape and Lighting Act of 1972. Under the District Wide Landscape and Lighting Assessment District, areas within the original Elk Grove Community Services District boundary are divided into zones of benefit. All parcels within the original Elk Grove Community Services District boundary are assessed at varying rates depending upon the zone of benefit in which the parcel is located and the costs of installing, repairing, maintaining, and replacing landscape and lighting (including parks) within the benefit zone.

The District's reporting entity includes the following blended component units:

The Cosumnes Legacy Foundation: The Cosumnes Legacy Foundation (the Foundation) is a non-profit organization which primarily solicits contributions to provide funding for the District to provide the District's constituents charitable services through its programs. The Foundation is a legally separate component unit reported on a blended basis as part of the primary government because its activities mainly benefit the District's constituents. No separate financial statements are issued for the Foundation.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Reporting Entity, Continued

Elk Grove Community Services District Public Facilities Acquisition Corporation: The Elk Grove Community Services District Public Facilities Acquisition Corporation (the Corporation) was established in March 2006 to facilitate financing of the acquisition of capital assets by the District. The Corporation's Board is comprised of the members of the District's Board of Directors. The Corporation does not have any assets or liabilities. Its activities have been blended with the appropriate District funds. No separate financial statements are issued for the Corporation.

The District has also entered into a lease financing arrangement with the California Special Districts Association Financing Corporation for the purpose of facilitating the financing of capital projects within the District. For financial reporting purposes, the District's proportionate share of debt service payments of the underlying Certificate of Participation debt is reflected in the Debt Service Fund.

B. Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The District's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental activities for the District accompanied by a total column.

These government-wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities and Changes in Net Assets presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the District in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out
- Interfund charges

The District applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect)

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The District has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the Governmental Funds Balance Sheet and recognized as revenue.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

The District reports the following major governmental fund types:

The General Fund is the District's primary operating fund. It is used to account for all activities of the general government, except those required to be accounted for in another fund.

The Landscape and Lighting Special Revenue Fund is used to account for the proceeds of specific landscape and lighting revenue sources that are legally restricted to expenditures for specific purposes. The transactions of the District Wide Landscape and Lighting Assessment District are recorded by the respective zones of benefit within the Special Revenue Fund. However, the zones of benefit do not represent separate special revenue funds.

Additionally the District reports the following fund types:

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, which are financed from the District's Certificate of Participation issues or capital lease financing arrangements.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on long-term debt.

The Foundation Special Revenue Fund is used to account for revenues of the Cosumnes Legacy Foundation (the Foundation), which are legally restricted to expenditures approved by the Foundation board.

C. Cash, Cash Equivalents and Investments

The District pools its available cash for investment purposes. The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The District participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Restricted Cash and Investments

Certain resources set aside for the repayment of certificates of participation are classified as restricted cash and investments on the balance sheet because their use is limited by applicable debt covenants. In addition, developer fees have been restricted by the City of Elk Grove or County of Sacramento ordinances, or the Quimby Act for park development expenditures and the construction of fire stations. Contributions to the Foundation have been restricted for Foundation activities.

E. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Advances between funds, reported in the fund financial statements, are classified as nonspendable in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

F. Capital Assets

Capital assets for governmental fund types are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements. Capital assets owned by the District are stated at historical cost or estimated historical cost, if actual historical cost is not available. Contributed capital assets are recorded at their estimated fair market value at the time received. Park improvements completed prior to the year ended June 30, 1995 were recorded at estimated historical cost developed by estimating replacement costs, which were discounted through the use of indices to acquisition dates. Land obtained from developers as donations in substitute of fees are estimated using average assessed values for similar parcels during the year these parcels are acquired. It is the District's policy to not depreciate the base of parks, which includes grading, irrigation systems and landscaping.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Structures and improvements	3 to 40 years
Equipment	5 to 15 years

It is the District's policy to capitalize all land, structures, improvements and equipment, except assets costing less than \$1,500. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement. The proceeds from the sale of capital assets is included in the statement of revenues, expenditures and changes in fund balances of the related fund. The proceeds reported in the governmental fund are eliminated and the gain or loss on sale is reported in the government-wide presentation.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. *Compensated Absences*

District employees are granted annual leave in varying amounts based on classification and length of service. Maximum annual leave hours eligible for carry forward to future years is limited to 1.5 times the employee's prior year accrual rate of annual leave, which ranges from 120 hours to 432 hours.

Compensated absences are accrued in the government-wide financial statements when earned. A liability for compensated absences is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and is currently payable. Each year's budget includes a provision for the estimated expenditure for the current year. Typically the General Fund is used to liquidate the compensated absence liability.

Sick leave is earned by regular, full-time employees. Any sick leave hours not used during the period are carried forward to future years, with no limit as to the number of hours that can be accumulated. Any sick leave hours unused at the time of an employee's retirement are added to the actual period of service when computing retirement benefits. It is the policy of the District not to buy back any accumulated sick leave. Accordingly, no provision for payment of sick leave has been included in the financial statements.

H. *Property Taxes*

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

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

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Property Taxes, Continued

The County uses the alternative method of property tax apportionment known as the "Teeter Plan." Under this method of property tax apportionment, the County purchases the delinquent secured taxes at June 30 of each fiscal year. These taxes are accrued as intergovernmental receivables only if they are received from the County within 60 days after year-end for the governmental funds and are accrued when earned for the government-wide presentation regardless of the timing of the related cash flows.

I. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and are amortized over the life of the related debt.

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.

J. Net Assets / Fund Balance

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested in capital assets, net of related debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted net assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Additionally, this category presents restrictions placed as established by the District's Board of Directors.

Unrestricted net assets – This category represents the net assets of the District, which are not restricted or invested in capital assets net of related debt for any project or other purpose.

Fund balances presented in the governmental in the governmental fund financial statements represent the difference between assets and liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Net Assets / Fund Balance

The District evaluated each of its funds at June 30, 2012 and classified fund balances into the following five categories:

Non-spendable - includes fund balance amounts that cannot be spent because they are either (a) not expected to be converted or (b) legally or contractually required to be maintained intact.

Restricted Net Assets - includes fund balance amounts that are subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed - includes fund balance amount that can only be used for specific purposes pursuant to constraints imposed by the formal actions of the District's Board of Directors. The District's Board of Directors must take action to allow for removal or change the constraint.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the General Manager.

Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The District reduced committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amount in any of those unrestricted fund balance classifications could be used. Additional information concerning the nature of The District's fund balances pursuant to GASB Statement No. 54 is provided in Note 9 Fund Balance.

K. Use of Restricted and Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to apply restricted net assets first.

L. Use of Estimates

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

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. New Pronouncements

In 2012, the District adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* - This statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other post-employment benefit (OPEB) plans. There was no effect on net assets by the District implementing the new accounting standard.

- GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* - The objective of this statement is to improve financial reporting for state and local governments by clarifying whether an effective hedging relationship continues after the replacement of a swap counter party or a swap counterparty's credit support provider. There was no effect on net assets by the District implementing the new accounting standard.

2. CASH AND INVESTMENTS

At June 30, 2012, the District's pooled cash and investments are classified in the accompanying financial statements as follows:

Cash and investments	\$ 50,938,017
Restricted cash and investments	2,813,756
Total cash and investments	<u><u>53,751,773</u></u>
Cash and investments as of June 30, 2012 consisted of the following:	
Deposits with financial institutions	5,185,651
Total cash	<u><u>5,185,651</u></u>
U.S. Agency securities:	
Federal Home Loan Bank Bonds	2,004,440
Federal National Mortgage Association Medium Term Notes	2,528,585
Certificates of deposit	7,803,840
Corporate Notes and Bonds	9,858,666
Money Market Mutual Funds	1,018,275
Investments in Local Agency Investment Fund (LAIF)	25,352,316
Total investments	<u><u>48,566,122</u></u>
Total cash and investments	<u><u>\$ 53,751,773</u></u>

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

2. CASH AND INVESTMENTS, Continued

Investment policy: Investments are stated at fair value. California statutes authorize special districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer
Local agency bonds	5 Years	None	None
U. S. Treasury obligations	5 Years	None	None
U.S. Agency securities	5 Years	None	None
California Local Agency debt	5 Years	None	None
Bankers acceptances	180 Days	40%	30%
High grade commercial paper	270 Days	25%	10%
Negotiable certificates of deposits	5 Years	30%	None
Medium term corporate notes	5 Years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage pass-through securities	5 Years	20%	None
Collateralized negotiable investments	5 Years	None	None
Repurchase agreements	92 Days	20%	None
LAIF	N/A	None	None
Local government investments pools	N/A	None	None

*Excluding amounts held by bond trustees that are not subject to California Government code restrictions.

The District complied with the provisions of California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

2. CASH AND INVESTMENTS, Continued

Investments Authorized by Debt Agreements: Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies provisions of the 1998 Certificates of Participation trust agreement that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio*	Maximum Investment In One Issuer
State Agency Bonds	None	None	None
U.S. Treasury Obligations	None	None	None
Government sponsored agency obligations	None	None	None
U.S. Government agency obligations	None	None	None
Money Market Funds	None	None	None
Bankers acceptances	30 Days	None	None
Commercial Paper	270 Days	None	None
Negotiable certificates and times deposits	30 Days	None	None
Repurchase Agreements	270 Days	None	None
Money Market funds	None	None	None
LAIF	None	None	None
Investment agreements	None	None	None

*Excluding amounts held by bond trustee that are not subject to California Government code restrictions.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District's investment policy does not contain any provisions limiting interest rate risk other than what is specified in the California Government Code.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

2. CASH AND INVESTMENTS, Continued

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

	Fair Value	Investment Maturities in Years			
		Less Than 1 Year	1-2 years	2-3 years	3-4 years
Federal National Mortgage Association	\$ 2,528,585	\$ 513,685	\$ 2,014,900	\$ -	\$ -
Federal Home Bank Bonds	2,004,440	2,004,440	-	-	-
Certificates of Deposit	7,803,840	3,094,444	4,459,396	250,000	-
Corporate Notes	9,858,666	3,550,673	4,828,191	1,479,802	-
Money Market Mutual Funds	1,018,275	1,018,275	-	-	-
LAIF	25,352,316	25,352,316	-	-	-
Total	\$ 48,566,122	\$ 35,533,833	\$ 11,302,487	\$ 1,729,802	\$ -

Credit Risk: Generally, credit risk is the risk that an issuer of 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 minimum rating required by (where applicable) the California Government Code or the District's investment policy, and the actual rating as of year end for each investment type.

	Total	Ratings as of Year End					
		AAA	AA+	A+	A	A-	Not Rated
Federal National Mortgage Association	\$ 2,528,585	\$ -	\$ 2,528,585	\$ -	\$ -	\$ -	\$ -
Federal Home Bank Bonds	2,004,440	2,004,440	-	-	-	-	-
Certificates of Deposit	7,803,840	-	-	-	-	-	7,803,840
Corporate Notes	9,858,666	-	-	6,556,137	2,789,864	512,665	-
Money Market Mutual Funds	1,018,275	-	-	1,060	-	-	1,017,215
LAIF	25,352,316	-	-	-	-	-	25,352,316
Total	\$ 48,566,122	\$ 2,004,440	\$ 2,528,585	\$ 6,557,197	\$ 2,789,864	\$ 512,665	\$ 34,173,371

Concentration of Credit Risk: The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The following are investments in one issuer (other than mutual funds and external investment pools) that represent 5% or more of total District investments.

Issuer	Type of Investment	Total
Federal National Loan Mortgage Association	U.S. Agency securities	\$ 2,528,585
General Electric Capital Corporation	Corporate Notes	2,491,422

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

2. CASH AND INVESTMENTS, Continued

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2012, the carrying amount of the District's deposits was \$5,185,651 and the balance in financial institutions was \$5,818,887. Of the balance in financial institutions, \$956,734 was covered by federal depository insurance and \$4,862,153 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District. As of June 30, 2012, District investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

U.S. Agency securities	\$	4,533,025
Money market mutual funds		1,060

Investment in LAIF: The District invests in the California Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available.

The District's investments with LAIF at June 30, 2012 included a portion of the pooled funds invested in structured notes and asset-backed securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMS) or credit card receivables.

As of June 30 2012, the District had \$25,352,316 invested in LAIF, which had invested 3.47% of the pool investment funds in Structured Notes and Asset-Backed Securities compared to 5.01% in fiscal year 2010. Fair value of LAIF was calculated by applying a factor of 1.001219643 to total investments held by LAIF.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

2. CASH AND INVESTMENTS, Continued

The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Retirements	Transfers	Balance June 30, 2012
Capital assets not being depreciated:					
Land	\$ 85,382,639	\$ 45,100	\$ -	\$ -	\$ 85,427,739
Land improvements	59,984,162	-	-	1,051,051	61,035,213
Construction in progress	17,903,656	4,115,416	-	(1,947,194)	20,071,878
Total capital assets not being depreciated	163,270,457	4,160,516	-	(896,143)	166,534,830
Capital assets being depreciated:					
Structures and improvements	72,738,145	-	(50,000)	896,143	73,584,288
Equipment	24,257,421	318,022	(934,159)	-	23,641,284
Total capital assets being depreciated	96,995,566	318,022	(984,159)	896,143	97,225,572
Less accumulated depreciation for:					
Structures and improvements	(19,549,084)	(2,729,684)	50,000	-	(22,228,768)
Equipment	(18,099,155)	(1,924,309)	730,686	-	(19,292,778)
Total accumulated depreciation	(37,648,239)	(4,653,993)	780,686	-	(41,521,546)
Total capital assets being depreciated, net	59,347,327	(4,335,971)	(203,473)	896,143	55,704,026
Capital assets, net	\$ 222,617,784	\$ (175,455)	\$ (203,473)	\$ -	\$ 222,238,856

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. CAPITAL ASSETS, Continued

Depreciation was charged to activities as follows:

Public Protection	\$ 2,433,752
Recreation and culture	2,141,804
General government	<u>78,437</u>
Total depreciation expense	<u><u>\$ 4,653,993</u></u>

4. INTERFUND TRANSACTIONS

	Due to other funds	
	Non-Major Governmental Fund	Total
Due to other funds		
General Fund	\$ 191,454	\$ 191,454
Total	<u><u>\$ 191,454</u></u>	<u><u>\$ 191,454</u></u>

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

	Advances to other funds	
	Major Fund	
	General Fund	Total
Advances from other funds		
Non-Major Governmental Fund	\$ 20,770	\$ 20,770
Total	<u><u>\$ 20,770</u></u>	<u><u>\$ 20,770</u></u>

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

4. INTERFUND TRANSACTIONS, Continued

Advances from the General Fund to the Landscape and Lighting Special Revenue Fund and Non-Major Governmental Funds are to fund operating expenditures not otherwise covered by available resources.

