

# City of Vacaville, California



Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2009



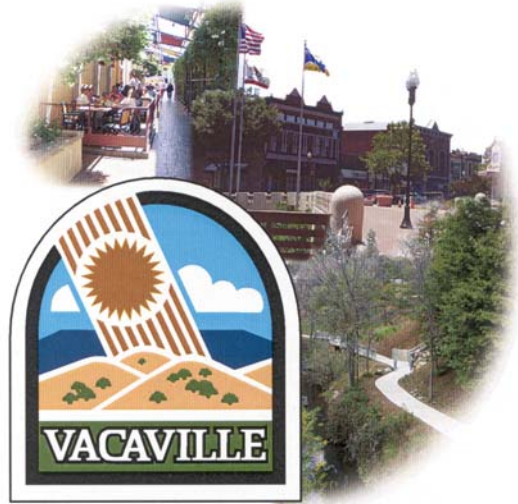
# CITY OF VACAVILLE

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2009



Prepared by: Department of Finance



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**CITY OF VACAVILLE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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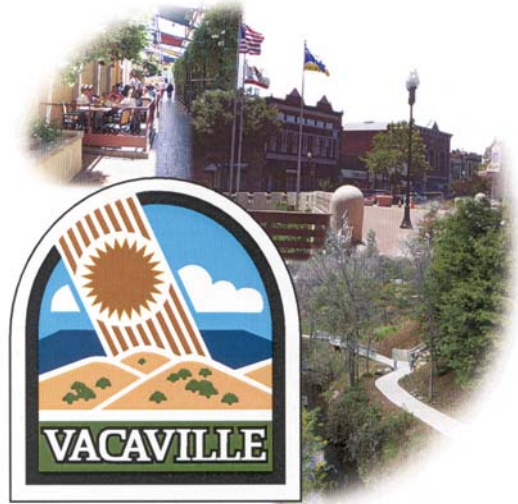
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**CITY OF VACAVILLE**  
650 MERCHANT STREET, VACAVILLE, CALIFORNIA 95688-6908  
ESTABLISHED 1850

COUNCIL MEMBERS  
LEN AUGUSTINE, Mayor  
CURTIS HUNT, Vice Mayor  
PAULINE CLANCY  
DILENNA HARRIS  
RON ROWLETT  
[www.cityofvacaville.com](http://www.cityofvacaville.com)

November 13, 2009

To the Honorable Mayor, Members of the City Council and Citizens of the City of Vacaville:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Vacaville (the City) for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Caporicci & Larson, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2009. The independent auditor's report is presented as the first component of the financial section of this CAFR.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with emphasis on those involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

Management has provided an overall analysis of the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

**Profile of the City of Vacaville**

The City of Vacaville, incorporated in 1892, is located in northern Solano County, on the I-80 corridor, roughly midway between San Francisco and Sacramento. The City currently occupies a land area of roughly 27 square miles.

The City operates under the council-manager form of government. It is classified as a general law city because it is reliant upon California state law to define procedural regulations utilized by the City Council. The mayor and four council members are elected to staggered four year terms through a general election process. The City Council serves as the primary governing body. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing directors of the various City departments. The Council is elected on a non-partisan basis.

The City provides a full range of services which include general government, public safety (police, fire, disaster preparedness, emergency medical, ambulance transport and building inspection), construction and maintenance of streets, economic development, culture and recreation, parks, water, sewer, transportation, housing assistance and neighborhood revitalization. In addition to general City activities, the Council is financially accountable for the Vacaville Redevelopment Agency, Vacaville Housing Authority, Solano County Housing Authority and the Vacaville Public Financing Authority; therefore, these entities are included as an integral part of the City's financial statements. Additional information on these legally separate entities can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed budget to the City Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, which is the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Department directors may make transfers of appropriations within a department. The City Manager has certain authority to transfer appropriations between departments and funds, as long as overall appropriations remain within the amounts adopted by the City Council. (The City's budgetary procedures are more fully discussed later under the Required Supplementary Information section of the CAFR.) Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. This comparison is also presented as part of the Required Supplementary Information beginning on page 95 of this CAFR.

**Local economy.** The City is located in Solano County, which is part of the nine-county San Francisco Bay Area region. The City also lies in very close proximity to the Sacramento Valley region as well. These are two of California's top performing regions. The City's population is 96,450 (which includes 7,597 prisoners housed in the California State Department of Corrections penal and medical facilities located in Vacaville).

The long-range economic outlook for the City remains strong. The infrastructure is in excellent condition and has excess capacity for continued commercial and residential development. Approximately one million highly educated and trained employed persons live in and around the vicinity of Vacaville, and housing prices are one-third to one-half of prices found in other Bay Area communities. The City has excellent freeway access and is home to the Nut Tree Airport, which is the only general aviation airport on the I-80 corridor between the Bay Area and Sacramento.

In April 2009, Vacaville was named one of the top 100 cities to call home, according to a real estate relocation website. The annual listing by RelocateAmerica.com included only three cities in California in 2009. This is the second consecutive year Vacaville has been selected as one of the Top 100 Places to Live. In determining its selections, the firm looked at communities with visionary leaders, improving or thriving economies including housing and realization of 'green' initiatives. RelocateAmerica.com then selects the top 100 cities based on interviews with local leaders, feedback from residents and economic, environmental, education, crime, employment and housing data for the past year.

Workers' compensation insurer State Compensation Insurance Fund has opened its new \$77 million Vacaville campus. The project took nearly two years to complete and encompasses about 255,000 square feet in three buildings. State Fund broke ground on the office in December 2006 with plans to relocate about 1,200 employees to the 32-acre site. The office that officially opened October 28, 2008, is the company's 17<sup>th</sup> regional office and new "data center", and will also house other service call and policy processing staff. The site is part of the 416-acre Vaca Valley Business Park situated between Interstate 80 and Highway 505. Other large occupants include Genentech and Kaiser Permanente. The project is expected to earn a top-tier environmental building accreditation and includes priority parking for alternative energy vehicles and electric charging stations.

Kaiser Permanente expects to open its \$500 million new Vacaville hospital in October 2009. The project consists of a 340,000 square foot, 150 bed hospital facility, along with a 217,000 square foot medical office building that opened in November 2008. The new Vacaville medical center will include emergency services, a critical care unit, medical-surgical services and a full complement of diagnostic and support services.

**Priorities for the future.** A citywide strategic plan has been developed through a series of public meetings, workshops and retreats with the City Council and City management. The plan, as updated, sets forth four major goals as follows:

- **Public Safety**
- **Strengthen the Local Economy**
- **Promote Community Viability**
- **Maintain Effective and Efficient City Services**

**Long-term financial planning.** Annually, the City updates a Capital Improvement Program (CIP) based upon future capital and infrastructure needs as contained in the City's long-range development impact fee (DIF) analysis, along with other capital and technology planning documents. The CIP and technology projects for fiscal year 2009/2010 totaled \$24 million. Funding comes from multiple sources, including existing funds; Redevelopment Agency bond funds; and regional, state and federal funds.

**Cash management policies and practices.** Cash is invested principally in federal agency securities, money market funds and medium term notes. The average maturity of investments was less than two (2) years. All securities are held in third party safekeeping by Bank of New York as agent for the City. All transactions originated and authorized by the City are transacted on a delivery versus payment (DVP) basis in order to perfect delivery. The average yield on investments was 3.43% for the fiscal year.

**Risk management.** Risk exposures to the assets of the City are managed through a combination of self-insured retention and insurance coverage. The City believes it has, to the extent deemed adequate, sufficient current assets to cover the near-term actuarially determined liabilities for general liability and workers' compensation claims, including claims incurred but not reported. The City maintains excess liability insurance to provide coverage beyond a self-insured retention of \$500,000 per occurrence for general liability and \$350,000 for workers' compensation.

**Pension benefits.** The City provides pension benefits for all employees through a statewide plan managed by the California Public Employees Retirement System (CalPERS). The City also offers supplemental retirement benefits through a plan managed by the Public Agency Retirement System Trust (PARS). The City has no connection with employee benefits offered through this plan beyond its annual contractual payment to CalPERS and PARS. Additional information on the plans can be found in Note 7 in the notes to the financial statements.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the seventeenth (17<sup>th</sup>) consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the city published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the highly professional and dedicated services of the entire staff of the Accounting Division, particularly the leadership of Joan Wallace, Accounting Manager and Julie Brown, Accounting Supervisor. Credit must also be given to the

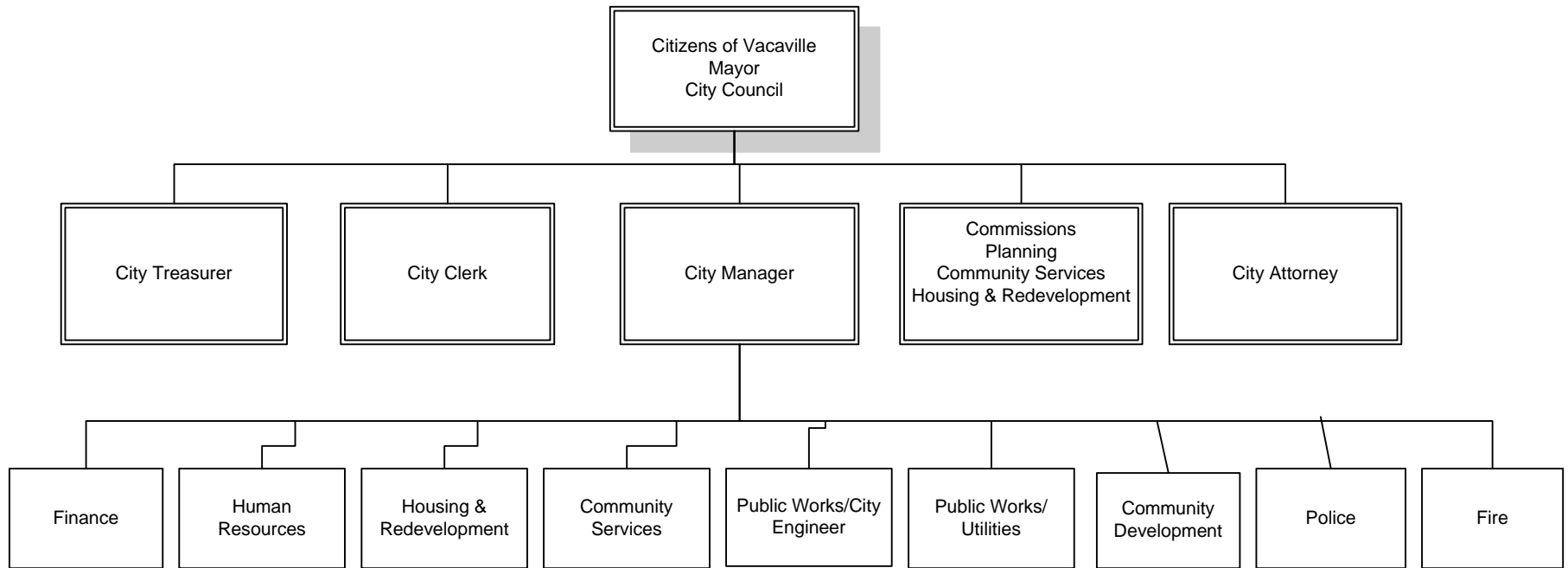
Mayor, City Council, and City Manager for their unfailing support in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in black ink, reading "Kenneth R. Campo". The signature is written in a cursive style with a large, prominent initial "K".

Kenneth R. Campo, CPA  
Assistant City Manager and Director of Finance  
City of Vacaville

# City of Vacaville Organization Chart



**City of Vacaville  
List of Elected and Appointed Officials  
June 30, 2009**

Elected Officials

Mayor  
Vice Mayor  
Council Member  
Council Member  
Council Member  
City Treasurer  
City Clerk

Leonard J. Augustine  
Curtis Hunt  
Pauline I. Clancy  
Ron Rowlett  
Dilenna Harris  
Garland Porter  
Michelle Thornbrugh

Appointed Officials

City Manager  
City Attorney  
Assistant City Manager and  
    Director of Finance  
Fire Chief  
Chief of Police  
Director of Public Works/City Engineer  
Director of Public Works/Utilities  
Interim Director of Community Development  
Director of Housing & Redevelopment  
Director of Community Services  
Director of Human Resources

Laura Kuhn  
Gerald Hobrecht  
  
Kenneth R. Campo, CPA  
Brian Preciado  
Richard Word  
Rod Moresco  
Dave Tompkins  
Maureen Carson  
Cynthia Johnston  
Kerry Walker  
Dawn Villarreal

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Vacaville  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

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.



President

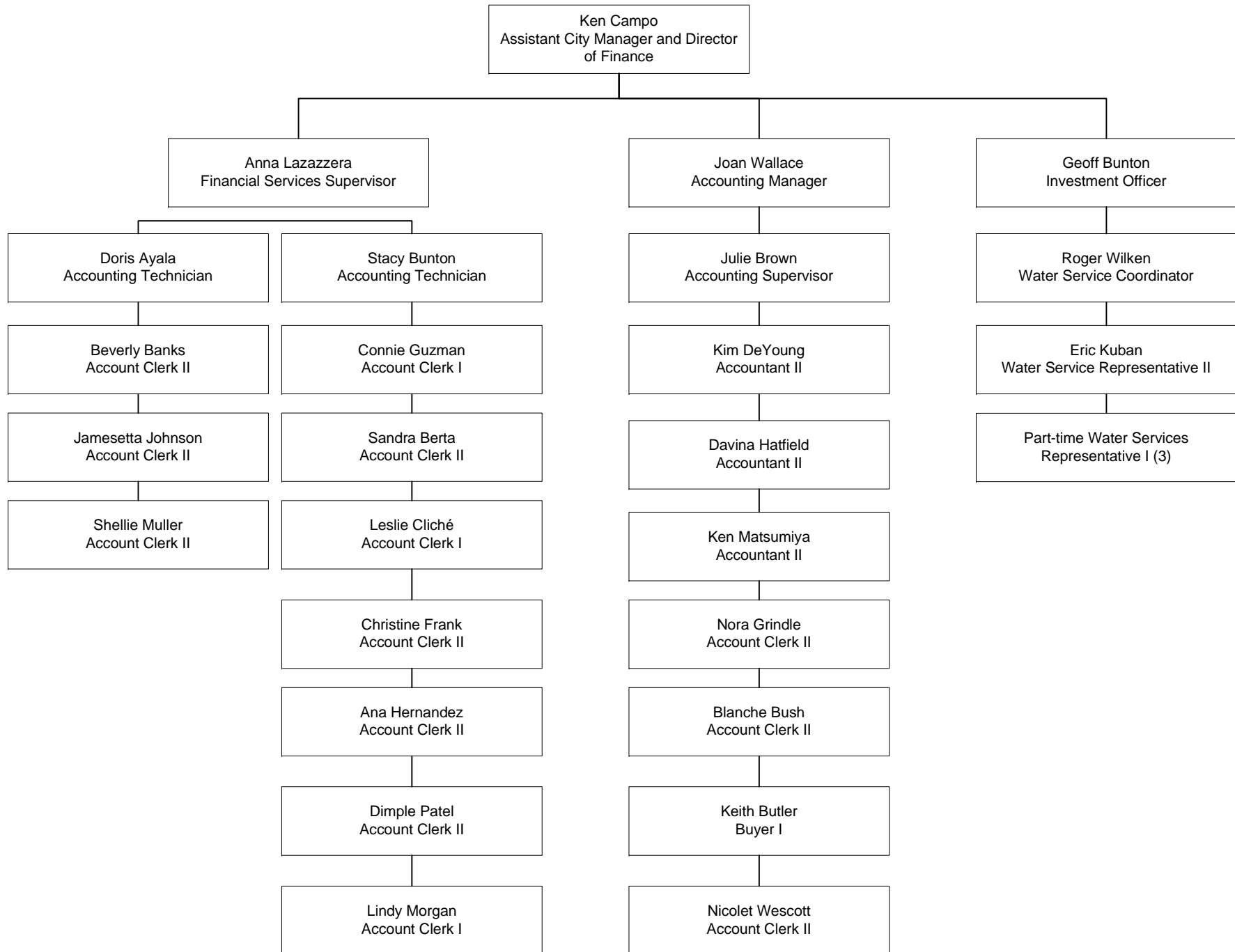
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Vacaville for its comprehensive annual financial report for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial report must satisfy both general accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Vacaville has received a Certificate of Achievement for the last seventeen consecutive fiscal years ended June 30, 2008. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

# Department of Finance







## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
of the City of Vacaville  
Vacaville, California

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vacaville, California (City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

Subsequent to the basic financial statements date of June 30, 2009 and the year then ended, the State of California (State) has borrowed, deferred paying certain revenues and proposed taking other funds from local governments including cities, counties, districts and agencies. These actions by the State include:

- 8% of Property Taxes borrowed – to be repaid in 3 years
- Gas Tax payments deferred – to be paid after January 1, 2010
- Redevelopment Agency funds – prepared to be taken for fiscal year 2010

These above amounts are very significant to the local governments and may affect their ongoing operations. Certain lawsuits are in process to stop such State actions. The State legislation is also in process to aid local governments to be able to sell to a Joint Powers Authority the 8% of property taxes borrowed by the State. For more detailed information, see Note 17 attached in the Notes to Basic Financial Statements.

Toll Free Ph: (877) 862-2200

Toll Free Fax: (866) 436-0927

**Oakland**  
180 Grand Ave., Suite 1365  
Oakland, California 94612

**Orange County**  
9 Corporate Park, Suite 100  
Irvine, California 92606

**Sacramento**  
777 Campus Commons Rd., Suite 200  
Sacramento, California 95825

**San Diego**  
4858 Mercury, Suite 106  
San Diego, California 92111

To the Honorable Mayor and Members of the City Council  
of the City of Vacaville  
Vacaville, California  
Page 2

In our opinion, such basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with Government Auditing Standards, we have also issued a report dated November 13, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions, law, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering results of our audit.

As described in Note 1 to the basic financial statements, the City adopted Statement of Governmental Accounting Standards Board No. 43 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, No. 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pension Plans*, No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligation*, No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards*.

The accompanying Required Supplementary Information, such as management's discussion and analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on the Required Supplementary Information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplemental Information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

*Capricci & Carlson*

Oakland, California  
November 13, 2009

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2009**  
(Amounts expressed in thousands)

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As management of the City of Vacaville (the City), we offer this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages i-vii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**Financial Highlights**

- Assets exceeded liabilities at June 30, 2009 by \$789,511 (*net assets*). Of this amount, \$159,570 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to its citizens and creditors. The remaining net assets are *restricted* for specified purposes.
- Total net assets increased by \$3,374 from the previous year. There was a decrease in net assets in governmental funds of \$858 but an increase in net assets in business type activities of \$4,232 mainly from increased capital assets. The decline in governmental funds is primarily due to the economical downturn of property tax and sales tax.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$99,611, a decrease of \$18,860 in comparison with the prior year. While 21% of the governmental funds balances (\$21,326) are classified as *unreserved fund balance*, only the General Fund unreserved fund balance (\$5,370) is available for spending at the City's discretion. The remaining unreserved fund balances are designated for spending on specific purposes such as debt service or capital projects.
- The \$5,370 unreserved fund balance of the General Fund represents 8% of ongoing, operating expenditures of the General Fund.
- Total long-term obligations for governmental activities decreased by \$14,715 and total long-term obligations for business-type activities decreased by \$1,156.
- Total liabilities decreased by \$19,058 (9%) during the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the basic financial statements, comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains certain supplementary information.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the excess of assets over liabilities reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2009**  
(Amounts expressed in thousands)

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The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community development and community services. The business-type activities of the City include sewer, water and transit enterprise operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Vacaville Redevelopment Agency, Vacaville Housing Authority, Vacaville Public Financing Authority and the Solano County Housing Authority, for which the City is financially accountable. Although legally separate, these *component units* function for all practical purposes as departments of the City and therefore have been blended as part of the primary government.

Both the Governmental Activities and the Business Type Activities are presented on the accrual basis of accounting, a basis of accounting that differs from the modified basis of accounting used in presenting governmental fund financial statements. Note 1 of the Notes to the Basic Financial Statements fully describe these bases of accounting. Proprietary funds, discussed below, also follow the accrual basis of accounting.

The government-wide financial statements can be found on pages 20-21 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 City can be divided into three categories: governmental, proprietary, and fiduciary.

**Governmental funds.** *Governmental funds* are used to account for 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.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Reconciliations to facilitate this comparison are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The major reconciling items relate to capital assets and debt. In the Governmental Funds, acquisitions of capital assets are treated as "expenditures" because upon purchase of a capital asset, cash used for the acquisition is no longer available for other purposes. The issuance of debt provides cash, which is now available for specified purposes. Accordingly, at the end of the fiscal year, the unreserved fund balances of the Governmental Funds reflect spendable resources available for appropriation by the City Council. Spendable balances are not presented on the face of the government-wide financial statements.

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Community Development, Redevelopment Agency Special Revenue, Certificates of Participation, Redevelopment Debt Service, City Projects and Redevelopment Capital Projects funds, all of which are considered to be major funds. Data for the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* and can be found on pages 102-108 of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided in supplemental information for the General Fund to demonstrate compliance with this budget.

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2009**  
(Amounts expressed in thousands)

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The governmental fund financial statements can be found on pages 24-27 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds, enterprise and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Sewer, Water and Transit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central services, vehicle replacement, technology replacement, self-insured insurance programs and employee benefits management. The central services, technology replacement, insurance and employee benefits activities benefit predominantly governmental rather than business-type functions, so they have been included within *governmental activities* in the government-wide financial statements. Vehicle replacement is included within *business-type activities* in the government-wide financial statements. Internal service funds are presented as proprietary funds because both enterprise and internal service funds follow the accrual basis of accounting.

Proprietary funds provide the same type of information as the government-wide financial statements (*business type activities*), only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Water, and Transit operations, all of which are considered to be major funds of the City. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* and be found on pages 110-112 of this report.

The basic proprietary fund financial statements can be found on pages 30-35 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on page 38 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 39-91 of this report.

**Government-wide Financial Analysis**

The following table presents a summarization of the City's assets, liabilities and net assets for its governmental and business type activities. As noted earlier, a government's net asset position may serve over time as a useful indicator of its financial position.

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2009**  
(Amounts expressed in thousands)

	<b>NET ASSETS</b>					
	<b>GOVERNMENTAL ACTIVITIES</b>		<b>BUSINESS-TYPE ACTIVITIES</b>		<b>TOTAL</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Current and other assets	\$ 128,964	\$ 150,960	\$ 101,444	\$ 102,369	\$ 230,408	\$ 253,329
Capital assets	<u>487,221</u>	<u>484,348</u>	<u>257,833</u>	<u>253,469</u>	<u>745,054</u>	<u>737,817</u>
Total assets	<u>616,185</u>	<u>635,308</u>	<u>359,277</u>	<u>355,838</u>	<u>975,462</u>	<u>991,146</u>
Current and other liabilities	12,028	15,579	5,822	5,458	17,850	21,037
Long-term obligations	<u>97,145</u>	<u>111,860</u>	<u>70,956</u>	<u>72,112</u>	<u>168,101</u>	<u>183,972</u>
Total liabilities	<u>109,173</u>	<u>127,439</u>	<u>76,778</u>	<u>77,570</u>	<u>185,951</u>	<u>205,009</u>
Net assets:						
Invested in capital assets, net of related debt	406,869	388,546	194,484	187,090	601,353	575,636
Restricted	28,588	38,832	-	-	28,588	38,832
Unrestricted	<u>71,554</u>	<u>80,491</u>	<u>88,016</u>	<u>91,178</u>	<u>159,570</u>	<u>171,669</u>
Total Net Assets	<u>\$ 507,011</u>	<u>\$ 507,869</u>	<u>\$ 282,500</u>	<u>\$ 278,268</u>	<u>\$ 789,511</u>	<u>\$ 786,137</u>

As noted earlier, the City's assets exceeded liabilities by \$789,511 at June 30, 2009, an increase of \$3,374 from June 30, 2008. By far the largest portion of net assets (76%) reflects the City's investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets still outstanding and net of any unspent bond proceeds and cash held in bond reserve accounts. The City uses these capital assets to provide municipal services to the community; consequently, these assets are *not* available for future spending. Although the City'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.

Approximately 4% of net assets represent resources that are subject to external restrictions on how they may be used. The remaining unrestricted net assets (20%) may be used to meet the City's ongoing obligations to its citizens and creditors.

Total net assets increased by \$3,374 during the current fiscal year, which reflects a small decrease in governmental activities (-\$858) but reflects an increase in business type (\$4,232) activities. This is primarily due to continued investment by the City in its infrastructure (including utility plants), which is largely funded by grants and dedicated revenue sources.

Following is a condensed summary of activities of the City's governmental and business type operations for the period ended June 30, 2009, with the prior fiscal year presented for comparative purposes. Also included are revenue and expense graphs to aid in understanding the results of the current year's activities.