		Transfers In			
		Major Fund			Total
		General Fund	Landscape and Lighting Special Revenue Fund	Non - Major Governmental Fund	
Transfers Out	General Fund	\$ 980,197	\$ -	\$ 525,456	\$ 1,505,653
	Landscape and Lighting Special Revenue Fund	1,664,885	2,362,623	-	4,027,508
	Non - Major Governmental Fund	11,169	-	-	11,169
	Total	\$ 2,656,251	\$ 2,362,623	\$ 525,456	\$ 5,544,330

Transfers are used to (1) pay for overhead expenditures incurred and to assist in paying for capital improvement projects, and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

5. LONG-TERM LIABILITIES

The activities of the District's long-term liabilities during the year ended June 30, 2012 are as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Loans Payable	\$ 3,302,285	\$ -	\$ (1,020,661)	\$ 2,281,624	\$ 1,064,121
Certificates of Participation					
- 1998 Series	1,341,000	-	(149,300)	1,191,700	168,800
Option liability	14,699,400	-	(150)	14,699,250	14,699,250
Capital lease obligation	23,564,327	122,386	(3,174,042)	20,512,671	1,623,445
Compensated absences	2,104,411	-	(207,203)	1,897,208	332,353
Net OPEB liability	11,216,863	6,048,727	(704,416)	16,561,174	-
Total long-term liabilities	\$ 56,228,286	\$ 6,171,113	\$ (5,255,772)	\$ 57,143,627	\$ 17,887,969
Less: amount due within one year	(20,612,998)			(17,887,969)	
Amounts due in more than one year	\$ 35,615,288			\$ 39,255,658	

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

5. LONG-TERM LIABILITIES, Continued

The certificates of participation and loans payable consist of the following as of June 30, 2012:

Loans Payable - Obtained August 15, 2003 and May 1, 2007 in the amount of \$3,010,000, and \$200,000, respectively, for the partial funding of the acquisition and construction of the Barbara Morse Wackford Aquatic/Community Complex and a fire protection training facility and for the funding of the Underwood Park well. The District has pledged certain legally available revenues from the Landscape and Lighting Special Revenue Fund to secure the \$3,010,000 loan. The revenues pledged must exceed 125% of the maximum annual debt service requirements of the loan and all future indebtedness payable from the revenues pledged under the terms of the agreement. Semi-annual interest payments at 4.56% ranging from \$3,408 to \$40,861 and semi-annual principal payments ranging from \$104,211 to \$142,579 are due January 15 and July 15 through January 14, 2014 on the \$3,010,000 loan and semi-annual interest payments at 5.31% ranging from \$252 to \$5,310 and semi-annual principal payments ranging from \$4,444 to \$9,502 are due November 1 and May 1 through May 1, 2022 on the \$200,000 loan. The outstanding balance as of June 30, 2012 was \$664,476.

On May 5, 2010, the District entered into a loan agreement to fund certain improvements to the Bartholomew Sports Park in the amount of \$3,098,995. The District has pledged certain legally available revenues from the Landscape and Lighting Special Revenue Fund to secure the loan. Semi-annual interest payments at 4.48% ranging from \$9,230 to \$68,488 and semi-annual principal payments ranging from \$358,393 to \$417,651 are due October 21 and April 21 through April 21, 2014. The outstanding balance as of June 30, 2012 was \$1,617,148.

Certificates of Participation - Issued August 1998 for the acquisition and construction of two fire stations and certain real property for a fire protection training facility. On October 20, 2010 the District entered into lease agreement and site agreement for the refinance of the 1998 Certificates of Participation. Under the terms of the new agreement, the new loan will bear an interest rate of 4.05% and a final maturity of 2018. Annual principal payments of \$68,400 to \$206,700 are due August 1. The outstanding balance as of June 30, 2012 was \$1,191,700.

Option Liability - On May 10, 2006, the District entered into an option agreement to purchase 40 acres of land for a park site for \$15 million. The option to purchase the land may not be exercised for the first five years of the agreement if both optionors are living, unless approved by the optionors. The agreement allows the optionors, if living, to extend the term of the agreement for one five-year period and additional one-year periods thereafter until the demise of both optionors, at which time the District has six months to exercise the option to purchase the land. The agreement requires the District to pay nonrefundable option payments of \$150,000 on each May 10, that are applied to the purchase price until the District exercises the option and the District receives the title to the land. On May 6, 2008 the agreement was amended to lower the option payments from \$150,000 to \$150 annually. A long-term liability and construction in progress has been recorded by the District as management believes it is probable the District will exercise the option to purchase the land. The liability bears no interest.

Compensated Absences - Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

5. LONG-TERM LIABILITIES, Continued

Payments of principal and interest on the certificates of participation and loan payable are funded by assessments of residents and businesses within the Landscape and Lighting Assessment District. Shortfalls in assessment revenues are funded by General Fund revenues. There was no delinquent assessments receivable at June 30, 2012.

Maturities of long-term liabilities are summarized below.

	Loans Payable			Certificates of Participation			Option Liability
	Principal	Interest	Total	Principal	Interest	Total	Principal
2013	1,064,121	91,970	1,156,091	168,800	64,412	233,212	14,699,250
2014	1,116,836	43,213	1,160,049	175,700	37,870	213,570	-
2015	10,146	5,083	15,229	183,100	30,604	213,704	-
2016	10,692	4,536	15,228	190,600	23,036	213,636	-
2017	11,268	3,962	15,230	198,400	22,115	220,515	-
2018-2022	68,561	10,034	78,595	275,100	1,385	276,485	-
Total debt	<u>\$ 2,281,624</u>	<u>\$ 158,798</u>	<u>\$ 2,440,422</u>	<u>\$ 1,191,700</u>	<u>\$ 179,422</u>	<u>\$ 1,371,122</u>	<u>\$ 14,699,400</u>

Capital Lease Obligation - Effective July 1, 2000, the District entered into a lease agreement to finance the construction and equipping of fire station 76. The lease agreement provides for 40 semi-annual payments of \$93,874 through July 1, 2020. Payments under the agreements include interest at 5.83%. The capital assets acquired under the capital lease agreement consist of a fire station, land and equipment totaling \$1,928,763, with accumulated depreciation of \$525,303 at June 30, 2012. In July 2004, the District entered into a lease agreement to finance the construction of fire station 72. The lease agreement provides for 15 annual payments of \$316,629 beginning July 31, 2005 through July 31, 2019. Payments include interest at 5.12%. The cost of this fire station was \$3,034,122, with accumulated depreciation of \$494,588 at June 30, 2012. In March 2006, the District entered into a lease agreement to acquire and improve 97 acres of land for a park site. The lease calls for 80 quarterly payments of \$88,316 through March 30, 2026. Payments include interest at 5.41%. Capital assets acquired under this lease agreement include land and improvements of \$4,381,059, with accumulated depreciation of \$462,907 at June 30, 2012. In July 2006, the District entered into a lease agreement to fund the purchase of a golf course, which is recorded as land in the amount of \$5,009,532. The lease agreement provides for 28 quarterly payments of \$110,431 through July 2013, with the payments being reset on that date and paid through July 21, 2026. Payments include interest at 5.82%. In April 2007, the District entered into a lease agreement to expand the training facility. The lease agreement provides for 30 semi-annual payments of \$71,205 through April 2023. Payments include interest at 5.39%. Land acquired under this lease agreement totaled \$1,453,241 as of June 30, 2012. On August 27, 2008, the District entered into a capital lease agreement in the amount of \$10,024,366 to finance the construction of a fleet maintenance facility expansion and to refinance the April 1, 2007 lease agreement to expand the training facility. Under the agreement, principal and interest payments of \$398,568 are due semi-annually at a fixed interest rate of 5.4% from March 4, 2009 through September 4, 2028. There is a no call provision for the first 10 years of the agreement but the loan may be prepaid or refinanced after that time. Capital assets acquired under this lease agreement include land and improvements of \$10,000,000, with accumulated depreciation of \$256,356 at June 30, 2012.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

5. LONG-TERM LIABILITIES, Continued

The District leased equipment and vehicles under numerous capital leases, which have various monthly, annual, and semiannual payments through November, 2029. Interest rates range from 3.07% to 11.91%. Capital assets acquired under these capital leases consist of equipment totaling \$15,502,298 with accumulated depreciation of \$9,576,501 at June 30, 2012. As of June 30, 2012, future minimum lease payments under capital lease obligations were as follows:

<u>Fiscal Year ending June 30,</u>	
2013	\$ 2,675,564
2014	2,224,991
2015	2,199,959
2016	2,212,612
2017	2,127,364
2018-2022	9,678,808
2023-2027	7,187,735
2028-2029	<u>1,594,270</u>
Total payments	29,901,303
Less amounts representing interest	<u>9,388,632</u>
Net present value of future minimum lease payments	<u>\$ 20,512,671</u>

6. DEFINED BENEFIT PENSION PLAN

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

Funding Policy: Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute at an actuarially determined rate; the rate for the year ended June 30, 2012 was 12.970% of annual covered payroll for non-safety employees and 24.956% for safety employees. The contribution requirements of plan members and the District are established and may be amended by PERS.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. DEFINED BENEFIT PENSION PLAN, Continued

Annual Pension Cost: For the fiscal year ending June 30, 2012, the District's annual pension cost of \$7,970,077 for PERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.55% to 14.45% for nonsafety members and 3.55% to 13.15% for safety members, and (c) 3.00% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization of the unfunded liability at June 30, 2009, was 29 years for non-safety and 30 years for safety employees.

Three-Year Trend Information For PERS			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Non-Safety Employees:			
June 30, 2010	924,791	100%	-
June 30, 2011	1,380,109	100%	-
June 30, 2012	1,921,043	100%	-
Safety Employees:			
June 30, 2010	3,638,355	100%	-
June 30, 2011	5,630,694	100%	-
June 30, 2012	6,049,034	100%	-

Funding Status as of the Most Recent Actuarial Date

A schedule of funding progress as of the most recent actuarial date is presented below.

Safety Plan

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2010	\$ 64,413,646	\$ 97,347,168	\$ 32,933,522	66.2%	\$ 17,662,826	186.5%

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. DEFINED BENEFIT PENSION PLAN, Continued

Funding Status as of the Most Recent Actuarial Date, Continued

Miscellaneous Plan

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2010	\$ 17,668,979	\$ 24,260,187	\$ 6,591,208	72.8%	\$ 9,453,838	69.7%

7. OTHER POSTEMPLOYMENT BENEFITS

The District participates in the CalPERS healthcare programs Public Employees Medical and Hospital Care Act (PEHMCA), providing lifetime medical benefits to District full-time employees who retire at age 50 or older with 5 or more years of service. Benefits are also provided to spouses and surviving spouses of eligible retirees. Retirees may enroll in any available CalPERS medical plan. The District contributed 100% of the costs. The District currently pays for the cost of the retiree healthcare on a pay-as-you-go basis. For fiscal year ended June 30, 2012, there were 56 retirees receiving this benefit and total District costs amounted to \$704,416.

The District is not required by law or contractual agreement to provide funding for retiree health costs other than the pay-as-you-go amount necessary to provide current benefits to retirees. The District has not set up a trust fund and is currently paying benefits from the District's General Fund.

The District's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

7. OTHER POSTEMPLOYMENT BENEFITS, Continued

The following table illustrates the District's June 30, 2012 Net OPEB Obligation:

Annual required contribution	\$ 6,061,539
Interest on net OPEB obligation	476,717
Amortization of net OPEB obligation	<u>(489,529)</u>
Annual OPEB cost	6,048,727
Payments made	<u>(704,416)</u>
Increase in net OPEB obligation	5,344,311
Net OPEB obligation - beginning of the year	<u>11,216,863</u>
Estimated NET OPEB Obligation June 30, 2012	<u><u>\$ 16,561,174</u></u>

The District annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2012 was as follows:

Fiscal Year	Annual OPEB Cost	Percentage of APC Contributed	Net OPEB Obligation
6/30/2010	\$ 4,908,616	12%	\$ 6,560,852
6/30/2011	5,348,995	13%	11,216,863
6/30/2012	6,048,727	12%	16,561,174

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability (AAL) for benefits was \$54,874,483, and the actuarial value of plan assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$54,874,483. The covered payroll (annual payroll of active employees covered by the plan) was \$22,586,551 and the ratio of UAAL to the covered payroll was 243.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of including this information in the financial report, the data presented is limited.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

7. OTHER POSTEMPLOYMENT BENEFITS, Continued

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the 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 employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The District's July 1, 2011 retiree healthcare valuation was prepared using the Entry Age Normal (EAN) actuarial cost method. Under the EAN cost method, the plan's Normal Cost is developed as a level percent of payroll throughout the participants' working lifetime. The Actuarial Accrued Liability (AAL) is the cumulative value on the valuation date of prior Normal Cost. For the retirees, the AAL is the present value of all projected benefits. The Unfunded AAL is being amortized as a level dollar closed 30 year basis, as a level percent of payroll with a remaining amortization period at July 1, 2011 of 27 years.

GASB 45 requires the interest rate to represent the underlying expected long-term rate of return for the source of funds used to pay benefits. Since the District has not commenced pre-funding the obligation, this valuation included a 4.25% interest rate rather than 7.75%. Another key assumption is that future healthcare inflation rate used to increase the PEMHCA minimum contribution is expected to increase at 5.5% a year.

The rate of increase in per capita health care costs is assumed to increase at 5.5% in the long term and aggregate payroll to increase at 3.25% per annum. The study also used assumptions for the salary merit and longevity increases, and demographic assumptions such as mortality, withdrawal, and disability based on CalPERS 1997-2002 Experience Study. Retirement assumption was also based on CalPERS 1997-2002 Experience Study of the Miscellaneous Plan 2.5% at 55 years, and Fire Plan 3% at 50 years.

8. RISK MANAGEMENT

The District participates in the Northern California Special Districts Insurance Authority (NCS DIA), a public entity risk pool of special districts within Northern California, for workers compensation insurance. Loss contingency reserves established by NCS DIA are funded by contributions from member agencies. The District pays an annual premium to NCS DIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the NCS DIA. NCS DIA retains the ability to assess its members' amounts in addition to annual premiums. NCS DIA 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.

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

8. RISK MANAGEMENT, Continued

The District also participates in the Special District Risk Management Authority (SDRMA), a joint powers agency comprised of California special districts, for general, property, automobile, and public officials' errors and omissions. Loss contingency reserves established by the SDRMA are funded by contributions from member agencies. The District pays an annual contribution to the SDRMA that 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 SDRMA. SDRMA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

The District's self-insured retention level and maximum coverage under the NCSDIA and SDRMA are as follows:

	<u>Pool Coverage</u>	<u>Commercial Coverage</u>	<u>Self-Insured Retention</u>
NCSDIA			
Workers compensation and employers liability	\$ 200,000	\$ 5,000,000	\$ -
SDRMA			
Property	-	1,000,000,000	2,000
Boiler and machinery	-	100,000,000	1,000
Personal Injury and property damage	600,000	9,400,000	500 to 1,000
Uninsured motorists bodily injury	750,000	-	-
Public officials errors and omissions liability	600,000	9,400,000	-
Employment benefits and practices liability	600,000	9,400,000	-
Employee dishonesty	-	400,000	-
Public officials personal liability	-	500,000	500
Trailer and automobile physical damage	Replacement Cost	-	-

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

9. FUND BALANCE, Continued

As of June 30, 2012, classifications of fund balance are as follows:

	<u>Major Governmental Funds</u>			Total Government
	General	Landscaping and Lighting Special Revenue Fund	Non Major Government Funds	
Fund Balances				
Nonspendable fund balance:				
Advances to other funds	20,770	-	-	20,770
Subtotal	<u>20,770</u>	<u>-</u>	<u>-</u>	<u>20,770</u>
Restricted fund balance for:				
Park Development	11,559,018	-	-	11,559,018
Fire station and equipment	3,161,134	-	-	3,161,134
Capital projects	-		264,456	264,456
Specific purpose of the fund	-	19,245,297	-	19,245,297
Foundation activities of the fund	-	-	232,057	232,057
Subtotal	<u>14,720,152</u>	<u>19,245,297</u>	<u>496,513</u>	<u>34,461,962</u>
	-			
Assigned fund balance for:				
Emergency reserve	2,844,752	-	-	2,844,752
Youth facility development	33,020	-	-	33,020
Apparatus replacement	276,613	-	-	276,613
Retiree health	1,131,914	-	-	1,131,914
Laguna town hall capital	30,000	-	-	30,000
BMW complex capital reserve	46,550	-	-	46,550
Park capital facilities	2,770,239	-	-	2,770,239
EG recreation center capital improvement	6,000	-	-	6,000
Fire capital facilities	7,528	-	-	7,528
Station 75 principal/repayment	80,216	-	-	80,216
Recreational activities	2,732,939	-	-	2,732,939
Public safety activities	8,430,909	-	-	8,430,909
Administrative activities	1,030,749	-	-	1,030,749
Dillard ranch	37,904	-	-	37,904
Fox aquatic capital improvement	4,200	-	-	4,200
Pavillion deferred maintenance	5,000	-	-	5,000
HBSP deferred maintenance	18,600	-	-	18,600
Subtotal	<u>19,487,133</u>	<u>-</u>	<u>-</u>	<u>19,487,133</u>
Total Fund Balances	<u>34,228,055</u>	<u>19,245,297</u>	<u>496,513</u>	<u>53,969,865</u>

Cosumnes Community Services District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

10. COMMITMENT AND CONTINGENCIES

The District is in the process of performing park land improvements and other projects as of June 30, 2012 as follows:

Project	Project Appropriation	Expended to June 30, 2012	Committed
Buscher Park	\$ 1,009,734	\$ 75,245	\$ 934,489
Playground	274,903	57,153	217,750
	\$ 1,284,637	\$ 132,398	\$ 1,152,239

The District is a party to claims and lawsuits arising in the ordinary course of business. The District'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 District.

REQUIRED SUPPLEMENTARY INFORMATION

Cosumnes Community Services District
Required Supplementary Information
For the year ended June 30, 2012

1. PENSION PLAN SCHEDULE OF FUNDING PROGRESS

The table below, which is from the latest available actuarial valuation, shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the funded status of the accrued liability as a percentage of the annual covered payroll for the District's contribution to PERS as of June 30:

Miscellaneous (Unaudited)

Actuarial Valuation Date*	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Actuarial Liability as Percentage of Covered Payroll
6/30/2008	13,729,477	17,777,691	4,048,214	77.2%	8,788,839	46.1%
6/30/2009	15,499,553	21,515,856	6,016,297	72.0%	9,215,206	65.3%
6/30/2010	17,668,979	24,260,187	6,591,208	72.8%	9,453,838	69.7%

Safety (Unaudited)

Actuarial Valuation Date*	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Actuarial Liability as Percentage of Covered Payroll
6/30/2008	50,720,683	74,758,741	24,038,058	67.8%	17,431,161	137.9%
6/30/2009	57,359,973	87,331,168	29,971,195	65.7%	18,738,444	159.9%
6/30/2010	64,413,646	97,347,168	32,933,522	66.2%	17,662,826	186.5%

2. OTHER POST EMPLOYMENT PENSION PLAN SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date*	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Actuarial Liability as Percentage of Covered Payroll
7/1/2007	-	19,469,775	19,469,775	0.0%	30,527,284	63.8%
7/1/2009	-	39,505,943	39,505,943	0.0%	24,272,882	162.8%
7/1/2011	-	54,874,483	54,874,483	0.0%	22,586,551	243.0%

*Latest information available.

Cosumnes Community Services District
Required Supplementary Information, Continued
For the year ended June 30, 2012

3. BUDGETARY BASIS OF ACCOUNTING

As required by the laws of the State of California, the District prepares and legally adopts a final operating budget on or before September 1 of each fiscal year. Until the adoption of this final budget, operations are governed by the adopted preliminary budget approved by the Board.

Annual budgets are adopted for the General Fund and Landscape and Lighting Special Revenue Fund. A formal budget is not developed for the Foundation Special Revenue Fund. Accordingly, comparison of actual results of operations to budgetary data for this fund is not presented. Operating budgets are prepared on the modified accrual basis of accounting. Budgetary control and the legal level of control are at the object level. In addition, legal level of budgetary control for the Landscape and Lighting Special Revenue Fund is at the benefit zone level, which is presented in the Supplementary Information section of this report. Significant amendments, appropriation transfers between objects and transfers from contingencies must be approved by the District's Board of Directors. Supplemental appropriations financed by unanticipated revenues also must be approved by the Board. No significant supplemental appropriations were required during the year ended June 30, 2012.

The District prepares its annual budget on a basis (budgetary basis) which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the District's method (Non-GAAP budgetary basis) in the Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Non-GAAP Budgetary Basis for the Landscape and Lighting Special Revenue Fund to provide a meaningful comparison of actual results with the budget. The main difference between budgetary and GAAP basis is that park land improvements that have been contributed in lieu of developer fees in the Landscape and Lighting Special Revenue Fund are recorded as revenue and capital outlay expenditures on the GAAP basis, but these items are not reflected in the budget. No land improvements were contributed to the District during the year ended June 30, 2012, resulting in there being no difference between the GAAP basis and Non-GAAP Budgetary Basis for the year ended June 30, 2012.

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Cosumnes Community Services District
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Taxes	\$ 31,779,931	\$ 31,779,931	\$ 31,186,985	\$ (592,946)
Charges for current services	10,689,135	10,689,132	11,879,983	1,190,851
Developer fees and contributions	-	-	1,458,624	1,458,624
Intergovernmental	288,759	288,759	619,780	331,021
Donations and contributions	66,350	111,450	142,360	30,910
Use of money and property	1,108,136	1,108,135	1,055,702	(52,433)
Miscellaneous	27,983	7,503	96,066	88,563
Total revenues	43,960,294	43,984,910	46,439,500	2,454,590
EXPENDITURES:				
Current:				
Public protection	34,324,781	34,324,780	33,475,820	848,960
Recreation and culture	10,224,648	10,198,949	9,919,555	279,394
General government	3,552,957	3,552,957	3,223,873	329,084
Capital outlay	3,752,363	4,937,336	4,291,094	646,242
Debt service:				
Principal	3,231,536	3,144,028	3,144,028	-
Interest	1,168,529	1,163,157	1,163,157	-
Contingencies	500,000	500,000	-	500,000
Total expenditures	56,754,814	57,821,207	55,217,527	2,603,680
REVENUES OVER (UNDER) EXPENDITURES	(12,794,520)	(13,836,297)	(8,778,027)	5,058,270
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	12,000	12,000	156,250	144,250
Issuance of long-term liabilities	-	112,775	-	(112,775)
Insurance recovery	-	-	493,251	493,251
Transfers in	1,541,615	2,726,615	2,656,251	(70,364)
Transfers out	(1,260,878)	(1,507,378)	(1,505,653)	1,725
Total other financing sources (uses)	292,737	1,344,012	1,800,099	456,087
Net change in fund balances	(12,501,783)	(12,492,285)	(6,977,928)	5,514,357
FUND BALANCES:				
Beginning of year	41,205,983	41,205,983	41,205,983	-
End of year	\$ 28,704,200	\$ 28,713,698	\$ 34,228,055	\$ 5,514,357

Cosumnes Community Services District
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Non-GAAP Budgetary Basis
Landscape and Lighting Special Revenue Fund
For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Charges for current services	\$ 13,828,578	\$ 13,864,799	\$ 13,953,831	\$ 89,032
Donations and contributions	-	-	1,078	1,078
Use of money and property	296,686	304,936	311,328	6,392
Miscellaneous	-	-	83,706	83,706
Total revenues	14,125,264	14,169,735	14,349,943	180,208
EXPENDITURES:				
Current:				
Recreation and culture	10,275,623	10,343,813	9,847,285	496,528
Capital outlay	80,318	81,318	65,058	16,260
Debt service				-
Principal	798,309	785,681	785,729	(48)
Interest	101,180	99,675	99,627	48
Total expenditures	11,255,430	11,310,487	10,797,699	512,788
REVENUES OVER (UNDER) EXPENDITURES	2,869,834	2,859,248	3,552,244	692,996
OTHER FINANCING SOURCES (USES):				
Transfers in	2,444,298	2,458,298	2,362,623	95,675
Transfers out	(6,008,468)	(6,046,718)	(4,027,509)	(2,019,209)
Total other financing sources (uses)	(3,564,170)	(3,588,420)	(1,664,886)	1,923,534
Net change in fund balances	(694,336)	(729,172)	1,887,358	2,616,530
FUND BALANCES:				
Beginning of year	17,357,939	17,357,939	17,357,939	-
End of year	\$ 16,663,603	\$ 16,628,767	\$ 19,245,297	\$ 2,616,530

SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

Cosumnes Community Services District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

	Debt Service Fund	Foundation Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ -	\$ 253,201	\$ -	\$ 253,201
Restricted cash and investments	-	-	73,002	73,002
Due from other Funds	-	-	191,454	191,454
Total assets	\$ -	\$ 253,201	\$ 264,456	\$ 517,657
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 374	\$ -	\$ 374
Advances from other Funds	-	20,770	-	20,770
Total Liabilities	-	21,144	-	21,144
Fund Balances:				
Restricted for:				
Capital projects	-	-	264,456	264,456
Foundation activities of the fund	-	232,057	-	232,057
Total fund balances	-	232,057	264,456	496,513
Total liabilities and fund balances	\$ -	\$ 253,201	\$ 264,456	\$ 517,657

Cosumnes Community Services District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2012

	Debt Service Fund	Foundation Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES				
Donations and contributions	\$ -	\$ 47,848	\$ -	\$ 47,848
Use of money and property	-	-	34	34
Total revenues	-	47,848	34	47,882
EXPENDITURES				
General government	-	-	1,000	1,000
Services and supplies:				
Membership	-	55	-	55
Office Supplies	-	351	-	351
Printing	-	130	-	130
Food Supplies	-	855	-	855
Professional Services	-	981	-	981
Recreation Supplies	-	1,042	-	1,042
Total Services and supplies	-	3,414	1,000	4,414
Debt service:				
Principal	414,396			414,396
Interest	104,841			104,841
Total debt service	519,237	-	-	519,237
Total expenditures	519,237	3,414	1,000	523,651
REVENUES OVER (UNDER) EXPENDITURES	(519,237)	44,434	(966)	(475,769)
OTHER FINANCING SOURCES (USES)				
Transfers in	519,237	6,219	-	525,456
Transfers out	-	(11,168)	-	(11,168)
Total other financing sources (uses)	519,237	(4,949)	-	514,288
Net change in fund balances	-	39,485	(966)	38,519
FUND BALANCES:				
Beginning of year	-	192,572	265,422	457,994
End of year	\$ -	\$ 232,057	\$ 264,456	\$ 496,513

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GENERAL FUND

To account for resources associated with the general governmental operations which are not required to be accounted for in another fund.