**CITY OF VACAVILLE**  
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**For the year ended June 30, 2009**  
(Amounts expressed in thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2009	2008	2009	2008	2009	2008
<b>REVENUES:</b>						
Program Revenues:						
Charges for services	\$ 14,971	\$ 15,120	\$ 31,038	\$ 31,003	\$ 46,009	\$ 46,123
Operating grants & contributions	14,338	17,386	1,675	1,812	16,013	19,198
Capital grants & contributions	10,681	8,311	4,437	4,628	15,118	12,939
General Revenues:						
Taxes:						
Property taxes	65,731	63,793	81	89	65,812	63,882
Sales taxes	14,077	14,984	-	-	14,077	14,984
Franchise taxes	2,352	2,248	-	-	2,352	2,248
Transient lodging tax	930	1,005	-	-	930	1,005
Business license tax	298	306	-	-	298	306
Excise tax	2,169	2,234	-	-	2,169	2,234
Gasoline tax	1,564	1,719	-	-	1,564	1,719
Vehicle license taxes	283	417	-	-	283	417
Unrestricted capital contributions	431	2,861	4,700	1,769	5,131	4,630
Interest and other	4,988	15,288	2,947	5,219	7,935	20,507
Total revenues	<u>132,813</u>	<u>145,672</u>	<u>44,878</u>	<u>44,520</u>	<u>177,691</u>	<u>190,192</u>
Expenses:						
Governmental activities:						
General government	8,594	10,388	-	-	8,594	10,388
Public safety	46,837	45,705	-	-	46,837	45,705
Public works	25,069	21,328	-	-	25,069	21,328
Community services	12,578	12,856	-	-	12,578	12,856
Housing	16,189	13,795	-	-	16,189	13,795
Redevelopment	19,671	21,500	-	-	19,671	21,500
Interest on long-term debt	5,074	5,394	-	-	5,074	5,394
Business-type activities:						
Sewer	-	-	21,284	18,710	21,284	18,710
Water	-	-	15,282	14,976	15,282	14,976
Transit	-	-	2,384	2,565	2,384	2,565
Total expenses	<u>134,012</u>	<u>130,966</u>	<u>38,950</u>	<u>36,251</u>	<u>172,962</u>	<u>167,217</u>
Increase (decrease) in net assets						
before extraordinary item and transfers	(1,199)	14,706	5,928	8,269	4,729	22,975
Extraordinary item	-	-	(1,355)	-	(1,355)	-
Transfers	341	(1,725)	(341)	1,725	-	-
Increase (decrease) in net assets	(858)	12,981	4,232	9,994	3,374	22,975
Net assets-July 1, 2008	<u>507,869</u>	<u>494,888</u>	<u>278,268</u>	<u>268,274</u>	<u>786,137</u>	<u>763,162</u>
Net assets-June 30, 2009	<u>\$ 507,011</u>	<u>\$ 507,869</u>	<u>\$ 282,500</u>	<u>\$ 278,268</u>	<u>\$ 789,511</u>	<u>\$ 786,137</u>

**CITY OF VACAVILLE**  
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**Governmental activities.** Governmental activities decreased the City's net assets by \$858. Net assets increased by \$12,981 during the previous fiscal year. Key elements of this year's activity in relation to the prior year are as follows:

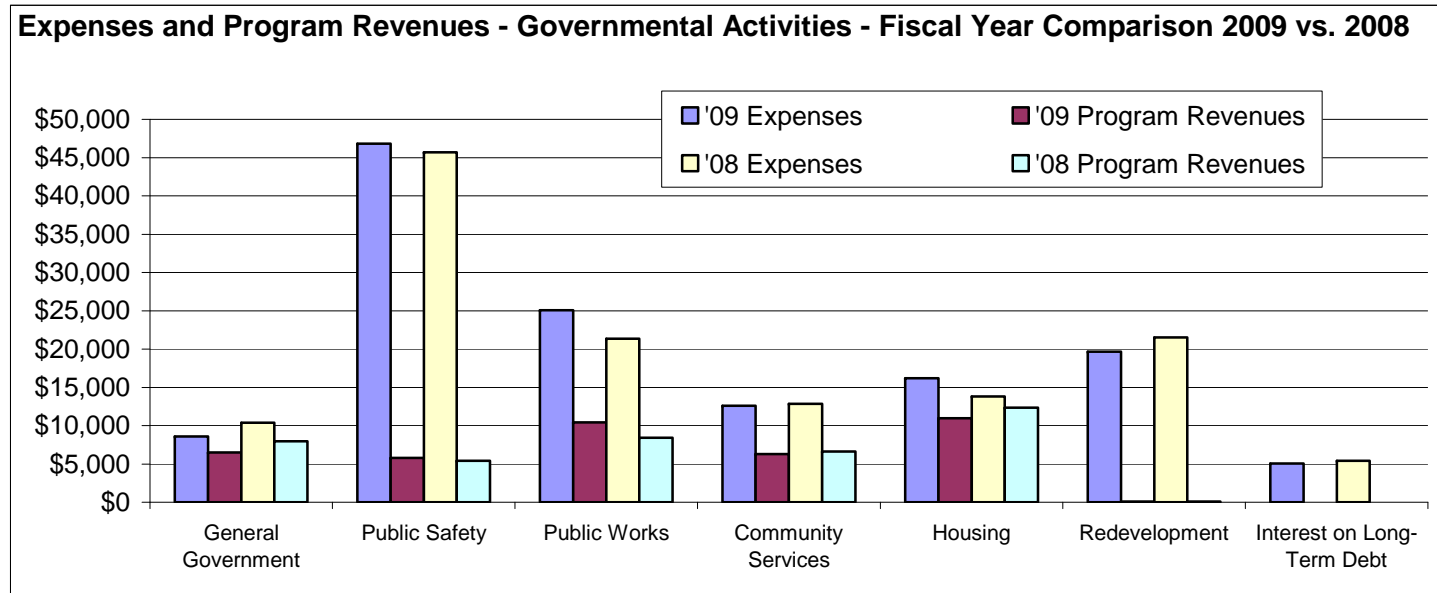
**Revenues:**

Overall, revenues in 2009 were down \$12,859 (8.8%) compared with 2008 primarily due to the downturn in the national, state and local economies.

- Property taxes increased \$1,938 in 2009, principally due to expanded economic development activities within redevelopment project areas. (Note that property taxes collected in the current fiscal year reflect assessed values of the previous year.)
- Sales tax revenue was down 6% from the previous year. In particular, Vacaville experienced steep declines in sales tax revenue related to new auto sales and building and construction related activities.
- Interest earnings decreased by \$10,959 with a portion of the decrease being attributable to writing off \$1.5 million of Lehman Bonds that are not redeemable as well as significantly lower investment yields. The cash balance of the City has declined by over \$23.9 million which also reduces investment yields.

**Expenditures:**

- While significant variances between years exist for the various expense functions, the total net increase was approximately \$3.0 million. The more significant items are: (1) increased salaries and benefits primarily in sworn personnel and (2) increased costs associated with capital projects and development activities.

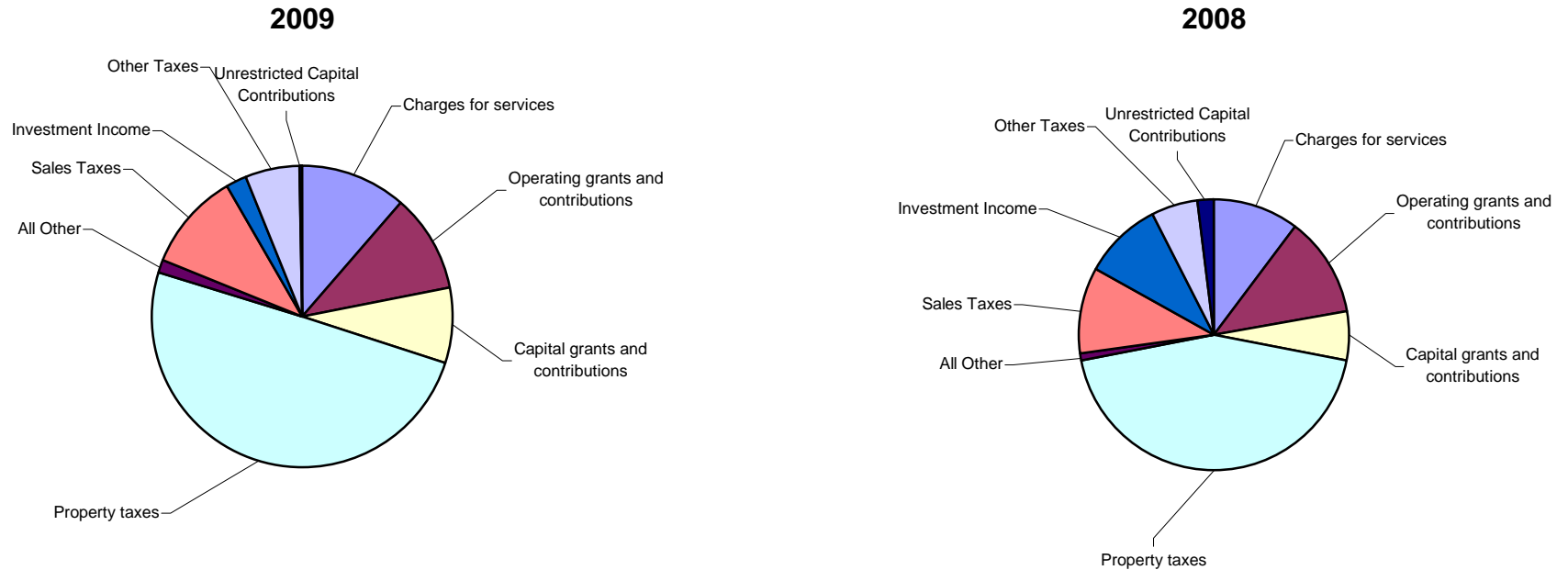




**CITY OF VACAVILLE**  
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**For the year ended June 30, 2009**  
(Amounts expressed in thousands)

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**Revenues by Source – Governmental Activities – Fiscal Year Comparison**



**Business-type activities.** Business-type activities increased the City's net assets by \$4,232 accounting for 100% of the total growth in net assets. By way of comparison, the net assets of business type activities increased by \$9,994 in 2008. Key elements of 2009 growth in net assets in relation to the prior year are as follows:

- Utility rate increases account for the increase in Charges for Services revenue.
- Capital grants and contributions (restricted and unrestricted) decreased \$191 in the current year to \$4,437. As a result of economic conditions, the City saw a decline in capital contributions from development activity and increased capital grants from the federal government (stimulus package) for transit related projects.
- The total increase in expenses for business-type activities was \$2,699. Wastewater treatment plant operational costs were higher due to costs associated with the expanded facility being online for a full year and increased wastewater quality standards.

**CITY OF VACAVILLE**  
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**For the year ended June 30, 2009**  
(Amounts expressed in thousands)

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**Revenues by Source-Business Type Activities - Fiscal Year Comparison**

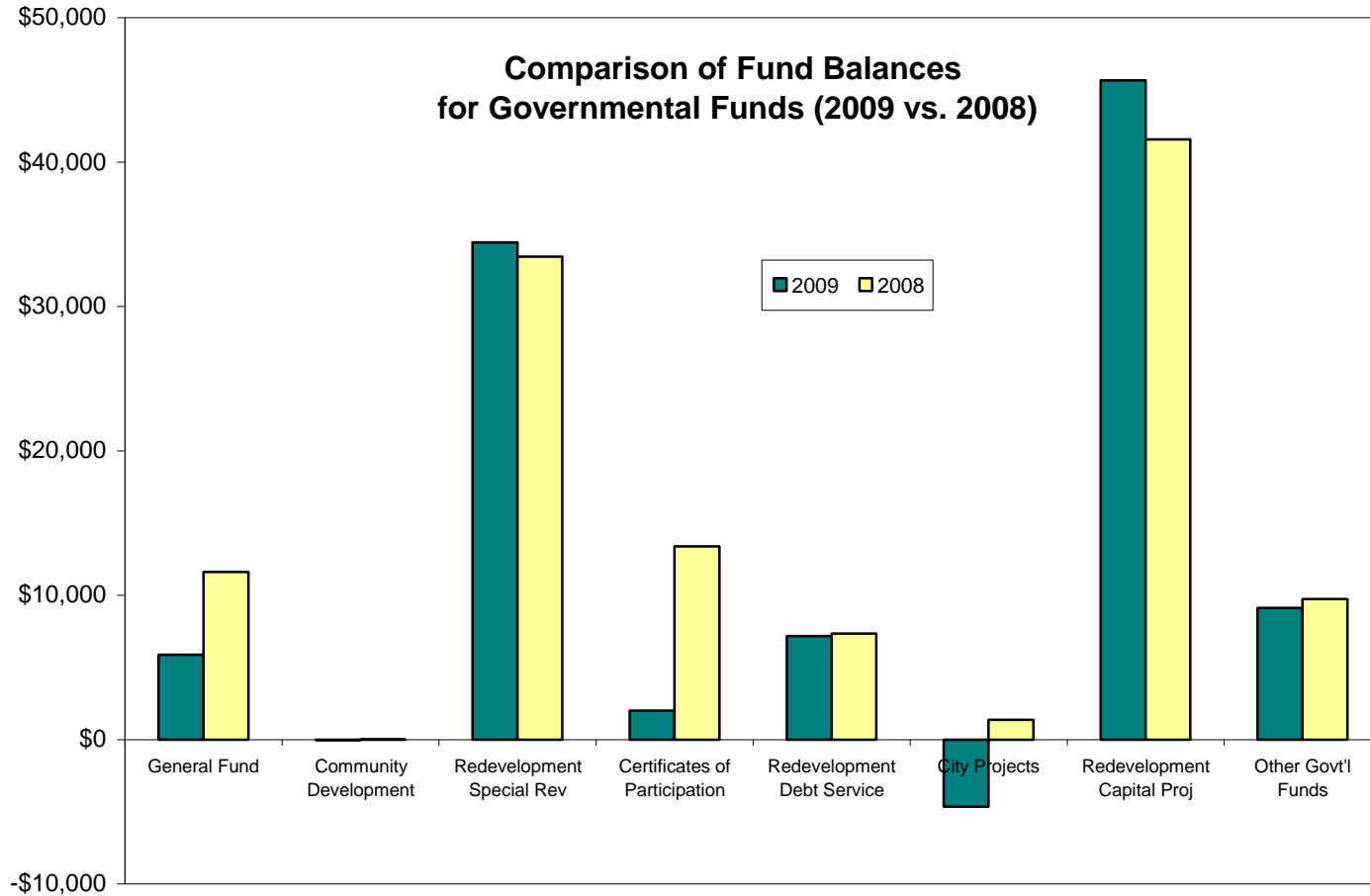


**Financial Analysis of the City's Funds**

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

The following chart compares the 2009 and 2008 fund balances for the City's General, Community Development, Redevelopment Special Revenue, Certificates of Participation, Redevelopment Debt Service, City Projects, Redevelopment Capital Projects, Other Governmental and Total Governmental Funds. As noted earlier, the City of Vacaville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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As of June 30, 2009, the City's governmental funds reported combined ending fund balances of \$99,611 a decrease of \$18,861 in comparison with the prior year. Approximately 21% of this total amount (\$21,326) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for future spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1,769), 2) to pay debt service (\$20,093), 3) to pay for construction (\$1,140), 4) for prepaid expenses (\$2,601), 5) for loans receivable (\$28,486) or 6) for a variety of other restricted purposes.