Cosumnes Community Services District
Schedule of Revenues
General Fund
For the year ended June 30, 2012

	<u>General Operations</u>
Taxes:	
Current secured	\$ 31,026,112
Current unsecured	134,817
Supplemental property taxes	1,878
Prior unsecured	5,111
RDA Residual Distribution	19,067
Total taxes	<u>31,186,985</u>
Charges for current services:	
Recreation services charges	5,603,531
Ambulance service fees	5,611,419
Service fees/charges - other	665,033
Total charges for current services	<u>11,879,983</u>
Developer fees and contributions	<u>1,458,624</u>
Total developer fees and contributions	<u>1,458,624</u>
Intergovernmental:	
Homeowner's property tax relief	46,198
Sacramento County aid - Public safety	130,161
State aid - other miscellaneous programs	443,421
Total intergovernmental	<u>619,780</u>
Donations and contributions	<u>142,360</u>
Total donations and contributions	<u>142,360</u>
Use of money and property:	
Interest income	95,659
Building rental/lease	960,043
Total use of money and property	<u>1,055,702</u>
Miscellaneous:	
Other revenue	<u>96,066</u>
Total other revenue	<u>96,066</u>
Total revenues	<u><u>\$ 46,439,500</u></u>

Cosumnes Community Services District
Schedule of Expenditures
General Fund
For the year ended June 30, 2012

	Departments			Total
	Public Protection	Park (Recreation and Culture)	Administration (General Government)	
Current expenditures:				
Salaries and employee benefits:				
Salaries and wages	\$ 20,201,772	\$ 5,138,917	\$ 1,528,990	\$ 26,869,679
Retirement - employer costs	5,981,393	742,458	290,407	7,014,258
Group insurance - employer costs	3,281,638	829,170	446,630	4,557,438
Workers' compensation insurance	1,084,537	70,091	32,375	1,187,003
Other	271,008	134,897	24,335	430,240
Total salaries and employee benefits	30,820,348	6,915,533	2,322,737	40,058,618
Services and supplies:				
Automobile services and supplies	143,090	13,760	7,595	164,445
Buildings and grounds maintenance	89,768	196,235	26,142	312,145
Business conferences	1,917	1,118	2,484	5,519
Chemical supplies	-	95,795	-	95,795
Clothing/personal supplies	55,305	19,243	1,492	76,040
Communication system service	528,228	-	-	528,228
Education and training	28,392	9,986	4,160	42,538
Employee transportation	630	114	35	779
Fire equipment and maintenance	71,482	598	-	72,080
Equipment rents and leases	32,390	86,053	1,107	119,550
Food supplies	4,018	118,127	514	122,659
Fuel and lubricants	296,259	21,110	21,237	338,606
Insurance - liability	171,967	66,009	26,720	264,696
Medical services and supplies	234,449	3,227	335	238,011
Memberships	165	9,466	6,673	16,304
Miscellaneous	235,660	-	104,064	339,724
Office supplies	7,067	17,798	8,931	33,796
Professional services	383,423	1,331,613	633,085	2,348,121
Radio/electric service and supply	8,300	111,223	-	119,523
Recreational supplies	-	319,411	-	319,411
Taxes and assessments	127	-	14,527	14,654
Telephone	154,884	67,471	12,369	234,724
Utilities	207,951	515,665	29,666	753,282
Total services and supplies	2,655,472	3,004,022	901,136	6,560,630
Total current expenditures	33,475,820	9,919,555	3,223,873	46,619,248
Capital outlay:				
Land	45,100	-	-	45,100
Structures and improvements	-	4,109,506	-	4,109,506
Equipment	80,635	54,284	1,569	136,488
Total capital outlay	125,735	4,163,790	1,569	4,291,094
Debt service:				
Principal	2,736,961	29,212	377,855	3,144,028
Interest	711,652	5,569	445,936	1,163,157
Total debt service	3,448,613	34,781	823,791	4,307,185
Total expenditures	\$ 37,050,168	\$ 14,118,126	\$ 4,049,233	\$ 55,217,527

Cosumnes Community Services District
Schedule of Expenditures and Other Financing Sources and Uses Compared to Budget -
General Fund
For the year ended June 30, 2012

	Public Protection			Park Department		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
PUBLIC PROTECTION:						
Salaries and benefits	\$ 30,956,060	\$ 30,820,348	\$ 135,712	\$ -	\$ -	\$ -
Service and supplies	3,368,720	2,655,472	713,248	-	-	-
Total public protection	34,324,780	33,475,820	848,960	-	-	-
RECREATION AND CULTURE:						
Salaries and benefits	-	-	-	7,190,225	6,915,533	274,692
Costs of sales and services	-	-	-	3,008,724	3,004,022	4,702
Total recreation and culture	-	-	-	10,198,949	9,919,555	279,394
GENERAL GOVERNMENT:						
Salaries and benefits	-	-	-	-	-	-
Services and supplies	-	-	-	-	-	-
Total general government	-	-	-	-	-	-
CAPITAL OUTLAY:						
Land	45,100	45,100	-	-	-	-
Equipment	109,908	80,635	29,273	136,009	54,284	81,725
Structures and improvements	500,000	-	500,000	4,114,719	4,109,506	5,213
Total capital outlay	655,008	125,735	529,273	4,250,728	4,163,790	86,938
LEASES/DEBT PAYMENTS:						
Debt service	3,448,613	3,448,613	-	34,781	34,781	-
OTHER FINANCING SOURCES AND USES:						
Proceeds from sale of capital assets	(12,000)	(153,750)	(141,750)	-	(2,500)	(2,500)
Issuance of long-term liabilities	-	-	-	(83,275)	-	83,275
Insurance Proceeds	-	(1,501)	(1,501)	(21,000)	(491,750)	(470,750)
Transfers in	(29,750)	(30,846)	(1,096)	(2,549,052)	(2,477,591)	71,461
Transfers out	284,441	284,078	(363)	1,205,834	1,205,520	(314)
Total other Financing uses	242,691	97,981	(144,710)	(1,447,493)	(1,766,321)	(318,828)
CONTINGENCIES						
	-	-	-	-	-	-
Total general fund	\$ 38,671,092	\$ 37,148,149	\$ 1,233,523	\$ 13,036,965	\$ 12,351,805	\$ 47,504

Administrative Services			Total		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ 30,956,060	\$ 30,820,348	\$ 135,712
-	-	-	3,368,720	2,655,472	713,248
-	-	-	34,324,780	33,475,820	848,960
-	-	-	7,190,225	6,915,533	274,692
-	-	-	3,008,724	3,004,022	4,702
-	-	-	10,198,949	9,919,555	279,394
2,448,072	2,322,737	125,335	2,448,072	2,322,737	125,335
1,104,885	901,136	203,749	1,104,885	901,136	203,749
3,552,957	3,223,873	329,084	3,552,957	3,223,873	329,084
-	-	-	45,100	45,100	-
31,600	1,569	30,031	277,517	136,488	141,029
-	-	-	4,614,719	4,109,506	505,213
31,600	1,569	30,031	4,937,336	4,291,094	646,242
823,791	823,791	-	4,307,185	4,307,185	-
-	-	-	(12,000)	(156,250)	(144,250)
(29,500)	-	29,500	(112,775)	-	112,775
-	-	-	-	(493,251)	(493,251)
(147,813)	(147,814)	(1)	(2,726,615)	(2,656,251)	70,364
17,103	16,055	(1,048)	1,507,378	1,505,653	(1,725)
(160,210)	(131,759)	28,451	(1,344,012)	(1,800,099)	(456,087)
500,000	-	500,000	500,000	-	500,000
\$ 4,748,138	\$ 3,917,474	\$ 887,566	\$ 56,477,195	\$ 53,417,428	\$ 2,147,593

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LANDSCAPE AND LIGHTING SPECIAL REVENUE FUND

To account for specific revenue sources related to the District Wide Landscape and Lighting Assessment District pursuant to the Landscape and Lighting Act of 1972. The activities of the Assessment Districts are accounted for under the following zones of benefit, which do not represent separate special revenue funds:

- Zone 1 - Laguna
- Zone 2 - Camden
- Zone 3 - Elk Grove/West Vineyard
- Zone 4 - West Laguna
- Zone 5 - Lakeside
- Zone 6 - Central Elk Grove
- Zone 8 - Other Rural Areas
- Zone 9 - Waterman/Park Village
- Zone 10 - Auto Mall
- Zone 11 - East Elk Grove
- Zone 12 - Laguna Stonelake
- Zone 13 - East Franklin
- Zone 14 - Camden Park
- Zone 15 - Vista Creek
- Zone 16 - Fallbrook Park Lane
- Zone 17 - City Landscape
- District Wide

Cosumnes Community Services District
Balance Sheet Schedules by Benefit Zone
Landscaping and Lighting Special Revenue Fund
June 30, 2012

	Landscape and Lighting Assessment District - Zones of Benefit					
	Zone 1 Laguna	Zone 2 Camden	Zone 3	Zone 4	Zone 5 Lakeside	Zone 6
			Elk Grove/ West Vineyard	West Laguna		Central Elk Grove
ASSETS						
Cash and investments	\$ 3,242,460	\$ 178,759	\$ 533,836	\$ 704,528	\$ 677,337	\$ 135,286
Receivables:						
Accounts	-	-	-	-	-	-
Interest	1,347	52	269	301	272	150
Intergovernmental	63,817	2,730	14,270	14,307	10,468	10,215
Total assets	\$ 3,307,624	\$ 181,541	\$ 548,375	\$ 719,136	\$ 688,077	\$ 145,651
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued expenditures	\$ 80,513	\$ 9,156	\$ 10,182	\$ 29,871	\$ 12,259	\$ 2,379
Deferred revenue	-	-	2,000	-	-	195
Total liabilities	80,513	9,156	12,182	29,871	12,259	2,574
Fund Balances:						
Restricted for:						
Specific purpose of the fund	3,227,111	172,385	536,193	689,265	675,818	143,077
Total fund balances	3,227,111	172,385	536,193	689,265	675,818	143,077
Total liabilities and fund balances	\$ 3,307,624	\$ 181,541	\$ 548,375	\$ 719,136	\$ 688,077	\$ 145,651

Landscape and Lighting Assessment District - Zones of Benefit

Zone 8 Other Rural Areas	Zone 9 Waterman/ Park Village	Zone 10 Auto Mall	Zone 11 East Elk Grove	Zone 12 Laguna Stonelake	Zone 13 East Franklin	Zone 14 Camden Park	Zone 15 Vista Creek
\$ 757,420	\$ 134,202	\$ 83,679	\$ 2,658,885	\$ 585,283	\$ 8,661,745	\$ 74,830	\$ 28,397
-	-	-	-	-	-	-	-
378	54	35	1,423	218	3,369	48	12
9,867	5,128	547	27,175	8,190	56,025	1,808	419
<u>\$ 767,665</u>	<u>\$ 139,384</u>	<u>\$ 84,261</u>	<u>\$ 2,687,483</u>	<u>\$ 593,691</u>	<u>\$ 8,721,139</u>	<u>\$ 76,686</u>	<u>\$ 28,828</u>
\$ 1,583	\$ 2,823	\$ 42	\$ 17,862	\$ 13,308	\$ 60,325	\$ -	\$ -
-	-	-	-	575	-	-	-
<u>1,583</u>	<u>2,823</u>	<u>42</u>	<u>17,862</u>	<u>13,883</u>	<u>60,325</u>	<u>-</u>	<u>-</u>
766,082	136,561	84,219	2,669,621	579,808	8,660,814	76,686	28,828
<u>766,082</u>	<u>136,561</u>	<u>84,219</u>	<u>2,669,621</u>	<u>579,808</u>	<u>8,660,814</u>	<u>76,686</u>	<u>28,828</u>
<u>\$ 767,665</u>	<u>\$ 139,384</u>	<u>\$ 84,261</u>	<u>\$ 2,687,483</u>	<u>\$ 593,691</u>	<u>\$ 8,721,139</u>	<u>\$ 76,686</u>	<u>\$ 28,828</u>

(Continued)

Cosumnes Community Services District
Balance Sheet Schedules by Benefit Zone
Landscaping and Lighting Special Revenue Fund
June 30, 2012

Landscape and Lighting Assessment District - Zones of Benefit

	Zone 16 Fallbrook Park Lane	Zone 17 City Landscape	District Wide	Total
ASSETS				
Cash and investments	\$ 103,632	\$ 262,971	\$ 391,665	\$ 19,214,915
Receivables:				
Accounts	-	60,270	51,667	111,937
Interest	45	114	-	8,087
Intergovernmental	1,994	-	-	226,960
Total assets	\$ 105,671	\$ 323,355	\$ 443,332	\$ 19,561,899
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenditures	\$ -	\$ 4,521	\$ 67,008	\$ 311,832
Deferred revenue	-	-	2,000	4,770
Total liabilities	-	4,521	69,008	316,602
Fund Balances:				
Restricted for:				
Specific purpose of the fund	105,671	318,834	374,324	19,245,297
Total fund balances	105,671	318,834	374,324	19,245,297
Total liabilities and fund balances	\$ 105,671	\$ 323,355	\$ 443,332	\$ 19,561,899

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Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Landscaping and Lighting Special Revenue Fund
June 30, 2012

	Landscape and Lighting Assessment District - Zones of Benefit					
	Zone 3		Zone 4	Zone 5	Zone 6	
	Zone 1	Zone 2	Elk Grove/ West	Zone 4 West	Zone 5	Zone 6
	Laguna	Camden	Vineyard	Laguna	Lakeside	Central Elk Grove
REVENUES:						
Charges for current services	\$ 3,605,761	\$ 154,161	\$ 806,215	\$ 808,365	\$ 591,410	\$ 577,152
Donations and contributions	-	-	-	-	-	-
Use of money and property	64,028	281	25,517	1,736	1,560	630
Miscellaneous	6,237	-	-	706	658	-
Total revenues	3,676,026	154,442	831,732	810,807	593,628	577,782
EXPENDITURES:						
Current:						
Recreation and culture	2,167,645	149,617	600,160	625,400	396,242	147,145
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	525,455	-	-	-	-	-
Interest	67,055	-	-	-	-	-
Total expenditures	2,760,155	149,617	600,160	625,400	396,242	147,145
REVENUES OVER (UNDER)						
EXPENDITURES	915,871	4,825	231,572	185,407	197,386	430,637
OTHER FINANCING SOURCES (USES):						
Transfers in	-	66,721	6,000	-	-	-
Transfers out	(640,787)	(41,812)	(287,517)	(153,862)	(113,455)	(440,618)
Total other financing sources (uses)	(640,787)	24,909	(281,517)	(153,862)	(113,455)	(440,618)
Net change in fund balances	275,084	29,734	(49,945)	31,545	83,931	(9,981)
FUND BALANCES:						
Beginning of year	2,952,027	142,651	586,138	657,720	591,887	153,058
End of year	\$ 3,227,111	\$ 172,385	\$ 536,193	\$ 689,265	\$ 675,818	\$ 143,077

Landscape and Lighting Assessment District - Zones of Benefit

Zone 8 Other Rural Areas	Zone 9 Waterman/ Park Village	Zone 10 Auto Mall	Zone 11 East Elk Grove	Zone 12 Laguna Stonelake	Zone 13 East Franklin	Zone 14 Camden Park	Zone 15 Vista Creek
\$ 557,581	\$ 289,725	\$ 30,926	\$ 1,535,438	\$ 462,765	\$ 3,165,065	\$ 130,392	\$ 19,300
-	-	-	-	-	-	-	-
2,207	23,015	202	8,506	31,943	44,806	128	58
-	7,800	-	4,926	5,362	-	-	-
559,788	320,540	31,128	1,548,870	500,070	3,209,871	130,520	19,358
12,572	239,401	1,642	548,506	301,651	1,425,730	660	550
-	3,416	-	5,910	-	14,974	-	-
231,685	-	-	-	-	-	-	-
29,566	-	-	-	-	-	-	-
273,823	242,817	1,642	554,416	301,651	1,440,704	660	550
285,965	77,723	29,486	994,454	198,419	1,769,167	129,860	18,808
-	47,824	-	-	33,880	-	-	-
(266,955)	(113,952)	(10,813)	(1,206,172)	(98,859)	(369,987)	(76,521)	(6,000)
(266,955)	(66,128)	(10,813)	(1,206,172)	(64,979)	(369,987)	(76,521)	(6,000)
19,010	11,595	18,673	(211,718)	133,440	1,399,180	53,339	12,808
747,072	124,966	65,546	2,881,339	446,368	7,261,634	23,347	16,020
\$ 766,082	\$ 136,561	\$ 84,219	\$ 2,669,621	\$ 579,808	\$ 8,660,814	\$ 76,686	\$ 28,828

Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Landscaping and Lighting Special Revenue Fund
June 30, 2012

Landscape and Lighting Assessment District - Zones of Benefit

	Zone 16 Fallbrook Park Lane	Zone 17 City Landscape	District Wide	Total
REVENUES:				
Charges for current services	\$ 119,056	\$ 1,100,519	\$ -	\$ 13,953,831
Donations and contributions	-	-	1,078	1,078
Use of money and property	304	1,150	105,257	311,328
Miscellaneous	-	-	58,017	83,706
Total revenues	119,360	1,101,669	164,352	14,349,943
EXPENDITURES:				
Current:				
Recreation and culture	825	1,073,462	2,156,077	9,847,285
Capital outlay	-	-	40,758	65,058
Debt service:				
Principal	-	-	28,589	785,729
Interest	-	-	3,006	99,627
Total expenditures	825	1,073,462	2,228,430	10,797,699
REVENUES OVER (UNDER) EXPENDITURES	118,535	28,207	(2,064,078)	3,552,244
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2,208,198	2,362,623
Transfers out	(38,024)	(7,239)	(154,936)	(4,027,509)
Total other financing sources (uses)	(38,024)	(7,239)	2,053,262	(1,664,886)
Net change in fund balances	80,511	20,968	(10,816)	1,887,358
FUND BALANCES:				
Beginning of year	25,160	297,866	385,140	17,357,939
End of year	\$ 105,671	\$ 318,834	\$ 374,324	\$ 19,245,297

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Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone -
Budget and Actual
For the year ended June 30, 2012

	Landscape and Lighting Assessment District - Zones of Benefit			
	Zone 1 - Laguna			Variance
	Original	Final Budget	Actual	Positive (Negative)
REVENUES:				
Charges for current services	\$ 3,583,475	\$ 3,583,475	\$ 3,605,761	\$ 22,286
Donations and contributions	-	-	-	-
Use of money and property	61,400	61,400	64,028	2,628
Miscellaneous	-	-	6,237	6,237
Total revenues	\$ 3,644,875	\$ 3,644,875	\$ 3,676,026	\$ 31,151
EXPENDITURES:				
Current:				
Recreation and culture				
Salaries and benefits	\$ 377,054	\$ 385,754	\$ 385,589	\$ 165
Services and supplies	1,891,486	1,882,786	1,782,056	100,730
Capital outlay				
Equipment	-	-	-	-
Debt service:				
Principal	525,422	525,422	525,455	(33)
Interest	67,088	67,088	67,055	33
Total expenditures	2,861,050	2,861,050	2,760,155	100,895
REVENUES OVER (UNDER)				
EXPENDITURES	\$ 783,825	\$ 783,825	\$ 915,871	\$ 132,046
OTHER FINANCING SOURCES (USES):				
Transfers in			-	-
Transfers out	(1,212,875)	(1,212,875)	(640,787)	572,088
Total other financing sources (uses)	(1,212,875)	(1,212,875)	(640,787)	572,088
Net change in fund balances	(429,050)	(429,050)	275,084	704,134
	\$ -			
FUND BALANCES:				
Beginning of year	2,952,027	2,952,027	2,952,027	-
End of year	\$ 2,522,977	\$ 2,522,977	\$ 3,227,111	\$ 704,134

Landscape and Lighting Assessment District - Zones of Benefit

Zone 2 - Camden				Zone 3 - Elk Grove/West Vineyard			
Original	Final Budget	Actual	Variance Positive (Negative)	Original	Final Budget	Actual	Variance Positive (Negative)
\$ 153,210	\$ 153,210	\$ 154,161	\$ 951	\$ 801,261	\$ 803,761	\$ 806,215	\$ 2,454
-	-	-	-	-	-	-	-
156	156	281	125	26,500	26,500	25,517	(983)
-	-	-	-	-	-	-	-
<u>\$ 153,366</u>	<u>\$ 153,366</u>	<u>\$ 154,442</u>	<u>\$ 1,076</u>	<u>\$ 827,761</u>	<u>\$ 830,261</u>	<u>\$ 831,732</u>	<u>\$ 1,471</u>
\$ 28,511	\$ 28,711	\$ 28,692	\$ 19	\$ 126,375	\$ 126,875	\$ 126,861	\$ 14
149,145	147,145	120,925	26,220	449,415	473,415	473,299	116
<u>177,656</u>	<u>175,856</u>	<u>149,617</u>	<u>26,239</u>	<u>575,790</u>	<u>600,290</u>	<u>600,160</u>	<u>130</u>
\$ (24,290)	\$ (22,490)	\$ 4,825	\$ 27,315	\$ 251,971	\$ 229,971	\$ 231,572	\$ 1,601
99,819	99,819	66,721	(33,098)	6,000	6,000	6,000	-
(40,160)	(41,960)	(41,812)	148	(307,092)	(287,592)	(287,517)	75
59,659	57,859	24,909	(32,950)	(301,092)	(281,592)	(281,517)	75
35,369	35,369	29,734	(5,635)	(49,121)	(51,621)	(49,945)	1,676
<u>142,651</u>	<u>142,651</u>	<u>142,651</u>	<u>-</u>	<u>586,138</u>	<u>586,138</u>	<u>586,138</u>	<u>-</u>
<u>\$ 178,020</u>	<u>\$ 178,020</u>	<u>\$ 172,385</u>	<u>\$ (5,635)</u>	<u>\$ 537,017</u>	<u>\$ 534,517</u>	<u>\$ 536,193</u>	<u>\$ 1,676</u>

(Continued)

Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone -
Budget and Actual, Continued
For the year ended June 30, 2012

	Landscape and Lighting Assessment District - Zones of Benefit			
	Zone 4 - West Laguna			
	Original	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Charges for current services	\$ 803,372	\$ 803,372	\$ 808,365	\$ 4,993
Donations and contributions			-	-
Use of money and property	1,500	1,500	1,736	236
Miscellaneous			706	706
Total revenues	\$ 804,872	\$ 804,872	\$ 810,807	\$ 5,935
EXPENDITURES:				
Current:				
Recreation and culture				
Salaries and benefits	\$ 70,496	\$ 72,546	\$ 72,492	\$ 54
Services and supplies	588,454	586,154	552,908	33,246
Capital outlay				
Equipment			-	-
Debt service:				
Principal			-	-
Interest			-	-
Total expenditures	658,950	658,700	625,400	33,300
REVENUES OVER (UNDER)				
EXPENDITURES	\$ 145,922	\$ 146,172	\$ 185,407	\$ 39,235
OTHER FINANCING SOURCES (USES):				
Transfers in			-	-
Transfers out	(181,889)	(181,889)	(153,862)	28,027
Total other financing sources (uses)	(181,889)	(181,889)	(153,862)	28,027
Net change in fund balances	(35,967)	(35,717)	31,545	67,262
FUND BALANCES:				
Beginning of year	657,720	657,720	657,720	-
End of year	\$ 621,753	\$ 622,003	\$ 689,265	\$ 67,262

Landscape and Lighting Assessment District - Zones of Benefit

Zone 5 - Lakeside				Zone 6 - Central Elk Grove			
Original	Final Budget	Actual	Variance Positive (Negative)	Original	Final Budget	Actual	Variance Positive (Negative)
\$ 587,768	\$ 587,768	\$ 591,410	\$ 3,642	\$ 573,583	\$ 573,583	\$ 577,152	\$ 3,569
		-	-			-	-
500	500	1,560	1,060	700	700	630	(70)
		658	658			-	-
<u>\$ 588,268</u>	<u>\$ 588,268</u>	<u>\$ 593,628</u>	<u>\$ 5,360</u>	<u>\$ 574,283</u>	<u>\$ 574,283</u>	<u>\$ 577,782</u>	<u>\$ 3,499</u>
\$ 56,484	\$ 58,084	\$ 57,985	\$ 99	\$ 31,068	\$ 31,118	\$ 31,106	\$ 12
403,523	396,023	338,257	57,766	111,815	116,115	116,039	76
		-	-			-	-
		-	-			-	-
		-	-			-	-
<u>460,007</u>	<u>454,107</u>	<u>396,242</u>	<u>57,865</u>	<u>142,883</u>	<u>147,233</u>	<u>147,145</u>	<u>88</u>
\$ 128,261	\$ 134,161	\$ 197,386	\$ 63,225	\$ 431,400	\$ 427,050	\$ 430,637	\$ 3,587
		-	-			-	-
(107,832)	(113,632)	(113,455)	177	(491,246)	(486,896)	(440,618)	46,278
(107,832)	(113,632)	(113,455)	177	(491,246)	(486,896)	(440,618)	46,278
20,429	20,529	83,931	63,402	(59,846)	(59,846)	(9,981)	49,865
591,887	591,887	591,887	-	153,058	153,058	153,058	-
<u>\$ 612,316</u>	<u>\$ 612,416</u>	<u>\$ 675,818</u>	<u>\$ 63,402</u>	<u>\$ 93,212</u>	<u>\$ 93,212</u>	<u>\$ 143,077</u>	<u>\$ 49,865</u>

(Continued)

Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone -
Budget and Actual, Continued
For the year ended June 30, 2012

	Landscape and Lighting Assessment District - Zones of Benefit			
	Zone 8 - Other Rural Areas			
	Original	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Charges for current services	\$ 554,068	\$ 556,818	\$ 557,581	\$ 763
Donations and contributions			-	-
Use of money and property	4,375	4,375	2,207	(2,168)
Miscellaneous			-	-
Total revenues	\$ 558,443	\$ 561,193	\$ 559,788	\$ (1,405)
EXPENDITURES:				
Current:				
Recreation and culture				
Salaries and benefits	\$ 531	\$ 1,181	\$ 1,164	\$ 17
Services and supplies	12,089	12,026	11,408	618
Capital outlay				
Equipment			-	-
Debt service:				
Principal	231,670	231,670	231,685	(15)
Interest	29,581	29,581	29,566	15
Total expenditures	273,871	274,458	273,823	635
REVENUES OVER (UNDER)				
EXPENDITURES	\$ 284,572	\$ 286,735	\$ 285,965	\$ (770)
OTHER FINANCING SOURCES (USES):				
Transfers in			-	-
Transfers out	(264,905)	(267,005)	(266,955)	50
Total other financing sources (uses)	(264,905)	(267,005)	(266,955)	50
Net change in fund balances	19,667	19,730	19,010	(720)
FUND BALANCES:				
Beginning of year	747,072	747,072	747,072	-
End of year	\$ 766,739	\$ 766,802	\$ 766,082	\$ (720)