The decline in the General Fund fund balance reflects the use of reserve funds to maintain current ongoing service levels in light of little to no growth in General Fund revenues. The decline in City Projects and Redevelopment Capital Projects fund balances reflect the use of funds collected in prior years for current capital projects. The decline in the Certificates of Participation fund balance is due to the retirement of that debt.

**CITY OF VACAVILLE**  
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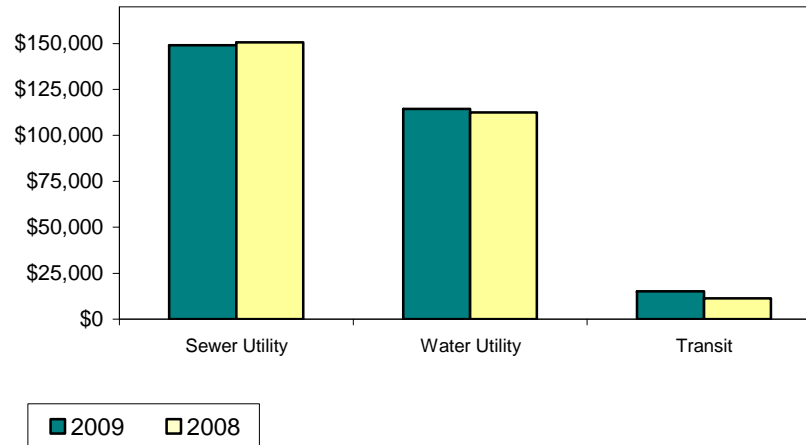
The General Fund is the primary operating fund of the City. At June 30, 2009, unreserved fund balance of the General Fund was \$5,370, while total fund balance was \$5,883. This amount can be viewed as the City's emergency operating reserve and is often measured as a percent of ongoing operating expenditures. Unreserved fund balance represents 8% of total General Fund operating expenditures. The fund balance of the City's General Fund decreased by \$5,719 during the current fiscal year. As noted above, the decline in fund balance reflects the use of reserves to maintain current service levels during a year in which revenues failed to keep pace with expenditures. The downturn in the economy severely impacted sales tax and building-related revenues, and is expected to impact property tax revenue next year.

The Redevelopment Capital Projects fund decreased by \$4,088, reflecting the use of bond proceeds and other funds accumulated in prior years on projects constructed in the current year.

The City Projects fund has a total fund balance of -\$4,637. The fund balance decreased during the fiscal year by \$6,018 as a result of reduced collections of development impact fees and projects constructed in the current year. Also, the City has major grant-related infrastructure projects in process that cannot be billed until closer to completion.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following chart compares the 2009 and 2008 net asset balances for the City's Sewer, Water and Transit Funds.

**Comparison of Net Assets  
for Proprietary Funds (2009 vs. 2008)**



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Unrestricted net assets at the end of the year amounted to \$48,911 for the sewer utility and \$36,974 for the water utility. Due to the subsidized nature of transportation, the transit operating funds have negative unrestricted net assets at year end. The decrease in net assets for sewer operations was \$1,533. The increase in net assets for water and transit operations was \$1,889 and \$3,896 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights**

	Original Budget	Final Budget	Actual Amounts	Variance from Final Budget
Total revenues	\$ 65,568	\$ 65,568	\$ 58,704	\$ (6,864)
Expenditures:				
General government	5,989	6,134	5,136	998
Public safety	45,662	45,092	45,151	(59)
Public Works	5,724	5,750	5,173	577
Community services	9,530	9,497	8,567	930
Housing	-	-	3	(3)
Debt service	456	456	611	(155)
Total expenditures	67,361	66,929	64,641	2,288
Revenue over (under) expenditures	(1,793)	(1,361)	(5,937)	(4,576)
Other financing sources (uses)	413	255	218	(37)
Net change in fund balance	<u>(1,380)</u>	<u>(1,106)</u>	<u>(5,719)</u>	<u>(4,613)</u>
Beginning fund balance			<u>11,602</u>	
Ending fund balance			<u>\$ 5,883</u>	

Final budgeted expenditures were less than the original budget by \$432. The reason for this decrease can be summarized as follows:

- All departments were asked to reduce budget throughout the year particularly due to the economic downturn.

Actual amounts differed from the Final budget as follows:

- Actual revenues were about 10.5% less than the budget. This was primarily due to lower than projected property and sales tax revenue, decreased investment earnings due to the market decline and a general across-the-board decline in all building related revenue.

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- Actual expenditures were \$2,288 below budget for the year. This favorable variance was mainly in the areas of public works, general government and community services. All departments were asked to reduce their spending.
- The net effect of all of the above was an unfavorable variance from the amounts budgeted of \$4,613.

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounted to \$745,054 (net of accumulated depreciation). This investment includes land, buildings and improvements, park facilities, machinery, vehicles, roads and bridges. The total increase in the City's net investment in capital assets for the current fiscal year was \$7,237 (\$2,873 for governmental activities including internal service funds and \$4,364 for business type activities).

**CAPITAL ASSETS**  
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 206,079	\$ 201,728	\$ 9,672	\$ 6,715	\$ 215,751	\$ 208,443
Buildings and improvement	42,231	42,951	135,272	136,967	177,503	179,918
Equipment	1,495	1,405	1,109	982	2,604	2,387
Vehicles	3,876	3,888	1,375	1,432	5,251	5,320
Infrastructure	222,300	221,110	52,767	53,284	275,067	274,394
Intangibles	788	788	-	-	788	788
Construction in progress	10,452	12,478	57,638	54,089	68,090	66,567
<b>Total</b>	<b>\$ 487,221</b>	<b>\$ 484,348</b>	<b>\$ 257,833</b>	<b>\$ 253,469</b>	<b>\$ 745,054</b>	<b>\$ 737,817</b>

Major capital asset events during the current fiscal year included completion of the Dobbins/East Monte Vista Intersection improvements and the Pleasants Valley Detention Basin. The changes in land were due mainly to the property purchase of the Davis Street Right-of-Way. Construction-in-progress for business-type activities continues to reflect amounts spent on the upgrade and expansion of the City's wastewater treatment plant and Elmira road Truck Sewer Main project, which have yet to be deemed final. Land changes for business-type activities include land for the Vacaville Transit Intermodal Station.

Additional information on the City's capital assets can be found in Note 5 on pages 54-58.

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$142,976. Of this amount, \$77,647 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt, \$65,329, represents debt secured solely by specified revenue sources (i.e., revenue type bonds).

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2009**  
(Amounts expressed in thousands)

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**OUTSTANDING DEBT**  
(expressed in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Bonds payable	\$ 65,329	\$ 68,096		\$ -	\$ 65,329	\$ 68,096
Capital lease obligations	4,226	4,387	538	366	4,764	4,753
Certificates of participation	5,270	17,375		-	5,270	17,375
Loans payable	<u>4,833</u>	<u>5,237</u>	<u>62,780</u>	<u>65,985</u>	<u>67,613</u>	<u>71,222</u>
Total	<u>\$ 79,658</u>	<u>\$ 95,095</u>	<u>\$ 63,318</u>	<u>\$ 66,351</u>	<u>\$ 142,976</u>	<u>\$ 161,446</u>

The City's total debt decreased by \$18,470 during the current fiscal year, principally due to the payoff of a Certificate of Participation, less the scheduled debt service payments made throughout the fiscal year.

The City and Redevelopment Agency maintain an "A" rating from Standard & Poor's and Moody's for its debt.

Additional information on the City's long-term debt can be found in Note 6 on pages 58-73 of this report.

**Economic Factors and Next Year's Budget**

The General Fund budget for fiscal year 2010 is approximately \$65 million. The use of reserve funds is part of a longer-range plan to address capital needs and maintain adequate levels of service to the community. Projections at the time indicated the City should end fiscal year 2010 with an operating reserve of about thirteen percent (13%).

The economic downturn has proven to be more severe than previously anticipated and the negative impact on local City revenues is now expected to stretch out longer than was predicted when the budget was developed. The City will be monitoring the budget throughout the year and developing contingency plans in anticipation of worsening economic conditions. Key factors underlying the budget for next year include:

- Vacaville's economy, like the State and Nation, has declined dramatically over the prior year and continues to contract. The unemployment rate for Solano County has risen to a 20-year high at 11.6%, with much of the weakness still in construction and manufacturing.

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
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(Amounts expressed in thousands)

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- The required contribution rates as a percentage of payroll for the City's retirement program, including the supplemental retirement program for non-safety "miscellaneous" employees, will be changing effective July 1, 2010 as follows:
  - Miscellaneous Plan – 13.645% to 13.482%
  - Safety Plan – 23.243% to 22.612%
- The future for bio-tech manufacturing industries in the region remains optimistic, along with the telecommunications and medical industries.
- Housing prices in Vacaville are continuing to decline and are about 52% below their peak value in 2005. Foreclosures continue to represent a significant portion of all home sales and have contributed to the downward pressure on home prices, especially in the lower end of the market. On a positive note, reduced prices and a large inventory of homes on the market have created more affordability.
- Property taxes were reduced by 4% from the prior year budget based on the current assessed value information from the Solano County Assessor. Property tax revenue for 2009/2010, the City's largest source of General Fund revenue, is projected to be around \$450,000 less than the previous year.
- Retail sales in Vacaville declined 9% over the previous year. In the past, the City's robust retail growth and business mix was able to weather downturns in the economy; but for the first time, this current recession has had a major negative impact on the general retail sector. The two sectors that continue to significantly underperform are construction and new auto sales. Sales tax revenue is the second largest source of General Fund revenue. The 2009/2010 sales tax projection is about \$480,000 (or 5%) less than last year's receipts due to the continuing impact of the recession on the economy.
- Based on declining economic conditions, the City has frozen or removed 32 full-time positions. The hiring freeze will continue in fiscal year 2009/2010. City employees agreed to pay four percent (4%) of health premiums in 2008, going to 8% in 2009. Employees also agreed to a furlough plan to further reduce personnel costs to the City.
- General Fund services and supplies expenditures were reviewed and reduced by 2.5%.
- The charges associated with ambulance transport and other fee-based programs will be reviewed and increased as needed to ensure they meet established cost recovery goals.
- A concerted effort was made to identify and secure grant funds for capital outlay and non-routine maintenance. All other major equipment or maintenance projects of a general nature were postponed until the City's financial condition improves.

All of these factors were considered in preparing the City's budget for fiscal year 2009/2010.

Subsequent to the adoption of the budget for fiscal year 2009-2010, the State adopted budget legislation that will take \$9.5 million of property tax revenue from the Redevelopment Agency in fiscal year 2009-2010. Litigation stopped a similar \$2 million take in 2008-2009 and litigation has again been initiated to stop the 2009-2010 take. However, the Agency has developed contingency plans in the event the current litigation is not successful which would result in the delay of budgeted projects. In addition, the State's budget will take approximately \$2 million of the City's property taxes.



**CITY OF VACAVILLE**  
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**Requests for Information**

This financial report is designed to provide a general overview of the City of Vacaville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of Vacaville, 650 Merchant Street, Vacaville, CA 95688 or you may visit our website at [www.cityofvacaville.com](http://www.cityofvacaville.com) for contact information.