Landscape and Lighting Assessment District - Zones of Benefit

Zone 9 - Waterman/Park Village				Zone 10 - Auto Mall			
Original	Final Budget	Actual	Variance Positive (Negative)	Original	Final Budget	Actual	Variance Positive (Negative)
\$ 287,929	\$ 287,929	\$ 289,725	\$ 1,796	\$ 30,735	\$ 30,735	\$ 30,926	\$ 191
		-	-			-	-
5	5	23,015	23,010	50	50	202	152
		7,800	7,800	-	-	-	-
<u>\$ 287,934</u>	<u>\$ 287,934</u>	<u>\$ 320,540</u>	<u>\$ 32,606</u>	<u>\$ 30,785</u>	<u>\$ 30,785</u>	<u>\$ 31,128</u>	<u>\$ 343</u>
\$ 51,283	\$ 51,733	\$ 51,703	\$ 30	\$ -	\$ -	\$ -	\$ -
197,820	196,770	187,698	9,072	1,425	1,675	1,642	33
	5,000	3,416	1,584	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
<u>249,103</u>	<u>253,503</u>	<u>242,817</u>	<u>10,686</u>	<u>1,425</u>	<u>1,675</u>	<u>1,642</u>	<u>33</u>
\$ 38,831	\$ 34,431	\$ 77,723	\$ 43,292	\$ 29,360	\$ 29,110	\$ 29,486	\$ 376
120,550	120,550	47,824	(72,726)	-	-	-	-
(139,932)	(139,932)	(113,952)	25,980	(10,672)	(10,822)	(10,813)	9
(19,382)	(19,382)	(66,128)	(46,746)	(10,672)	(10,822)	(10,813)	9
<u>19,449</u>	<u>15,049</u>	<u>11,595</u>	<u>(3,454)</u>	<u>18,688</u>	<u>18,288</u>	<u>18,673</u>	<u>385</u>
124,966	124,966	124,966	-	65,546	65,546	65,546	-
<u>\$ 144,415</u>	<u>\$ 140,015</u>	<u>\$ 136,561</u>	<u>\$ (3,454)</u>	<u>\$ 84,234</u>	<u>\$ 83,834</u>	<u>\$ 84,219</u>	<u>\$ 385</u>

(Continued)

Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone -
Budget and Actual, Continued
For the year ended June 30, 2012

	Landscape and Lighting Assessment District - Zones of Benefit			
	Zone 11 - East Elk Grove			
	Original	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Charges for current services	\$ 1,525,947	\$ 1,525,947	\$ 1,535,438	\$ 9,491
Donations and contributions			-	-
Use of money and property	10,000	10,000	8,506	(1,494)
Miscellaneous		-	4,926	4,926
Total revenues	\$ 1,535,947	\$ 1,535,947	\$ 1,548,870	\$ 12,923
EXPENDITURES:				
Current:				
Recreation and culture				
Salaries and benefits	\$ 73,129	\$ 73,529	\$ 73,437	\$ 92
Services and supplies	550,548	544,148	475,069	69,079
Capital outlay				
Equipment		6,000	5,910	90
Debt service:				
Principal			-	-
Interest			-	-
Total expenditures	623,677	623,677	554,416	69,261
REVENUES OVER (UNDER)				
EXPENDITURES	\$ 912,270	\$ 912,270	\$ 994,454	\$ 82,184
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(2,444,236)	(2,444,236)	(1,206,172)	1,238,064
Total other financing sources (uses)	(2,444,236)	(2,444,236)	(1,206,172)	1,238,064
Net change in fund balances	(1,531,966)	(1,531,966)	(211,718)	1,320,248
FUND BALANCES:				
Beginning of year	2,881,339	2,881,339	2,881,339	-
End of year	\$ 1,349,373	\$ 1,349,373	\$ 2,669,621	\$ 1,320,248

Landscape and Lighting Assessment District - Zones of Benefit

Zone 12 - Laguna Stonelake				Zone 13 - East Franklin			
Original	Final Budget	Actual	Variance Positive (Negative)	Original	Final Budget	Actual	Variance Positive (Negative)
\$ 459,910	\$ 452,081	\$ 462,765	\$ 10,684	\$ 3,145,904	\$ 3,145,904	\$ 3,165,065	\$ 19,161
		-	-			-	-
12,500	20,750	31,943	11,193	36,500	36,500	44,806	8,306
		5,362	5,362			-	-
<u>\$ 472,410</u>	<u>\$ 472,831</u>	<u>\$ 500,070</u>	<u>\$ 27,239</u>	<u>\$ 3,182,404</u>	<u>\$ 3,182,404</u>	<u>\$ 3,209,871</u>	<u>\$ 27,467</u>
\$ 53,508	\$ 54,958	\$ 54,950	\$ 8	\$ 383,048	\$ 383,048	\$ 375,448	\$ 7,600
292,686	291,236	246,701	44,535	1,173,639	1,167,789	1,050,282	117,507
		-	-	16,000	16,000	14,974	1,026
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
346,194	346,194	301,651	44,543	1,572,687	1,566,837	1,440,704	126,133
\$ 126,216	\$ 126,637	\$ 198,419	\$ 71,782	\$ 1,609,717	\$ 1,615,567	\$ 1,769,167	\$ 153,600
33,880	33,880	33,880	-	-	-	-	-
(101,235)	(101,235)	(98,859)	2,376	(364,171)	(370,021)	(369,987)	34
(67,355)	(67,355)	(64,979)	2,376	(364,171)	(370,021)	(369,987)	34
58,861	59,282	133,440	74,158	1,245,546	1,245,546	1,399,180	153,634
446,368	446,368	446,368	-	7,261,634	7,261,634	7,261,634	-
<u>\$ 505,229</u>	<u>\$ 505,650</u>	<u>\$ 579,808</u>	<u>\$ 74,158</u>	<u>\$ 8,507,180</u>	<u>\$ 8,507,180</u>	<u>\$ 8,660,814</u>	<u>\$ 153,634</u>

(Continued)

Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone -
Budget and Actual, Continued
For the year ended June 30, 2012

	Landscape and Lighting Assessment District - Zones of Benefit			
	Zone 14 - Camden Park			
	Original	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Charges for current services	\$ 130,693	\$ 130,693	\$ 130,392	\$ (301)
Donations and contributions			-	-
Use of money and property	-	-	128	128
Miscellaneous	-	-	-	-
Total revenues	\$ 130,693	\$ 130,693	\$ 130,520	\$ (173)
EXPENDITURES:				
Current:				
Recreation and culture				
Salaries and benefits	\$ -	\$ -	\$ -	\$ -
Services and supplies	1,200	1,200	660	540
Capital outlay				
Equipment	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,200	1,200	660	540
REVENUES OVER (UNDER)				
EXPENDITURES	\$ 129,493	\$ 129,493	\$ 129,860	\$ 367
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(109,619)	(109,619)	(76,521)	33,098
Total other financing sources (uses)	(109,619)	(109,619)	(76,521)	33,098
Net change in fund balances	19,874	19,874	53,339	33,465
FUND BALANCES:				
Beginning of year	23,347	23,347	23,347	-
End of year	\$ 43,221	\$ 43,221	\$ 76,686	\$ 33,465

Landscape and Lighting Assessment District - Zones of Benefit

Zone 15 - Vista Creek				Zone 16 - Fallbrook Park Lane			
Original	Final Budget	Actual	Variance Positive (Negative)	Original	Final Budget	Actual	Variance Positive (Negative)
\$ 19,559	\$ 19,559	\$ 19,300	\$ (259)	\$ 119,582	\$ 119,582	\$ 119,056	\$ (526)
-	-	-	-	-	-	-	-
-	-	58	58	-	-	304	304
-	-	-	-	-	-	-	-
<u>\$ 19,559</u>	<u>\$ 19,559</u>	<u>\$ 19,358</u>	<u>\$ (201)</u>	<u>\$ 119,582</u>	<u>\$ 119,582</u>	<u>\$ 119,360</u>	<u>\$ (222)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,000	1,000	550	450	1,500	1,500	825	675
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,000</u>	<u>1,000</u>	<u>550</u>	<u>450</u>	<u>1,500</u>	<u>1,500</u>	<u>825</u>	<u>675</u>
\$ 18,559	\$ 18,559	\$ 18,808	\$ 249	\$ 118,082	\$ 118,082	\$ 118,535	\$ 453
-	-	-	-	-	-	-	-
(6,000)	(6,000)	(6,000)	-	(110,750)	(110,750)	(38,024)	72,726
(6,000)	(6,000)	(6,000)	-	(110,750)	(110,750)	(38,024)	72,726
12,559	12,559	12,808	249	7,332	7,332	80,511	73,179
16,020	16,020	16,020	-	25,160	25,160	25,160	-
<u>\$ 28,579</u>	<u>\$ 28,579</u>	<u>\$ 28,828</u>	<u>\$ 249</u>	<u>\$ 32,492</u>	<u>\$ 32,492</u>	<u>\$ 105,671</u>	<u>\$ 73,179</u>

(Continued)

Cosumnes Community Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances by Benefit Zone -
Budget and Actual, Continued
For the year ended June 30, 2012

	Landscape and Lighting Assessment District - Zones of Benefit			
	Zone 17 - City Landscape			
	Original	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Charges for current services	\$ 1,051,582	\$ 1,090,382	\$ 1,100,519	\$ 10,137
Donations and contributions	-		-	-
Use of money and property	-		1,150	1,150
Miscellaneous	-		-	-
Total revenues	\$ 1,051,582	\$ 1,090,382	\$ 1,101,669	\$ 11,287
EXPENDITURES:				
Current:				
Recreation and culture				
Salaries and benefits	\$ 115,242	\$ 116,042	\$ 115,953	\$ 89
Services and supplies	920,065	985,068	957,509	27,559
Capital outlay				
Equipment	6,000	6,000	-	6,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	1,041,307	1,107,110	1,073,462	33,648
REVENUES OVER (UNDER)				
EXPENDITURES	\$ 10,275	\$ (16,728)	\$ 28,207	\$ 44,935
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(7,239)	(7,239)	(7,239)	-
Total other financing sources (uses)	(7,239)	(7,239)	(7,239)	-
Net change in fund balances	3,036	(23,967)	20,968	44,935
FUND BALANCES:				
Beginning of year	297,866	297,866	297,866	-
End of year	\$ 300,902	\$ 273,899	\$ 318,834	\$ 44,935

Landscape and Lighting Assessment District - Zones of Benefit

District Wide				Totals			
Original	Final Budget	Actual	Variance Positive (Negative)	Original	Final Budget	Actual	Variance Positive (Negative)
		\$ -	\$ -	\$ 13,828,578	\$ 13,864,799	\$ 13,953,831	\$ 89,032
		1,078	1,078	-	-	1,078	1,078
142,500	142,500	105,257	(37,243)	296,686	304,936	311,328	6,392
		58,017	58,017	-	-	83,706	83,706
<u>\$ 142,500</u>	<u>\$ 142,500</u>	<u>\$ 164,352</u>	<u>\$ 21,852</u>	<u>\$ 14,125,264</u>	<u>\$ 14,169,735</u>	<u>\$ 14,349,943</u>	<u>\$ 180,208</u>
\$ 933,912	\$ 987,512	\$ 987,454	\$ 58	2,300,641	2,371,091	2,362,834	\$ 8,257
1,229,172	1,168,672	1,168,623	49	7,974,982	7,972,722	7,484,451	488,271
58,318	48,318	40,758	7,560	80,318	81,318	65,058	16,260
41,217	28,589	28,589	-	798,309	785,681	785,729	(48)
4,511	3,006	3,006	-	101,180	99,675	99,627	48
<u>2,267,130</u>	<u>2,236,097</u>	<u>2,228,430</u>	<u>7,667</u>	<u>11,255,430</u>	<u>11,310,487</u>	<u>10,797,699</u>	<u>512,788</u>
\$ (2,124,630)	\$ (2,093,597)	\$ (2,064,078)	\$ 29,519	\$ 2,869,834	\$ 2,859,248	\$ 3,552,244	\$ 692,996
2,184,049	2,198,049	2,208,198	10,149	2,444,298	2,458,298	2,362,623	(95,675)
(108,615)	(155,015)	(154,936)	79	(6,008,468)	(6,046,718)	(4,027,509)	2,019,209
<u>2,075,434</u>	<u>2,043,034</u>	<u>2,053,262</u>	<u>10,228</u>	<u>(3,564,170)</u>	<u>(3,588,420)</u>	<u>(1,664,886)</u>	<u>1,923,534</u>
(49,196)	(50,563)	(10,816)	39,747	(694,336)	(729,172)	1,887,358	2,616,530
385,140	385,140	385,140	-	17,357,939	17,357,939	17,357,939	-
<u>\$ 335,944</u>	<u>\$ 334,577</u>	<u>\$ 374,324</u>	<u>\$ 39,747</u>	<u>\$ 16,663,603</u>	<u>\$ 16,628,767</u>	<u>\$ 19,245,297</u>	<u>\$ 2,616,530</u>

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CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

The capital asset accounts in the government-wide statement of net assets provide accountability for the District's capital assets. A capital asset is accounted for in this account when it has been purchased using general governmental resources and is used for general governmental purposes. Assets are recorded at historical cost if purchased, or if historical cost is not available, estimated historical cost, or fair market value on the date donated, if donated. Depreciation is recognized on these assets over their estimated useful lives.

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Cosumnes Community Services District
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule of Capital Assets by Source
June 30, 2012 and 2011

	2012	2011
CAPITAL ASSETS:		
Land	\$ 85,427,738	\$ 85,382,639
Land improvements	61,035,213	59,984,162
Construction in progress	20,071,879	17,903,656
Structures and improvements	73,584,288	72,738,145
Equipment	23,641,284	24,257,421
Total capital assets	\$ 263,760,402	\$ 260,266,023
INVESTMENT IN CAPITAL ASSETS BY SOURCE:		
Land, structures and improvements contributed as in-lieu fees	\$ 72,551,280	\$ 72,506,180
Current operations	121,976,700	118,649,807
Long-term debt proceeds	69,232,422	69,110,036
Investment in capital assets by source	\$ 263,760,402	\$ 260,266,023

Cosumnes Community Services District
Capital Assets Used in the Operation of Governmental Funds
Schedule of Capital Assets by Function and Activity
For the year ended June 30, 2012

Function and Activity	Land	Land Improvement	Construction in Progress	Structures and Improvements	Equipment	Total
PUBLIC PROTECTION:						
Fire	4,520,289	\$ -	\$ 203,677	\$ 24,117,942	\$ 20,137,465	\$ 48,979,373
RECREATION AND CULTURE:						
Recreation	5,765,989	-	-	3,204,927	1,827,014	10,797,930
Parks	74,799,710	61,035,213	19,868,202	45,037,732	974,930	201,715,787
Total recreation and culture	80,565,699	61,035,213	19,868,202	48,242,659	2,801,944	212,513,717
GENERAL GOVERNMENT:						
Administration	341,750	-	-	1,223,687	701,875	2,267,312
Total capital assets	\$ 85,427,738	\$ 61,035,213	\$ 20,071,879	\$ 73,584,288	\$ 23,641,284	\$ 263,760,402

Cosumnes Community Services District
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes in Capital Assets by Function and Activity
For the year ended June 30, 2012

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012
PUBLIC PROTECTION:				
Fire	\$ 49,627,545	\$ 80,635	\$ (728,807)	\$ 48,979,373
RECREATION AND CULTURE:				
Recreation	10,690,273	147,077	(39,420)	10,797,930
Parks	197,607,761	4,219,618	(111,592)	201,715,787
Total recreation and culture	<u>208,298,034</u>	<u>4,366,695</u>	<u>(151,012)</u>	<u>212,513,717</u>
GENERAL GOVERNMENT:				
Administration	2,340,444	31,208	(104,340)	2,267,312
Total capital assets	<u>\$ 260,266,023</u>	<u>\$ 4,478,538</u>	<u>\$ (984,159)</u>	<u>\$ 263,760,402</u>

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STATISTICAL SECTION



Enriching Community ● Saving Lives

STATISTICAL SECTION

This part of the Cosumnes Community Services District'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 District's overall financial health.

Financial Trends

These schedules contain financial trend information for assessing the District's financial performance and well-being over time.

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

Revenue Capacity

These schedules present revenue capacity information to assess the District's ability to generate revenues. Property taxes, charges for services and developer fees and contributions are the District's most significant revenue sources.

1. Direct and Overlapping Property Tax Rates
2. Principal Property Taxpayers
3. Property Tax Levies and Collections
4. Assessed Value of Taxable Property

Debt Capacity

These schedules present information to assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt.

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Debt Margin Information
4. Debt Pledged Revenue Coverage

Demographic and Economic Information

These schedules provide information on the demographic and economic environment in which the District conducts business.

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

These schedules provide information on the District's service infrastructure to assist the reader in understanding how the information in the District's financial report relates to the services the District provides and the activities it performs.

1. Full-Time District Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports of the relevant years.

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Cosumnes Community Services District
Net Assets by Component
(accrual basis of accounting)

	Fiscal Year				
	2012	2011	2010	2009	2008, as restated (1)
Governmental activities					
Invested in capital assets, net of related debt	\$ 183,173,511	179,698,464	174,181,494	162,115,206	157,157,902
Restricted	34,461,962	35,770,912	26,886,848	35,194,322	31,766,453
Unrestricted	1,100,458	9,685,628	33,867,845	43,279,283	48,978,356
Total governmental activities net assets	<u>\$ 218,735,931</u>	<u>225,155,004</u>	<u>234,936,187</u>	<u>240,588,811</u>	<u>237,902,711</u>
Primary government					
Invested in capital assets, net of related debt	\$ 183,173,511	179,698,464	174,181,494	162,115,206	157,157,902
Restricted	34,461,962	35,770,912	26,886,848	35,194,322	31,766,453
Unrestricted	1,100,458	9,685,628	33,867,845	43,279,283	48,978,356
Total primary government net assets	<u>\$ 218,735,931</u>	<u>225,155,004</u>	<u>234,936,187</u>	<u>240,588,811</u>	<u>237,902,711</u>

Note: The Cosumnes Community Services District implemented GASB 34 during the year ended June 30, 2003.
Information prior to the implementation of GASB 34 is not available.

Source: Cosumnes CSD Administrative Services Department

- (1) Information was restated to correct prior year capital assets balances.
- (2) Information was restated to include the Galt Fire Protection District, which merged with the District during the year ended June 30, 2007.

Cosumnes Community Services District
Changes in Net Assets
(accrual basis of accounting)

	Fiscal Year				
	2012	2011	2010	2009	2008
Expenses					
Governmental activities:					
Public protection	\$ 39,708,302	39,892,892	41,217,023	39,910,342	39,356,634
Recreation and culture	22,920,702	23,053,144	20,872,734	20,417,898	17,725,070
General Government	3,680,267	4,147,243	4,336,910	4,917,600	4,969,610
Interest on long-term debt	1,339,252	3,190,945	1,874,954	1,987,109	1,537,561
Total governmental activities expenses	<u>67,648,523</u>	<u>70,284,224</u>	<u>68,301,621</u>	<u>67,232,949</u>	<u>63,588,875</u>
Total primary government expenses	<u>67,648,523</u>	<u>70,284,224</u>	<u>68,301,621</u>	<u>67,232,949</u>	<u>63,588,875</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Public protection	5,612,920	3,589,834	5,226,512	4,323,291	5,675,162
Recreation and culture	20,049,112	6,497,058	18,140,280	16,522,188	14,898,141
General Government	1,523,950	14,488,849	1,173,276	1,364,097	1,964,317
Operating grants and contributions	191,286	258,509	119,007	180,942	929,167
Capital grants and contributions	2,078,404	2,891,068	3,416,858	6,039,124	5,568,915
Total governmental activities program revenues	<u>29,455,672</u>	<u>27,725,318</u>	<u>28,075,933</u>	<u>28,429,642</u>	<u>29,035,702</u>
Total primary government program revenues	<u>29,455,672</u>	<u>27,725,318</u>	<u>28,075,933</u>	<u>28,429,642</u>	<u>29,035,702</u>
Net revenues (expenses):					
Governmental activities	<u>(38,192,851)</u>	<u>(42,558,906)</u>	<u>(40,225,688)</u>	<u>(38,803,307)</u>	<u>(34,553,173)</u>
Total net revenues (expenses)	<u>(38,192,851)</u>	<u>(42,558,906)</u>	<u>(40,225,688)</u>	<u>(38,803,307)</u>	<u>(34,553,173)</u>
General revenues and other changes in net assets					
Governmental activities:					
Taxes					
Property Taxes	31,186,985	32,253,420	33,603,024	38,695,990	39,350,015
Other taxes	-	-	-	-	516,427
Investment earnings	407,021	361,833	633,265	2,252,726	3,778,975
Miscellaneous	179,772	162,470	336,775	540,691	1,054,479
Total governmental activities	<u>31,773,778</u>	<u>32,777,723</u>	<u>34,573,064</u>	<u>41,489,407</u>	<u>44,699,896</u>
Total primary government	<u>31,773,778</u>	<u>32,777,723</u>	<u>34,573,064</u>	<u>41,489,407</u>	<u>44,699,896</u>
Changes in net assets					
Governmental activities	<u>(6,419,073)</u>	<u>(9,781,183)</u>	<u>(5,652,624)</u>	<u>2,686,100</u>	<u>10,146,723</u>
Total primary government	<u>\$ (6,419,073)</u>	<u>(9,781,183)</u>	<u>(5,652,624)</u>	<u>2,686,100</u>	<u>10,146,723</u>

Source: Cosumnes CSD Administrative Services Department

**Cosumnes Community Services District
Fund Balances of Governmental Funds
(modified accrual basis of accounting)**

	Fiscal Year				
	2012	2011	2010	2009	2008
General fund:					
Restricted	\$ 14,740,922	17,971,186	20,139,539	23,966,205	27,636,829
Assigned	19,487,133	23,234,797	26,411,435	31,788,249	35,380,874
Total general fund	\$ <u>34,228,055</u>	<u>41,205,983</u>	<u>46,550,974</u>	<u>55,754,454</u>	<u>63,017,703</u>
All other governmental funds:					
Restricted	\$ 19,741,810	17,815,933	6,732,261	11,228,117	4,129,624
Assigned, reported in:					
Special revenue fund	-	-	14,270,117	14,482,116	12,499,960
Total all other governmental funds	\$ <u>19,741,810</u>	<u>17,815,933</u>	<u>21,002,378</u>	<u>25,710,233</u>	<u>16,629,584</u>

Source: Cosumnes CSD Administrative Services Department

Cosumnes Community Services District
Changes in Fund Balances of Governmental Funds
(modified accrual basis of accounting)

	Fiscal Year				
	2012	2011	2010	2009	2008
Revenues:					
Taxes	\$ 31,186,985	32,253,420	33,603,024	38,695,990	39,866,442
Charges for services	25,833,814	25,077,392	23,100,046	22,896,520	22,203,832
Developer fees and contributions	1,458,624	1,993,759	994,588	3,428,132	3,449,473
Intergovernmental	619,780	897,309	2,422,270	2,610,992	2,119,442
Donations and contributions	191,286	258,509	119,007	180,942	929,167
Use of money and property	1,367,064	1,521,106	1,544,523	3,232,037	4,728,139
Miscellaneous	179,772	162,470	336,775	540,691	1,044,637
Total revenues	<u>60,837,325</u>	<u>62,163,965</u>	<u>62,120,233</u>	<u>71,585,304</u>	<u>74,341,132</u>
Expenditures:					
Current:					
Public protection	33,478,192	33,893,997	34,953,709	35,355,540	34,901,437
Recreation and culture	19,767,882	20,342,559	18,059,421	17,878,449	17,710,709
General government	3,224,873	3,577,708	3,944,833	4,645,014	4,962,430
Capital outlay	4,478,538	3,823,032	17,356,702	15,331,594	16,159,800
Debt service:					
Principal	4,344,153	6,865,298	3,332,703	4,739,988	3,212,237
Interest	1,367,625	3,386,607	1,889,017	1,852,098	1,568,973
Total expenditures	<u>66,661,263</u>	<u>71,889,201</u>	<u>79,536,385</u>	<u>79,802,683</u>	<u>78,515,586</u>
Excess of revenues over expenditures	<u>(5,823,938)</u>	<u>(9,725,236)</u>	<u>(17,416,152)</u>	<u>(8,217,379)</u>	<u>(4,174,454)</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	156,250	299,216	273,189	34,779	108,755
Issuance of long-term liabilities	122,386	388,747	3,231,628	10,000,000	1,088,986
Insurance recoveries	493,251	505,836			9,842
Transfers in	5,544,330	5,539,122	10,881,176	5,902,928	3,790,486
Transfers out	<u>(5,544,330)</u>	<u>(5,539,122)</u>	<u>(10,881,176)</u>	<u>(5,902,928)</u>	<u>(3,790,486)</u>
Total other financing sources (uses)	<u>771,887</u>	<u>1,193,799</u>	<u>3,504,817</u>	<u>10,034,779</u>	<u>1,207,583</u>
Net change in fund balances	<u>\$ (5,052,051)</u>	<u>(8,531,437)</u>	<u>(13,911,335)</u>	<u>1,817,400</u>	<u>(2,966,871)</u>
Debt service as a percentage of noncapital expenditures	9.2%	15.1%	8.4%	10.2%	7.7%

Source: Cosumnes CSD Administrative Services Department

Cosumnes Community Services District
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
District Rate	0.22137	0.22137	0.22137	0.22137	0.22137	0.22137	0.22137	0.22137	0.22137	0.22137
Overlapping Rates:										
County of Sacramento	0.38606	0.38606	0.38606	0.38606	0.38606	0.38606	0.38606	0.38606	0.38606	0.38606
County Library	0.02037	0.02037	0.02037	0.02037	0.02037	0.02037	0.02037	0.02037	0.02037	0.02037
Elk Grove Unified School District	0.25487	0.25487	0.25487	0.25487	0.25487	0.25487	0.25487	0.25487	0.25487	0.25487
Elk Grove-Cosumnes Cemetery District	0.00275	0.00275	0.00275	0.00275	0.00275	0.00275	0.00275	0.00275	0.00275	0.00275
City of Elk Grove	0.05738	0.05738	0.05738	0.05738	0.05738	0.05738	0.05738	0.05738	0.05738	0.05738
Los Rios Community College	0.03641	0.03641	0.03641	0.03641	0.03641	0.03641	0.03641	0.03641	0.03641	0.03641
Sacramento-Yolo Mosquito Abatement District	0.00866	0.00866	0.00866	0.00866	0.00866	0.00866	0.00866	0.00866	0.00866	0.00866
Other	0.01213	0.01213	0.01213	0.01213	0.01213	0.01213	0.01213	0.01213	0.01213	0.01213
Regional Sanitation District Bonds	0.00700	0.00670	0.00550	0.00550	0.00550	0.00550	0.00550	0.00550	0.00550	0.00550
Los Rios Community College GO Bonds	0.00150	0.00600	0.00320	0.00320	0.00720	0.00720	0.00720	0.00720	0.00720	0.00720
Total Direct Rate	1.00850	1.01270	1.00870	1.00870	1.01270	1.01270	1.01270	1.01270	1.01270	1.01270

Notes:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of Regional Sanitation District bonds and Los Rios Community College General Obligation bonds.

Rates are within the City of Elk Grove boundaries. No data is available for areas outside City boundaries.