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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**CITY OF VACAVILLE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

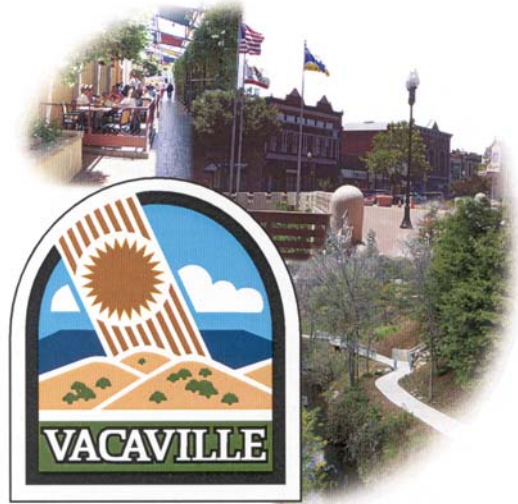
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 55,223,381	\$ 72,904,070	\$ 128,127,451
Receivables, net of allowance for uncollectibles:			
Interest	1,533,117	-	1,533,117
Taxes	2,958,924	-	2,958,924
Accounts	7,255,235	6,048,211	13,303,446
Loans	40,613,351	-	40,613,351
Inventories	200,937	-	200,937
Prepaid Items	2,601,642	7,337	2,608,979
Deferred charges	845,259	-	845,259
Internal Balances	(2,116,538)	2,116,538	-
Total current assets	<u>109,115,308</u>	<u>81,076,156</u>	<u>190,191,464</u>
Noncurrent assets:			
Restricted cash and investments	19,222,005	-	19,222,005
Deposits	258,391	-	258,391
Investment in joint venture	-	20,292,560	20,292,560
OPEB trust asset	368,546	75,288	443,834
Capital assets:			
Capital assets, non-depreciable	217,319,588	67,310,487	284,630,075
Capital assets, net of accumulated depreciation	269,901,076	190,522,963	460,424,039
Total capital assets	<u>487,220,664</u>	<u>257,833,450</u>	<u>745,054,114</u>
Total noncurrent assets	<u>507,069,606</u>	<u>278,201,298</u>	<u>785,270,904</u>
<b>Total assets</b>	<u>616,184,914</u>	<u>359,277,454</u>	<u>975,462,368</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and contract payable	1,464,945	1,896,202	3,361,147
Accrued payroll	2,680,011	486,925	3,166,936
Interest payable	1,538,602	31,264	1,569,866
Employee benefits payable	651,104	-	651,104
Compensated absences-due within one year	114,911	62,919	177,830
Claims payable - due within one year	2,284,584	-	2,284,584
Long-term debt - due within one year	3,294,278	3,344,547	6,638,825
Total current liabilities	<u>12,028,435</u>	<u>5,821,857</u>	<u>17,850,292</u>
Noncurrent liabilities:			
Deposits payable	8,200,001	8,185,984	16,385,985
Due to other governments	-	211,047	211,047
Unearned revenue	2,654,677	273,100	2,927,777
Compensated absences-due in more than a year	6,352,648	957,147	7,309,795
Claims payable-due in more than a year	3,574,416	-	3,574,416
Remediation liability-due in more than a year	-	1,355,000	1,355,000
Long-term liabilities-due in more than a year	76,363,594	59,973,789	136,337,383
Total noncurrent liabilities	<u>97,145,336</u>	<u>70,956,067</u>	<u>168,101,403</u>
<b>Total liabilities</b>	<u>109,173,771</u>	<u>76,777,924</u>	<u>185,951,695</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	406,869,449	194,483,850	601,353,299
Restricted for:			
Capital projects	13,735,284	-	13,735,284
Debt service	7,580,446	-	7,580,446
Highway and streets	1,964,340	-	1,964,340
Housing	2,979,715	-	2,979,715
Special Programs	2,327,758	-	2,327,758
Total restricted	<u>28,587,543</u>	<u>-</u>	<u>28,587,543</u>
Unrestricted	71,554,151	88,015,680	159,569,831
<b>Total net assets</b>	<u>\$ 507,011,143</u>	<u>\$ 282,499,530</u>	<u>\$ 789,510,673</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTALS	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS
Governmental activities:								
General government	\$ 8,593,583	\$ 3,266,255	\$ 24,728	\$ 3,174,842	\$ 6,465,825	\$ (2,127,758)	\$ -	\$ (2,127,758)
Public safety	46,836,557	4,657,798	1,110,116	-	5,767,914	(41,068,643)	-	(41,068,643)
Public works	25,068,824	869,649	2,029,407	7,506,567	10,405,623	(14,663,201)	-	(14,663,201)
Community services	12,578,197	5,686,668	606,388	-	6,293,056	(6,285,141)	-	(6,285,141)
Housing	16,189,462	386,848	10,567,538	-	10,954,386	(5,235,076)	-	(5,235,076)
Redevelopment	19,670,788	103,427	-	-	103,427	(19,567,361)	-	(19,567,361)
Interest on long-term debt	5,074,301	-	-	-	-	(5,074,301)	-	(5,074,301)
Total governmental activities	134,011,712	14,970,645	14,338,177	10,681,409	39,990,231	(94,021,481)	-	(94,021,481)
Business-type activities:								
Sewer	21,284,791	18,071,462	-	2,246,854	20,318,316	-	(966,475)	(966,475)
Water	15,282,019	12,607,487	-	2,189,869	14,797,356	-	(484,663)	(484,663)
Transit	2,384,605	359,209	1,675,489	-	2,034,698	-	(349,907)	(349,907)
Total business-type activities	38,951,415	31,038,158	1,675,489	4,436,723	37,150,370	-	(1,801,045)	(1,801,045)
<b>Total primary government</b>	<b>\$ 172,963,127</b>	<b>\$ 46,008,803</b>	<b>\$ 16,013,666</b>	<b>\$ 15,118,132</b>	<b>\$ 77,140,601</b>	<b>(94,021,481)</b>	<b>(1,801,045)</b>	<b>(95,822,526)</b>
<b>General revenues:</b>								
Taxes:								
						65,730,704	80,522	65,811,226
						14,076,776	-	14,076,776
						2,352,140	-	2,352,140
						929,807	-	929,807
						297,754	-	297,754
						2,168,871	-	2,168,871
						1,563,953	-	1,563,953
						282,717	-	282,717
						87,402,722	80,522	87,483,244
						2,998,342	(83,695)	2,914,647
						431,020	4,700,225	5,131,245
						1,989,978	3,031,926	5,021,904
						-	(1,355,000)	(1,355,000)
						340,979	(340,979)	-
						93,163,041	6,032,999	99,196,040
						(858,440)	4,231,954	3,373,514
						507,869,583	278,267,576	786,137,159
						\$ 507,011,143	\$ 282,499,530	\$ 789,510,673

See accompanying Notes to Basic Financial Statements.



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# **GOVERNMENTAL FUND FINANCIAL STATEMENTS**

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## **GENERAL FUND**

The General Fund is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund. It derives a majority of its revenues from property, sales, business and excise tax.

## **COMMUNITY DEVELOPMENT**

To account for those funds received from the Federal Government for the purpose of correcting sub-standard, unsafe residences and eliminating building code deficiencies.

## **REDEVELOPMENT SPECIAL REVENUE**

To account for the 20% set aside funds received from tax increments in the City's two Redevelopment areas; to be used for low and moderate housing purposes.

## **CERTIFICATES OF PARTICIPATION**

To account for interest earnings, reserves, and payment of debt service for debt issued to fund public facilities and a community park.

## **REDEVELOPMENT DEBT SERVICE**

To account for receipts and payments related to the City's two Redevelopment areas' bonds outstanding.

## **CITY PROJECTS**

To account for proceeds used to fund the acquisition and construction of public improvements, proceeds from State Gas Tax (Section 2105 and 2106), State and Federal transit programs, development, and proceeds from bonds issued to fund City public facilities and infrastructure.

## **REDEVELOPMENT CAPITAL PROJECTS**

To account for tax increments received in the two Redevelopment areas used to facilitate economic development through construction of public improvements.

## **OTHER GOVERNMENTAL FUNDS**

Other Governmental Funds is the aggregate of all the non-major governmental funds.

**CITY OF VACAVILLE**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2009**

ASSETS	MAJOR FUNDS								TOTAL GOVERNMENTAL FUNDS
	CERTIFICATES						REDEVELOPMENT CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	
	GENERAL	COMMUNITY DEVELOPMENT	REDEVELOPMENT SPECIAL REVENUE	OF PARTICIPATION	REDEVELOPMENT DEBT SERVICE	CITY PROJECTS			
Cash and investments	\$ 3,918,584	\$ 870,397	\$ 11,921,634	\$ 2,011,391	\$ 1,602,010	\$ 5,184,351	\$ 19,610,234	\$ 8,991,972	\$ 54,110,573
Receivables:									
Interest	1,491,535	-	-	-	15,106	-	16,907	9,569	1,533,117
Taxes	2,840,817	-	-	-	-	65,798	-	52,309	2,958,924
Accounts	1,184,134	82,661	16,344	-	-	5,602,545	8,118	322,328	7,216,130
Loans	599	9,854,562	22,690,034	-	2,364,740	-	5,703,416	-	40,613,351
Prepaid items	3,111	-	-	-	1,137	1,682,923	-	914,221	2,601,392
Restricted cash and investments held by fiscal agent	-	-	-	-	4,322,788	-	12,522,038	2,377,179	19,222,005
Deposits	120,210	-	-	-	-	-	-	-	120,210
Advances to other funds	-	-	-	-	-	-	10,539,452	-	10,539,452
<b>Total assets</b>	<b>\$ 9,558,990</b>	<b>\$ 10,807,620</b>	<b>\$ 34,628,012</b>	<b>\$ 2,011,391</b>	<b>\$ 8,305,781</b>	<b>\$ 12,535,617</b>	<b>\$ 48,400,165</b>	<b>\$ 12,667,578</b>	<b>\$ 138,915,154</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts and contract payable	\$ 492,441	\$ 1,349	\$ 7,466	\$ -	\$ -	\$ 495,855	\$ 278,262	\$ 113,568	\$ 1,388,941
Accrued payroll	2,237,862	8,058	52,346	-	-	45,120	52,241	182,664	2,578,291
Deposits payable	630,958	898	111,656	-	1,128,188	3,660,320	133,302	2,514,679	8,180,001
Deferred revenue	314,544	10,833,267	28,189	-	-	315,500	2,272,377	736,675	14,500,552
Advances from other funds	-	-	-	-	-	12,655,990	-	-	12,655,990
<b>Total liabilities</b>	<b>3,675,805</b>	<b>10,843,572</b>	<b>199,657</b>	<b>-</b>	<b>1,128,188</b>	<b>17,172,785</b>	<b>2,736,182</b>	<b>3,547,586</b>	<b>39,303,775</b>
<b>Fund Balances:</b>									
Reserved	512,819	1,661	22,701,089	2,011,391	6,688,665	16,392,021	26,565,344	3,412,538	78,285,528
Unreserved:									
Designated, General Fund	5,370,366	-	-	-	-	-	-	-	5,370,366
Designated, Capital Projects Funds	-	-	-	-	-	-	19,098,639	-	19,098,639
Undesignated, Special Revenue Funds	-	(37,613)	11,727,266	-	-	-	-	5,697,885	17,387,538
Undesignated, Debt Service Funds	-	-	-	-	488,928	(21,029,189)	-	9,569	(20,530,692)
<b>Total fund balances</b>	<b>5,883,185</b>	<b>(35,952)</b>	<b>34,428,355</b>	<b>2,011,391</b>	<b>7,177,593</b>	<b>(4,637,168)</b>	<b>45,663,983</b>	<b>9,119,992</b>	<b>99,611,379</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,558,990</b>	<b>\$ 10,807,620</b>	<b>\$ 34,628,012</b>	<b>\$ 2,011,391</b>	<b>\$ 8,305,781</b>	<b>\$ 12,535,617</b>	<b>\$ 48,400,165</b>	<b>\$ 12,667,578</b>	<b>\$ 138,915,154</b>

See accompanying Notes to Basic Financial Statements.



**CITY OF VACAVILLE**  
**Reconciliation of the Governmental Funds - Balance Sheet with the Statement of Net Assets**  
**JUNE 30, 2009**

**TOTAL FUND BALANCES- TOTAL GOVERNMENTAL FUNDS** \$ 99,611,379

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

**CASH AND INVESTMENTS**

The City's portfolio holds an investment instrument for the Redevelopment Agency's purchase on the Nut Tree property. This is considered a financing mechanism between the City and the Redevelopment Agency; therefore, it is eliminated on the Government-Wide Statement of Net Assets. (3,814,709)

**CAPITAL ASSETS**

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds Balance Sheet net of Central Services & Technology Replacement, internal service funds capital assets of \$545,137. 486,675,526

**ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS**

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in Governmental Activities in the Government-Wide Statement of Net Assets. (856,700)

**LONG TERM ASSETS AND LIABILITIES**

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

OPEB trust asset	368,546
Deferred charges	845,259
Long-term debt	(79,657,872)
Compensated absences	(6,467,559)
Interest payable	(1,538,602)

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

Revenues which are unearned in the Fund Financial Statements because they are not available currently are taken into revenue in the Statement of Activities. 11,845,875

**NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ 507,011,143

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	GENERAL	COMMUNITY DEVELOPMENT	REDEVELOPMENT SPECIAL REVENUE	CERTIFICATES OF PARTICIPATION	REDEVELOPMENT DEBT SERVICE	CITY PROJECTS	REDEVELOPMENT CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>									
Taxes and fees	\$ 47,710,218	\$ -	\$ 7,416,695	\$ -	\$ -	\$ 3,174,841	\$ 29,666,780	\$ 3,156,804	\$ 91,125,338
Licenses and permits	193,143	-	-	-	-	-	-	1,304,509	1,497,652
Investment income	1,638,582	39	304,877	150,151	121,290	247,176	804,204	233,015	3,499,334
Intergovernmental	1,049,260	560,662	-	-	-	9,821,136	-	12,620,677	24,051,735
Charges for services	7,932,593	-	-	-	-	-	-	1,800,460	9,733,053
Fines,forfeits and penalties	142,649	-	-	-	-	-	-	350,818	493,467
Other	37,125	-	142,279	-	1,131,200	611,777	36,983	87,923	2,047,287
<b>Total revenues</b>	<b>58,703,570</b>	<b>560,701</b>	<b>7,863,851</b>	<b>150,151</b>	<b>1,252,490</b>	<b>13,854,930</b>	<b>30,507,967</b>	<b>19,554,206</b>	<b>132,447,866</b>
<b>EXPENDITURES:</b>									
Current:									
General government	5,135,920	-	-	-	-	-	-	3,197,254	8,333,174
Public safety	45,150,910	-	-	-	-	-	-	1,073,364	46,224,274
Public works	5,172,877	-	-	-	-	146,746	-	1,465,870	6,785,493
Community services	8,566,704	601,977	-	-	-	-	-	2,805,165	11,973,846
Housing	3,350	-	4,365,449	-	-	-	-	11,846,139	16,214,938
Redevelopment	-	-	-	-	156,234	-	23,711,810	-	23,868,044
Capital outlay	-	-	-	-	-	20,123,182	868,958	79,100	21,071,240
Debt service:									
Principal	385,302	-	-	11,215,000	2,970,572	215,597	-	890,000	15,676,471
Interest and fiscal charges	225,923	-	-	307,838	3,734,926	519,739	-	299,812	5,088,238
<b>Total expenditures</b>	<b>64,640,986</b>	<b>601,977</b>	<b>4,365,449</b>	<b>11,522,838</b>	<b>6,861,732</b>	<b>21,005,264</b>	<b>24,580,768</b>	<b>21,656,704</b>	<b>155,235,718</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,937,416)</b>	<b>(41,276)</b>	<b>3,498,402</b>	<b>(11,372,687)</b>	<b>(5,609,242)</b>	<b>(7,150,334)</b>	<b>5,927,199</b>	<b>(2,102,498)</b>	<b>(22,787,852)</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	3,105,483	-	-	-	5,449,010	1,974,662	122,389	3,236,173	13,887,717
Transfers out	(3,168,514)	-	(2,511,131)	-	-	(842,605)	(4,943,933)	(1,757,911)	(13,224,094)
Sale of capital assets	42,005	-	-	-	-	-	2,981,887	-	3,023,892
Issuance of debt and loans	239,500	-	-	-	-	-	-	-	239,500
<b>Total other financing sources (uses)</b>	<b>218,474</b>	<b>-</b>	<b>(2,511,131)</b>	<b>-</b>	<b>5,449,010</b>	<b>1,132,057</b>	<b>(1,839,657)</b>	<b>1,478,262</b>	<b>3,927,015</b>
<b>NET CHANGES IN TOTAL FUND BALANCE</b>	<b>(5,718,942)</b>	<b>(41,276)</b>	<b>987,271</b>	<b>(11,372,687)</b>	<b>(160,232)</b>	<b>(6,018,277)</b>	<b>4,087,542</b>	<b>(624,236)</b>	<b>(18,860,837)</b>
<b>FUND BALANCES:</b>									
Fund balances, beginning of year	11,602,127	5,324	33,441,084	13,384,078	7,337,825	1,381,109	41,576,441	9,744,228	118,472,216
Fund balances, end of year	<u>\$ 5,883,185</u>	<u>\$ (35,952)</u>	<u>\$ 34,428,355</u>	<u>\$ 2,011,391</u>	<u>\$ 7,177,593</u>	<u>\$ (4,637,168)</u>	<u>\$ 45,663,983</u>	<u>\$ 9,119,992</u>	<u>\$ 99,611,379</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE**  
**Reconciliation of the Net Change in Fund Balances - Total Governmental Funds with the Statement of Activities**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS** \$ (18,860,837)

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

**CAPITAL ASSETS TRANSACTIONS**

Governmental Funds reported capital asset expenditures as part of capital outlay and other departmental expenditures. However, in the Government-Wide Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. Technology Replacement, internal service fund capital assets additions were \$299,971, and there was a transfer of \$4,973 between Governmental Activities and Business Type Activities. This is detail of the amount of capital assets recorded in the current period

Capital outlay	21,071,240
Uncapitalized outlay costs	(6,313,421)
Departmental expenditures capitalized	(24,341)
Developer contributions	431,020

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds. Internal service funds depreciation is \$91,313. (11,517,715)

**LONG TERM DEBT PROCEEDS AND PAYMENTS**

Issuance of debt proceeds provides current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. (239,500)

Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets. 15,676,471

**ACCRUAL OF NON-CURRENT ITEMS**

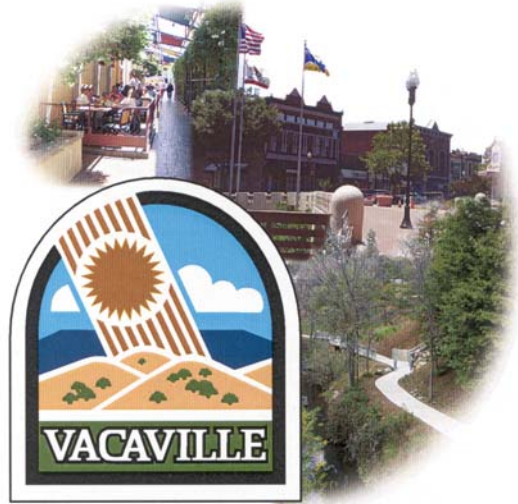
The amounts below included in the Statement of Activities do not require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds:

Long-term compensated absences	23,399
OPEB ARC funding	368,546
Unearned revenue	(51,753)
Interest expense	13,937
Sale of capital assets	(3,023,892)
Gain on sale of property	2,041,207

**ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY**

Internal service funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with the governmental activities. (452,801)

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ (858,440)



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## **PROPRIETARY FUND FINANCIAL STATEMENTS**

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### **SEWER UTILITY**

To account for the operation (including waste water treatment) of the City's sewer facility, a self-supporting activity which provides services on a user charge basis.

### **WATER UTILITY**

To account for the operation of the City's water utility, a self-supporting activity which provides services on a user charge basis.

### **TRANSIT**

To account for the operation of the City's transit system.

**CITY OF VACAVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS			TOTALS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	SEWER UTILITY	WATER UTILITY	TRANSIT		
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 48,022,358	\$ 22,524,528	\$ -	\$ 70,546,886	\$ 7,284,701
Accounts receivable	2,919,630	2,647,260	481,321	6,048,211	39,105
Due from other funds	365,032	-	-	365,032	-
Inventories-supplies	-	-	-	-	200,937
Prepaid items	6,819	518	-	7,337	250
<b>Total current assets</b>	<b>51,313,839</b>	<b>25,172,306</b>	<b>481,321</b>	<b>76,967,466</b>	<b>7,524,993</b>
Noncurrent assets:					
Deposits	-	-	-	-	138,181
Advances to other funds	805,513	1,411,025	-	2,216,538	-
Investment in joint venture	-	20,292,560	-	20,292,560	-
OPEB trust asset	44,163	29,457	1,668	75,288	-
Capital assets:					
Land	2,777,333	1,965,968	4,928,787	9,672,088	-
Construction in progress	33,569,167	21,638,301	2,430,931	57,638,399	-
Buildings and improvements	147,379,182	45,673,240	7,938,622	200,991,044	123,740
Machinery and equipment	1,088,895	421,314	3,751,650	5,261,859	5,388,923
Transmission and distribution system	31,516,823	39,602,888	-	71,119,711	-
Less: accumulated depreciation	(53,307,733)	(31,293,302)	(3,631,639)	(88,232,674)	(3,584,502)
<b>Total capital assets</b>	<b>163,023,667</b>	<b>78,008,409</b>	<b>15,418,351</b>	<b>256,450,427</b>	<b>1,928,161</b>
<b>Total noncurrent assets</b>	<b>163,873,343</b>	<b>99,741,451</b>	<b>15,420,019</b>	<b>279,034,813</b>	<b>2,066,342</b>
<b>Total assets</b>	<b>215,187,182</b>	<b>124,913,757</b>	<b>15,901,340</b>	<b>356,002,279</b>	<b>9,591,335</b>

**CITY OF VACAVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS			TOTALS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	SEWER UTILITY	WATER UTILITY	TRANSIT		
<b>LIABILITIES</b>					
Current liabilities:					
Accounts and contract payable	648,316	1,135,531	112,355	1,896,202	76,004
Accrued payroll	287,811	185,435	13,679	486,925	101,720
Interest payable	25,112	6,152	-	31,264	-
Due to other funds	-	-	365,032	365,032	-
Employee benefits payable	-	-	-	-	651,104
Compensated absences-due within one year	38,106	24,813	-	62,919	-
Current portion of claims payable	-	-	-	-	2,284,584
Long-term debt - due within one year	3,217,645	126,902	-	3,344,547	-
<b>Total current liabilities</b>	<b>4,216,990</b>	<b>1,478,833</b>	<b>491,066</b>	<b>6,186,889</b>	<b>3,113,412</b>
Noncurrent liabilities:					
Deposits payable	6,332	8,172,339	7,313	8,185,984	20,000
Due to other governments	-	-	211,047	211,047	-
Advances from other funds	-	100,000	-	100,000	-
Unearned revenue	129,360	143,740	-	273,100	-
Compensated absences-due in more than a year	787,534	169,613	-	957,147	-
Remediation liability	1,355,000	-	-	1,355,000	-
Long-term claims payable	-	-	-	-	3,574,416
Long-term debt - due in more than one year	59,542,913	430,876	-	59,973,789	-
<b>Total noncurrent liabilities</b>	<b>61,821,139</b>	<b>9,016,568</b>	<b>218,360</b>	<b>71,056,067</b>	<b>3,594,416</b>
<b>Total liabilities</b>	<b>66,038,129</b>	<b>10,495,401</b>	<b>709,426</b>	<b>77,242,956</b>	<b>6,707,828</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	100,237,997	77,444,479	15,418,351	193,100,827	1,928,161
Unrestricted	48,911,056	36,973,877	(226,437)	85,658,496	955,346
<b>Total net assets business-type activities</b>	<b>\$ 149,149,053</b>	<b>\$ 114,418,356</b>	<b>\$ 15,191,914</b>	<b>278,759,323</b>	<b>\$ 2,883,507</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				3,740,207	
Net assets of business-type activities				<b>\$ 282,499,530</b>	

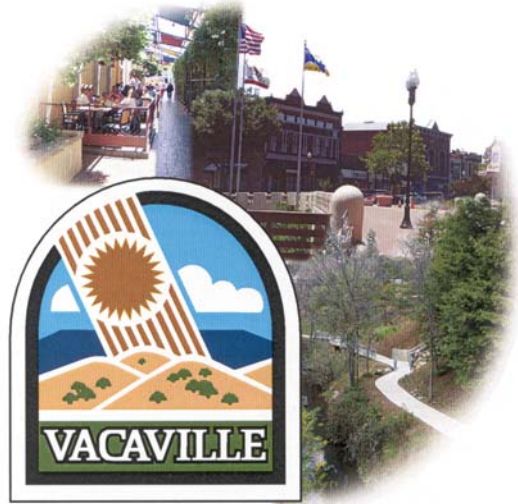
See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</u>				GOVERNMENTAL
	SEWER UTILITY	WATER UTILITY	TRANSIT	TOTALS	ACTIVITIES INTERNAL SERVICE FUNDS
<b>OPERATING REVENUES:</b>					
Charges for sales and services:					
Sewer charges	\$ 20,310,123	\$ -	\$ -	\$ 20,310,123	\$ -
Water sales	-	14,797,356	-	14,797,356	-
Transit fares	-	-	359,209	359,209	-
Internal service charges	-	-	-	-	10,844,009
<b>Total operating revenues</b>	<u>20,310,123</u>	<u>14,797,356</u>	<u>359,209</u>	<u>35,466,688</u>	<u>10,844,009</u>
<b>OPERATING EXPENSES:</b>					
Treatment plant and sources of supply	6,689,942	7,065,908	-	13,755,850	-
Transmission and distribution	-	1,449,961	-	1,449,961	-
Maintenance	3,896,023	1,300,281	-	5,196,304	-
Customer services and administration	6,535,833	3,510,763	-	10,046,596	-
Transportation	-	-	2,022,790	2,022,790	-
Internal service expenses	-	-	-	-	10,652,599
Depreciation	4,131,044	1,925,848	361,815	6,418,707	450,441
<b>Total operating expenses</b>	<u>21,252,842</u>	<u>15,252,761</u>	<u>2,384,605</u>	<u>38,890,208</u>	<u>11,103,040</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(942,719)</u>	<u>(455,405)</u>	<u>(2,025,396)</u>	<u>(3,423,520)</u>	<u>(259,031)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Gain from joint venture	-	1,581,136	-	1,581,136	-
Interest revenue	1,327,517	371,236	-	1,698,753	64,931
Interest expense	(1,772,208)	-	(10,241)	(1,782,449)	-
Taxes and other	1,181,865	357,640	1,675,490	3,214,995	2,736
<b>Total nonoperating revenues (expenses)</b>	<u>737,174</u>	<u>2,310,012</u>	<u>1,665,249</u>	<u>4,712,435</u>	<u>67,667</u>
<b>INCOME (LOSS) BEFORE TRANSFERS, CONTRIBUTION AND EXTRAORDINARY ITEM</b>	<u>(205,545)</u>	<u>1,854,607</u>	<u>(360,147)</u>	<u>1,288,915</u>	<u>(191,364)</u>
<b>TRANSFER:</b>					
Transfers in	41,096	33,347	-	74,443	378,356
Transfers out	(214,754)	(241,921)	-	(456,675)	(659,747)
<b>Total transfers</b>	<u>(173,658)</u>	<u>(208,574)</u>	<u>-</u>	<u>(382,232)</u>	<u>(281,391)</u>
<b>CAPITAL CONTRIBUTIONS:</b>					
Intergovernmental	-	-	4,255,759	4,255,759	-
Developers	201,388	243,078	-	444,466	-
<b>Total capital contributions</b>	<u>201,388</u>	<u>243,078</u>	<u>4,255,759</u>	<u>4,700,225</u>	<u>-</u>
<b>EXTRAORDINARY ITEM:</b>					
Polution remediation	(1,355,000)	-	-	(1,355,000)	-
<b>Change in net assets</b>	<u>(1,532,815)</u>	<u>1,889,111</u>	<u>3,895,612</u>	<u>4,251,908</u>	<u>(472,755)</u>
<b>NET ASSETS:</b>					
Net assets, beginning of year	150,681,868	112,529,245	11,296,302		3,356,262
Net assets, end of year	<u>\$ 149,149,053</u>	<u>\$ 114,418,356</u>	<u>\$ 15,191,914</u>		<u>\$ 2,883,507</u>
				Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(19,954)
				Change in net assets of business-type activities	<u>\$ 4,231,954</u>

See accompanying Notes to Basic Financial Statements.