Source: HdL Coren & Cone

Cosumnes Community Services District
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2012		2003	
	Taxable Assessed Value (1)	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Percentage of Total District Taxable Assessed Value
Donahue Schriber Asset Mngt Corporation	\$ 148,489,593	0.93%		
Apple Computer, Inc	126,036,565	0.79%		
Pappas Laguna 2 Limited Partnership	46,429,987	0.29%		
Oakmont Properties II Limited Partnership	41,558,000	0.26%		
Laguna Gateway Phase 2 LP	40,368,908	0.25%		
Elk Grove Property Company	37,474,453	0.23%		
Jackson II LLC	36,573,038	0.23%		
9130 Nolan State LLC	32,208,000	0.20%		
Kaiser Foundation Health Plan	31,047,865	0.19%		
JJD HOV Elk Grove LLC	30,291,816	0.19%		
Donahue Sshriber Realty Group			64,234,383	0.92%
Willamette Industries Inc			29,048,912	0.42%
DS Marketplace 99 LLC			24,853,063	0.36%
Citrus Grove Apartment Associates LLC			22,770,831	0.33%
Aspen Laguna Oaks Apartments LLC			19,788,000	0.28%
Dayton Hudson Corporation			16,385,406	0.24%
Lennar Renaissance Inc			15,610,552	0.22%
Khoury Family Trust			15,456,000	0.22%
Calvine Acquisitions LLC			14,586,128	0.21%
Western Investment Real Estate Trust			13,933,703	0.20%
Total	<u>\$ 570,478,225</u>	<u>3.56%</u>	<u>236,666,978</u>	<u>3.40%</u>

Notes:

(1) Amounts represent assessed values within the City of Elk Grove boundaries.

Source: County of Sacramento Assessor's Office and HdL Coren & Cone

**Cosumnes Community Services District
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	13,632,793	13,533,621	99.27%	1,195,363	14,728,984	108.04%
2004	16,152,699	16,142,388	99.94%	1,782,699	17,925,087	110.97%
2005	19,810,371	19,723,962	99.56%	2,681,863	25,191,701	127.16%
2006	25,133,955	25,101,309	99.87%	3,132,224	31,603,088	125.74%
2007	30,793,122	30,707,966	99.72%	6,559,086	37,267,052	121.02%
2008	38,793,725	36,949,440	95.25%	2,917,002	39,866,442	102.77%
2009	37,904,491	32,007,117	84.44%	6,688,873	38,695,990	102.09%
2010	33,523,739	32,007,036	95.48%	1,595,988	33,603,024	100.24%
2011	32,950,787	31,301,110	94.99%	952,310	32,253,420	97.88%
2012	31,299,748	31,053,637	99.21%	133,348	31,186,985	99.64%

Sources: Sacramento County Auditor-Controller and Cosumnes CSD Administrative Services Department

Cosumnes Community Services District
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	Secured	Unsecured	Taxable Assessed Value	Total Direct Tax Rate
2003	6,813,100	142,407	6,955,507	0.22137
2004	8,084,343	156,830	8,241,173	0.22137
2005	9,956,047	151,285	10,107,332	0.22137
2006	12,581,342	196,470	12,777,812	0.22137
2007	15,410,401	244,466	15,654,867	0.22137
2008	19,433,337	288,944	19,722,281	0.22137
2009	18,929,854	340,351	19,270,205	0.22137
2010	16,674,643	368,438	17,043,081	0.22137
2011	16,410,866	340,933	16,751,799	0.22137
2012	15,691,279	326,105	16,017,384	0.22137

Notes:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: Sacramento County Auditor-Controller and Cosumnes CSD Administrative Services Department

**Cosumnes Community Services District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Governmental Activities			Total Governmental Activities	Percentage of Assessed Valuation	Debt Per Capita
	Certificates of Participation	Loans	Capital Leases			
2003	2,345,000	0	4,010,121	6,355,121	0.09%	59.39
2004	2,255,000	2,321,898	4,759,325	9,336,223	0.11%	71.82
2005	2,160,000	2,102,761	7,663,373	11,926,134	0.12%	91.74
2006	2,060,000	1,910,368	16,663,442	20,633,810	0.16%	151.61
2007	1,960,000	1,909,186	28,429,561	32,298,747	0.21%	191.12
2008	1,850,000	1,647,379	26,682,640	30,180,019	0.15%	178.06
2009	1,735,000	1,418,854	32,295,308	35,449,162	0.16%	203.23
2010	1,615,000	4,278,280	29,454,966	35,348,246	0.21%	199.84
2011	1,341,000	3,302,285	23,564,327	28,207,612	0.17%	154.25
2012	1,191,700	2,281,623	20,512,651	23,985,974	0.15%	130.83

Note:

Total personal income not available for 2007, therefore assessed value percentage used instead.

Source: Cosumnes CSD Administrative Services Department

Cosumnes Community Services District
Direct and Overlapping Debt
June 30, 2012

District Assessed Valuation (in thousands)		\$	<u><u>16,017,384</u></u>
	Estimated Percentage Applicable (1)	Outstanding Debt 6/30/12	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes and Assessments:			
Los Rios Community College District	10.730%	\$ 308,710,000	33,124,583
San Joaquin Delta Community College District	0.0120%	133,626,657	16,035
River Delta Joint Unified School District			
School Facilities Improvement District No. 1	0.2990%	8,569,996	25,624
Sacramento Unified School District	0.3240%	323,177,966	1,047,097
Grant Joint Union High School District and School District	0.219% & 0.043%	35,913,684	64,529
Elk Grove Community Facilities District	100.00%	162,590,000	162,590,000
Elk Grove Unified School District Community Facilities District No. 1	56.404%	143,833,942	81,128,097
Sacramento County Community Facilities Districts	100.00%	38,111,750	38,111,750
California Statewide Community Development Authority 915 Act Bonds	100.00%	6,382,193	6,382,193
Total overlapping debt repaid with property taxes and assessments		<u>1,160,916,188</u>	<u>322,489,908</u>
Overlapping Other Debt:			
Sacramento County General Fund Obligations	12.914%	\$ 336,653,617	43,475,448
Sacramento County Pension Obligations	12.914%	976,998,305	126,169,561
Sacramento County Board of Education Certificates of Participation	12.914%	9,315,000	1,202,939
Los Rios Community College District Certificates of Participation	10.730%	6,105,000	655,067
Sacramento Unified School District Certificates of Participation	0.3240%	81,555,000	264,238
Sacramento Unified School District Pension Obligations	0.3240%	2,745,000	8,894
City of Elk Grove General Fund Obligations	100.00%	24,975,000	24,975,000
Total overlapping other debt		<u>1,438,346,922</u>	<u>196,751,147</u>
 Total overlapping debt		 <u><u>\$ 2,599,263,110</u></u>	 <u>519,241,055</u>
 District direct debt			 <u>23,985,974</u>
 Total direct and overlapping debt			 <u><u>\$ 543,227,029</u></u>

Notes:

- (1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the District's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Cosumnes Community Services District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

Source: California Municipal Statistics, Inc.

Cosumnes Community Services District
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed valuation	\$ 6,955,507	8,241,173	10,107,332	12,777,812	15,654,867	19,722,281	19,270,205	17,043,081	16,751,799	16,017,384
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	\$ 1,738,877	2,060,293	2,526,833	3,194,453	3,913,717	4,930,570	4,817,551	4,260,770	4,187,950	4,004,346
Debt limit percentage	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>
Debt limit	86,944	103,015	126,342	159,723	195,686	246,529	240,878	213,039	209,397	200,217
Total net debt applicable to limit:										
General obligation bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal debt margin	\$ <u>86,944</u>	<u>103,015</u>	<u>126,342</u>	<u>159,723</u>	<u>195,686</u>	<u>246,529</u>	<u>240,878</u>	<u>213,039</u>	<u>209,397</u>	<u>200,217</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Note: The Government Code of the State of California provides for a legal debt limit of 5% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: Cosumnes CSD Administrative Services Department and Sacramento County Assessor's Office

**Cosumnes Community Services District
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Fiscal Year	Special Assessment Debt					Coverage
	Special Assessment Collections	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	7,602,974	5,407,199	2,195,775	219,137	74,485	7.48
2006	8,437,316	5,902,160	2,535,156	192,393	98,246	8.72
2007	10,197,278	6,716,506	3,480,772	201,182	88,963	12.00
2008	11,333,259	7,277,479	4,055,780	371,958	172,876	7.44
2009	12,342,506	7,826,819	4,515,687	343,675	162,645	8.92
2010	12,837,355	8,051,156	4,786,199	359,719	148,140	9.42
2011	14,295,157	9,862,791	4,432,366	376,439	93,784	9.43
2012	13,953,831	9,847,285	4,106,546	785,729	99,627	4.64

Notes: Details regarding the District's outstanding debt can be found in the notes to the financial statements. Special assessments pledged for the loan payable are reported in the Landscape and Lighting Special Revenue Fund and related debt service expenditures are reported in the Debt Service Fund. Operating expenses do not include debt service or capital outlay expenditures.

Source: Cosumnes CSD Administrative Services Department

**Cosumnes Community Services District
Demographic and Economic Statistics
Last Ten Calendar Years**

Calendar Year	District Population (1)	Per Capita Personal Income (2)	Sacramento County Unemployment Rate (3)
2003	107,000	30,702	5.2%
2004	118,000	32,187	5.2%
2005	130,000	34,805	4.5%
2006	136,000	N/A	4.8%
2007	169,000	N/A	5.0%
2008	169,500	N/A	7.0%
2009	174,430	N/A	11.9%
2010	176,885	N/A	12.6%
2011	182,870	N/A	12.7%
2012	183,333	N/A	11.0%

N/A Information is not available.

- Sources:
- 1 Cosumnes Community Services District
 - 2 US Department of Commerce, Bureau of Economic Analysis (data shown is for Sacramento County)
 - 3 State of California Employment Development Department (data shown is for Sacramento County)

**Cosumnes Community Services District
Principal Employers
Last Ten Calendar Years**

Employer	2012		2003	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Elk Grove Unified School District	2,960	11.10%	2,207	(1)
Bel Air/Raleys Supermarkets	500	1.40%	251	(1)
Apple Computer	500	1.40%	1,000	(1)
Alldata	424	0.80%	425	(1)
City of Elk Grove	293	0.65%	-	(1)
Cosumnes Community Services District	261	0.63%	-	(1)
Bimbo Bakeries, Inc.	255	0.63%	-	(1)
Wal Mart	218	0.53%	325	(1)
Maita Chevrolet	111	0.48%	-	(1)
Decorative Specialties	104	0.28%	202	(1)
AAA Call Center	-	0.00%	350	(1)
Home Depot	-	0.00%	200	(1)
Elk Grove Ford/Chrysler	-	0.00%	195	(1)
Sunbridge Care & Rehabilitation	-	0.00%	170	(1)

Source: Cosumnes Community Services District and State of CA Employment Dev Dept

(1) Information is not available.

**Cosumnes Community Services District
Full-time District Employees by Function
Last Ten Fiscal Years**

<u>Function</u>	<u>Full-time District Employees as of June 30</u>									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government	10	11	12	16	28	27	27	23	23	22
Public safety	111	125	134	169	191	180	179	169	167	168
Recreation and culture	35	43	46	54	79	79	78	76	76	71
Total	156	179	192	239	298	286	284	268	266	261

Source: Cosumnes CSD Administrative Services Department

**Cosumnes Community Services District
Operating Indicators by Function/Program
Last Ten Fiscal Years**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function/Program										
Fire										
Emergency responses	6,146	7,196	9,243	10,205	10,269	13,934	13,424	13,493	14,011	14,374
Field Inspections	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1,602	1,687
Plan checks	1,130	1,515	1,295	1,066	1,195	882	795	551	629	808
Weed Abatement	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	480	584
Fire Investigations	(1)	39	40	45	36	30	24	27	82	69
Code Enforcement	(1)	(1)	(1)	(1)	(1)	(1)	(1)	704	18	32
Parks and recreation										
Number of recreation programs	364	402	499	514	592	610	585	534	579	550

Source: Various District departments

(1) Information is not available.

**Cosumnes Community Services District
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fire										
Fire stations	6	6	6	6	8	8	8	8	8	8
Training facility	-	1	1	1	1	1	1	1	1	1
Fire engines	9	9	11	12	25	28	27	27	26	24
Other Fire vehicles	38	42	45	49	52	71	71	74	76	76
Parks and recreation										
Parks	56	61	67	73	74	80	82	86	87	92
Acreage	442	567	632	704	740	765	804	841	925	940
Playgrounds	51	56	62	66	93	103	106	116	118	121
Baseball/ softball diamonds	36	37	40	42	38	41	44	49	49	50
Soccer/football fields	24	26	27	28	34	35	37	41	41	42
Community centers	1	2	2	2	2	2	2	2	2	2
Swimming pools	1	4	4	4	4	4	4	4	4	4
Tennis courts	20	22	26	26	25	27	27	31	31	33
Skate board park	-	1	1	1	1	1	1	1	1	1
Bike Park	-	-	-	-	-	-	-	-	-	1

Sources: Various District departments

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
of the Cosumnes Community Services District
Elk Grove, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cosumnes Community Services District (District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However we identified one deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be a significant deficiency in internal control over financial reporting as item 2012-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

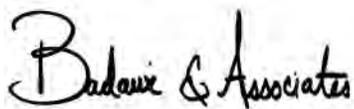
To the Board of Directors
of the Cosumnes Community Services District
Elk Grove, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Badawi & Associates
Certified Public Accountants
Oakland, California
December 21, 2012

Cosumnes Community Services District
Schedule of Findings
For the year ended June 30, 2012

1. SCHEDULE OF FINDINGS

2012-01: Cash and Investment Reconciliation

Criteria:

Timely and accurate reconciliation of all cash and investment accounts to the general ledger reduces the likelihood of misstatements in reporting cash and investment balances as it identifies and resolves any errors in a timely manner.

Condition:

During performance of substantive auditing procedures over the District's cash and investment accounts held as of June 30th, 2012, we noted that there was a non-reconciled variance of \$31,363 between the Districts' accounting records and the District's bank statements for the month of June 2012.

Cause:

The District's internal controls over cash and investments were not properly designed or implemented to prevent or detect misstatements in a timely manner.

Effect:

The District's cash and investment, revenues, and expenditure accounts were misstated.

Recommendation:

We recommend that the District update policies and procedures over cash and investments to encompass all cash and investment accounts and resolve discrepancies on a timely basis.

Management Response:

The District will implement additional procedures over its cash and investment reconciliation process.



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