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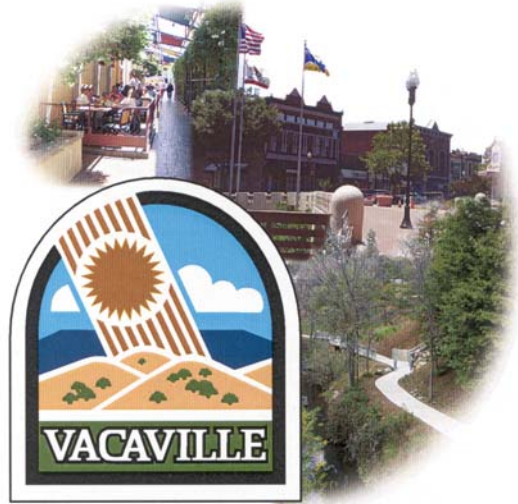
**CITY OF VACAVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</u>				GOVERNMENTAL
	SEWER UTILITY	WATER UTILITY	TRANSIT	TOTALS	ACTIVITIES- INTERNAL SERVICE FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users	\$ 20,822,734	\$ 14,633,849	\$ 58,364	\$ 35,514,947	\$ 10,857,996
Payments to suppliers	(10,101,654)	(7,948,033)	(1,923,495)	(19,973,182)	(8,995,167)
Payments to employees	(6,957,101)	(4,378,178)	(189,534)	(11,524,813)	(3,927,026)
Claims paid	-	-	-	-	286,000
<b>Net cash provided (used) by operating activities</b>	<u>3,763,979</u>	<u>2,307,638</u>	<u>(2,054,665)</u>	<u>4,016,952</u>	<u>(1,778,197)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Advances to/(from) other funds	722,399	1,525,770	-	2,248,169	-
Due to/(from) other funds	(365,032)	-	365,032	-	-
Transfers in	41,096	33,347	-	74,443	378,356
Transfers out	(214,754)	(241,921)	-	(456,675)	(659,747)
Taxes	-	80,522	-	80,522	-
Ground lease	158,740	-	-	158,740	-
Benefit district fees	14,932	61,863	-	76,795	-
Annexation fees	-	167,154	-	167,154	-
Industry permit fees	8,193	-	-	8,193	-
Settlement	1,000,000	-	-	1,000,000	2,736
Bid bond	-	48,101	-	48,101	-
Grants	-	-	1,675,490	1,675,490	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>1,365,574</u>	<u>1,674,836</u>	<u>2,040,522</u>	<u>5,080,932</u>	<u>(278,655)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and construction of capital assets	(2,997,077)	(3,194,693)	1	(6,191,769)	(550,289)
Future funding of OPEB trust	(44,163)	(29,457)	(1,668)	(75,288)	-
Principal paid on capital debt	(2,937,829)	(94,391)	-	(3,032,220)	-
Interest paid	(1,775,450)	6,152	(10,241)	(1,779,539)	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(7,754,519)</u>	<u>(3,312,389)</u>	<u>(11,908)</u>	<u>(11,078,816)</u>	<u>(550,289)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	1,327,517	371,236	-	1,698,753	64,931
<b>Net cash provided by investing activities</b>	<u>1,327,517</u>	<u>371,236</u>	<u>-</u>	<u>1,698,753</u>	<u>64,931</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(1,297,449)</u>	<u>1,041,321</u>	<u>(26,051)</u>	<u>(282,179)</u>	<u>(2,542,210)</u>
<b>CASH AND CASH EQUIVALENTS:</b>					
Beginning of year	49,319,807	21,483,207	26,051	70,829,065	9,826,911
End of year	<u>\$ 48,022,358</u>	<u>\$ 22,524,528</u>	<u>\$ -</u>	<u>\$ 70,546,886</u>	<u>\$ 7,284,701</u>
<b>NONCASH TRANSACTIONS:</b>					
Contribution and transfers of capital assets, net	<u>\$ 201,388</u>	<u>\$ 243,078</u>	<u>\$ 4,255,759</u>	<u>\$ 4,700,225</u>	<u>\$ -</u>

**CITY OF VACAVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2009**

	<u>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL</u>
	<u>SEWER UTILITY</u>	<u>WATER UTILITY</u>	<u>TRANSIT</u>	<u>TOTALS</u>	<u>ACTIVITIES- INTERNAL SERVICE FUNDS</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ (942,719)	\$ (455,405)	\$ (2,025,396)	\$ (3,423,520)	\$ (259,031)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	4,131,044	1,925,848	361,815	6,418,707	450,441
Changes in assets and liabilities:					
(Increase) decrease in receivables	386,248	(234,865)	(184,097)	(32,714)	13,987
Increase in inventories-supplies	-	-	-	-	22,672
Increase in prepaid items	20,910	151,627	-	172,537	2,063
Increase in deposits	-	-	-	-	(8,181)
Increase (decrease) in accounts and contracts payable	(18,426)	329,606	(101,897)	209,283	(56,069)
Increase in accrued payroll	15,221	17,473	7,050	39,744	14,356
Increase in employee benefits payable	-	-	-	-	(2,028,929)
Increase (decrease) in compensated absences	39,006	45,395	-	84,401	(215,506)
Increase (decrease) in deposits payable	6,332	456,601	4,608	467,541	-
Decrease in due to other governments	-	-	(116,748)	(116,748)	-
Increase (decrease) in unearned revenue	126,363	71,358	-	197,721	-
Increase in insurance liability	-	-	-	-	286,000
Total adjustments	<u>4,706,698</u>	<u>2,763,043</u>	<u>(29,269)</u>	<u>7,440,472</u>	<u>(1,519,166)</u>
<b>Net cash provided by (used for) operating activities</b>	<u>\$ 3,763,979</u>	<u>\$ 2,307,638</u>	<u>\$ (2,054,665)</u>	<u>\$ 4,016,952</u>	<u>\$ (1,778,197)</u>

See accompanying Notes to Basic Financial Statements.



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## **FIDUCIARY FUND FINANCIAL STATEMENTS**

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### **AGENCY FUNDS**

To account for payroll trust cash transferred from the various funds from which actual cash is remitted to the employees and various agencies. Additionally, used to account for other deposits received from outside parties including deposits from Solano Transportation Authority, refunding of permit monies and restitution for crimes committed. Also used to account for monies received through property tax to pay debt service for the Special Assessment Districts.

**CITY OF VACAVILLE**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2009**

	<u>TOTAL AGENCY FUNDS</u>
<b>ASSETS</b>	
<hr/>	
Cash and investments	\$ 15,887,683
Receivables:	
Accounts	816,982
Deposits	<u>56,900</u>
<b>Total assets</b>	<b><u><u>\$ 16,761,565</u></u></b>
<b>LIABILITIES</b>	
<hr/>	
Accrued payroll	513
Employee benefits payable	1,451,897
Deposits payable	6,190,535
Due to bondholders	<u>9,118,552</u>
<b>Total liabilities</b>	<b><u><u>\$ 16,761,565</u></u></b>

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Vacaville, California, (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

**A. *Reporting Entity***

The City of Vacaville was incorporated August 9, 1892 as a General Law City in the State of California. The City operates under the Council-Manager form of government. Services provided by the City include: public safety (police, fire and ambulance), public works (parks, streets and highways), community development (building regulation, planning and zoning), community services (culture and recreation), housing, redevelopment, public utilities (sewer and water), public improvements and general administrative services.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the combined basic financial statements to emphasize their legal separateness from the City. The City had no discretely presented component units. Each blended component unit has a June 30 year-end. The City Council serves as the governing board, or comprises a majority of the governing board of each of the blended component units. The City Council must represent a voting majority of the governing boards of the blended component units. The component units discussed in the following paragraphs are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The following entities are reported as blended component units:

Vacaville Housing Authority

The Vacaville Housing Authority (VHA) is organized under the California Health and Safety Code and was established pursuant to the laws of the State of California to provide housing subsidies on behalf of eligible participants, to transact business and to have those powers as defined by law. The Housing Authority has entered into an Annual Contributions Contract with the U.S. Department of Housing and Urban Development (HUD) pertaining to its Housing Choice Voucher Program. The objectives of VHA are to aid low-income families in obtaining decent, safe and sanitary housing through federal assistance programs.

Vacaville Redevelopment Agency

The Vacaville Redevelopment Agency (the Agency) is organized under the State of California Community Redevelopment Law. The Agency has established the Vacaville Community Redevelopment Project Area I (Project Area I) and the I-505/80 Redevelopment Project Area II (Project Area II). The construction projects within each area are financed through bonds which are repaid by property tax increment revenues. The Agency also has a low and moderate income housing program which is reported in a special revenue fund in these financial statements.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Vacaville Public Financing Authority

The Vacaville Public Financing Authority (the Authority) was established pursuant to a Joint Exercise of Powers Agreement dated April 12, 1988, by and between the City and the Agency in accordance with provisions of the Joint Powers Act (Act). The Authority was created for the purpose of assisting with the financing of public capital improvements. The Authority has the power to issue bonds to pay the cost of public capital improvements.

Solano County Housing Authority

The Solano County Housing Authority (SCHA), a component unit of Solano County, California, was established pursuant to the laws of the State of California to provide housing subsidies on behalf of eligible participants, to transact business and to have those powers as defined by law. The SCHA has entered into an Annual Contributions Contract with the U.S. Department of Housing and Urban Development (HUD) pertaining to its Housing Choice Voucher Program. The City is a sub-recipient of the SCHA and administers the program.

Financial statements for the Vacaville Housing Authority, Vacaville Redevelopment Agency and Solano County Housing Authority can be obtained by contacting the City's Finance Department. The Vacaville Public Financing Authority does not issue financial statements.

**B. Basis of Accounting, Measurement Focus and Financial Statement Presentation**

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

**Government-Wide Financial Statements**

The City 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 and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City'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 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. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting



**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Research Bulletins (ARB) of the committee on Accounting Procedure. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting*, the City has not elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements as prescribed by GASB Statement No. 34. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The assets and liabilities of the internal services funds have been included in the Statement of Net Assets based on the predominant user of the services. The Vehicle Replacement internal service fund assets and liabilities have been reported in the business type activities column and the Central Services, Technology Replacement, Insurance and Employee Benefits internal service funds assets and liabilities have been reported in the governmental activities column.

**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. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. 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 City 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds focus on total economic resources and employ the accrual basis of accounting, which recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds include both trust and agency funds. The City has only Agency funds. Agency funds do not have a measurement focus since they do not report equity – they report only assets and liabilities. They do, however, use the accrual basis of accounting to recognize receivables and payables.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

The City reports the following major governmental funds:

General Fund – the City’s primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Community Development Special Revenue Fund – to account for those funds received from the Federal Government for the purpose of correcting sub-standard, unsafe residences and eliminating building code deficiencies.

Redevelopment Special Revenue Fund – to account for the 20% set aside funds received from tax increments in the City’s two Redevelopment areas; to be used for low and moderate housing purposes.

Certificates of Participation Debt Service Fund – to account for interest earnings, reserves, and payment of debt service for debt issued to fund public facilities and a community park.

Redevelopment Debt Service Fund – to account for receipts and payments related to the City’s two Redevelopment areas’ bonds outstanding.

City Projects Capital Projects Fund – to account for proceeds used to fund the acquisition and construction of public improvements, proceeds from State Gas Tax, State and Federal transit programs, development, and proceeds from bonds issued to fund City public facilities and infrastructure.

Redevelopment Capital Projects Fund – to account for tax increments received in the two Redevelopment areas used to facilitate economic development through construction of public improvements.

The City reports the following major enterprise funds:

Sewer Utility Fund – to account for the operation and maintenance of the City’s sewer system.

Water Utility Fund – to account for the operation and maintenance of the City’s water treatment and water transmission and distribution system.

Transit Fund – to account for the operation and management of the City’s transit operations including a fixed route bus system, taxi subsidy program and paratransit operations.

Additionally, the City reports the following fund types:

**Internal Service funds**

Internal service funds – account for centralized purchases, equipment replacement, sick and vacation leave payoffs related to employee retirements and retiree health insurance premiums, and self-insured services provided to other departments of the government, or to other governments, on a cost reimbursement basis.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Fiduciary funds**

Payroll trust fund – accounts for cash transferred from the various funds from which actual cash is remitted to the employees and various agencies.

Other Deposits fund – to account for deposits received from outside parties. Some of the large items include refunding of permit monies, amounts seized from crimes committed, and amounts held for Solano Transportation Authority.

Special assessments funds – to account for monies received through property tax to pay debt service for the Special Assessment Districts.

**C. Cash, Cash Equivalents and Investments**

The City pools cash resources of its various funds to facilitate cash management. Cash in excess of current requirements is invested and reported as investments. It is the City's intent to hold investments until maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity or yield of the portfolio. Interest earnings are apportioned among funds based on ending accounting period cash and investment balances.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less at the time of acquisition.

In addition, other disclosures are specified in Note 2 including use of certain methods to present deposits and investments, highly sensitive investments, and credit quality at year-end.

The City participates in the Local Agency Investment Fund (LAIF), an investment pool for local governments and special districts managed by the State of California. Under Federal Law, the State of California cannot declare bankruptcy, therefore deposits in the LAIF shall not be subject to either of the following: (a) transfer or loan pursuant to Government Code Sections 16310, 16312 or 16313 or (b) impoundment or seizure by any state official or state agency.

**D. Receivables and Payables**

Property, sales and use taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net assets. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and collectible. Unbilled utility revenue earned is recognized as revenue and accounts receivable in the enterprise funds.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" or "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**E.     *Restricted/Unrestricted Net Assets***

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first. Additionally, certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for capital projects, streets and highways, housing and special programs.

**F.     *Inventory and Prepaid Items***

Inventory is valued at the lower of cost (weighted average) or market using the first-in first-out method. The cost is recorded as an expenditure or expense in the appropriate fund at the time individual inventory items are withdrawn for use (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Inventories and prepaid items, as reported in the fund financial statements, are offset by a reservation of fund balance for non-current assets in governmental funds to indicate that they do not constitute resources available for appropriation.

**G.     *Capital Assets***

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting infrastructure at \$100,000, with all other non-enterprise capital assets at a \$5,000 threshold, and enterprise capital assets with a \$25,000 threshold. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and Improvements	40 years
Machinery and Equipment	5-7 years
Infrastructure	25-40 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, water and sewer systems, storm drains and park lands. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems. Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2002. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry current date or using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

**H. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. For bond issuances subsequent to the implementation of GASB Statement No. 34, bond premiums and discounts as well as issuance costs, will be deferred and amortized over the life of the bonds using the effective interest method and bonds payable will be reported net of the applicable bond premium or discount. Bonds issued prior to the implementation of GASB Statement No. 34 have been presented at the gross issuance amount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**I. Compensated Absences**

Employees accrue vacation, sick, holiday, and compensatory time off benefits. In the government-wide financial statements, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

In the fund financial statements, governmental fund types record compensated absences as expenditures in the years paid as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

**J. Property Tax Revenue**

Article XIII of the California Constitution (Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/76 assessed valuation as the base and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transaction taxes on real property.

Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

All property taxes are collected and allocated by the County of Solano to the various taxing entities. Property taxes are determined annually as of January 1 and attach as an enforceable lien on real property as of July 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively.

The City participates in an alternative method of distribution of property tax levies and assessments known as the "Teeter Plan". The State Revenue and Taxation Code allow counties to distribute secured real property, assessment and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments and related penalties and interest during a fiscal year will revert to Solano County. The Teeter Plan payment, which includes 95% of the outstanding accumulated delinquency, is included in property tax revenue. Under the Teeter Plan code, 5% of the delinquency must remain with the County as a reserve for Teeter Plan funding.

**K. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**L. Implementation of New GASB Pronouncements**

In 2009, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

GASB Statement No. 43, Reporting for Postemployment Benefits Plans Other Than Pension Plans – This Statement establishes uniform financial reporting standards for OPEB plans and supersedes the interim guidance included in Statement No. 26, Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans. The approach followed in this Statement generally is consistent with the approach adopted in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, with modifications to reflect differences between pension plans and OPEB plans.

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions – This Statement establishes standards for the measurement, recognition, and display of Other Post-Employment Benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplemental information (RSI) in the financial reports.

GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues – This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting, specific receivables or specific future revenues. In addition, this Statement establishes accounting and financial reporting standards that apply to all intra-entity transfers of assets and future revenues.

GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations – This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments – The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards – The objective of this Statement is to incorporate into Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presents in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events.

**NOTE 2 - CASH AND INVESTMENTS**

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. This pooled cash is invested by the City's Investment Officer, and overseen by the City's Treasurer, to enhance interest earnings. The pooled interest earned is allocated to the funds based on cash and investment balances in these funds at the end of each accounting period.

**A. Deposits**

The California Government Code requires California banks and savings and loans to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City has waived collateral requirements for cash deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 2 - CASH AND INVESTMENTS, continued**

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and Investments	\$ 128,127,451
Cash and Investments held by bond trustee	19,222,005
Fiduciary Funds:	
Cash and Investments	<u>15,887,683</u>
Total Cash and Investments	<u>\$ 163,237,139</u>

Cash and Investments as of June 30, 2009 consist of the following:

Cash on hand	\$ 13,845
Deposits with financial institutions	2,265,173
Certificates of Deposit	3,000,000
Investments	<u>157,958,121</u>
Total Cash and Investments	<u>\$ 163,237,139</u>

**B. Investments Authorized by the California Government Code and Investment Policy**

The table below identifies the investment types authorized under the provisions of the City's investment policy, and in accordance with the California Government Code. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund	N/A	100%	N/A
U.S. Government Securities	None	100%	100%
U.S. Agency Securities	None	100%	100%
Commercial Paper	270 days	25%	25%
Certificates of Deposit	N/A	N/A	N/A
Corporate Notes	5 years	30%	30%
U.S. Agency Discount Notes	None	100%	100%
Money Market Mutual Funds	N/A	20%	10%
Repurchase Agreements	1 year	100%	100%
Bankers Acceptance	180 days	40%	30%



**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 2 - CASH AND INVESTMENTS, continued**

**Investments Authorized by Debt Agreements**

Investments 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 City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee and the City.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Government Securities	N/A	100%	100%
U.S. Agency Securities	N/A	100%	100%
Repurchase Agreements	1 year	100%	100%
Money Market Mutual Funds	N/A	100%	100%
Guarantee Investment Contract	N/A	100%	100%

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments were stated at fair value using the aggregate method in all funds and component units, resulting in the following investment income in all funds and component units:

Unrealized gain in changes in fair value of investments	\$ 281,532
Interest income	<u>2,633,115</u>
Total investment income	<u>\$ 2,914,647</u>

The City portfolio value fluctuates in an inverse relationship to any change in interest rates. Accordingly, if interest rates have risen, the portfolio value will have declined. If interest rates have fallen, the portfolio value will have risen. In accordance with GASB Statement No. 31, the portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. The City's practice is to buy and hold investments until their maturity dates.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 2 - CASH AND INVESTMENTS, continued**

**C. Disclosures Relating to Interest Rate Risk**

The City manages its exposure to interest rate risk 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. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments as of June 30, 2009 by maturity:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Local Agency Investment Fund	\$ 66,122,792	\$ 66,122,792	\$ -	\$ -	\$ -
U.S. Agency Securities	40,998,256	10,218,880	30,779,376	-	-
Corporate Notes	30,862,748	10,056,180	20,806,568	-	-
Repurchase Agreements	13,315,253	13,315,253	-	-	-
Guarantee Investment Contract	1,889,333	-	1,236,688	-	652,645
Money Market Mutual Funds	4,769,739	4,769,739	-	-	-
<b>Total</b>	<b>\$ 157,958,121</b>	<b>\$ 104,482,844</b>	<b>\$ 52,822,632</b>	<b>\$ -</b>	<b>\$ 652,645</b>

**D. Disclosures Relating to Credit Risk**

Credit Risk is the risk of loss of value of an investment due to a downgrade of its rating or the failure or impairment of its issuer. Credit Risk 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, the City's investment policy, or debt agreements, and the actual rating as of June 30, 2009 for each investment type. In order to limit loss exposure due to Credit Risk, the investment policy limits purchases of investments in commercial paper to those rated A-1 by Standard & Poor's or P-1 by Moody's Investors Service.

Investment Type		Minimum Legal Rating	Rating					Not Rated
			AAA	AA	A	BBB	Defaulted	
Local Agency Investment Fund	\$ 66,122,792	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,122,792
U.S. Agency Securities	40,998,256	N/A	40,998,256	-	-	-	-	-
Corporate Notes	30,862,748	A	4,127,560	14,217,620	10,429,808	1,792,760	295,000	-
Repurchase Agreements	13,315,253	N/A	-	-	-	-	-	13,315,253
Guarantee Investment Contract	1,889,333	N/A	1,889,333	-	-	-	-	-
Money Market Mutual Funds	4,769,739	AAA	4,769,739	-	-	-	-	-
<b>Total</b>	<b>\$ 157,958,121</b>		<b>\$ 51,784,888</b>	<b>\$ 14,217,620</b>	<b>\$ 10,429,808</b>	<b>\$ 1,792,760</b>	<b>\$ 295,000</b>	<b>\$ 79,438,045</b>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 2 - CASH AND INVESTMENTS, continued**

***E. Investments in Local Agency Investment Funds***

The Local Agency Investment Fund (LAIF), is a voluntary program created by state statute in 1977 as an investment alternative for California's local governments and special districts. Under the direction of the State Treasurer's Office and audited by the Bureau of State Audits, the program offers local agencies the opportunity to participate in a major portfolio. The fair value for the City's position in LAIF is the same as the value of the pooled shares.

The City's investments with LAIF at June 30, 2009, included a small portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

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

Asset-Backed Securities – generally mortgage-backed securities which 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 CMOs) or credit card receivables.

As of June 30, 2009, the City had \$66,122,792 invested in LAIF, which has invested 14.71% of the pool investments funds in medium and short-term Structured Notes and Asset-Backed Securities. The City valued its investment in LAIF as of June 30, 2009 by multiplying the City's account balance with a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of 1.001304743.

As of June 30, 2009 the City had \$13,315,253 in an overnight tri-party Repurchase Agreement with J. P. Morgan Chase as the custodian. There is a collateral requirement of 100% if cash is utilized or 102% if using obligations issued, or guaranteed by the U.S. government, or agencies instrumentalities, or establishments thereof.

**NOTE 3 – LOANS RECEIVABLE**

At June 30, 2009, the City's outstanding loans receivables were as follows:

\$ 599	City loans recorded in the General Fund are for the Computer Loan Program. The City offers a zero interest loan program to assist employees with purchasing personal computers. The intent of this program is to facilitate employees learning about personal computing so they can apply this knowledge in the work environment and enhance their productivity. The maximum loan amount is \$1,650 (\$1,500 if the computer system is not purchased from a business in Vacaville), and must be paid back through payroll deductions over a three year period. Due to budget constraints, this program is currently suspended.
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**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 3 – LOANS RECEIVABLE, continued**

- \$ 8,273,110 City loans recorded in the Special Revenue Fund, Community Development is for the HOME Partnership Program (HOME). HOME is a U.S. Housing and Urban Development program administered by the California Department of Housing and Community Development (HCD). The City uses HOME funds to operate an acquisition and rehabilitation loan program. The loans are made to owners of rental properties that agree to restrict the rent of the HOME-assisted units to low and moderate income families.
- \$ 1,500,052 City loans recorded in the Special Revenue Fund, Community Development are for the Community Development Block Grant (CDBG) and Rental Rehabilitation Program (RRP). In the past the City operated CDBG and RRP, even though the City no longer receives funding under these programs the borrowers are repaying the existing loan balances. Repayments are used to carry out CDBG and RRP eligible activities.
- \$ 4,805,937 Redevelopment loans recorded in the Special Revenue Funds are for the Neighborhood Conservation Program (NCP), the purpose of which is to provide a pool of loan funds to encourage investor-owners and owner-occupants to improve the lower income neighborhoods of the City and further equal opportunity in housing. Loans ranging in amounts from \$1,000 to \$45,000 per unit, are offered at 3% interest, and may be amortized over 15 years. The loans are secured by property. Loans to households with very low incomes may be deferred until such time that household income becomes sufficient to repay the loan; the deferred loan will become fully amortized at 3% interest. Deferred loans may also be made to low-income households on fixed incomes. The amount of loans in arrears is \$358,201.
- \$ 13,464,246 The Redevelopment Agency Equity loans recorded in the Special Revenue Funds are for primary financing to obtain blighted property. The loan amounts and terms may vary depending on the amounts needed to acquire and improve the property. The loans are offered at 0% interest, with the total payment deferred until the end of the term and are secured by the property.
- \$ 869,056 The Redevelopment Down Payment loans recorded in the Special Revenue Funds are for assisting low income families with their down payment and closing costs. There are two types of loans. The first type is given in coordination with a Mortgage Credit Certificate (MCC) for a maximum amount of \$15,000 deferred for five years, and repaid over ten years at an interest rate of 5%. The loan is not secured against the property. The second type has no other assistance for a maximum amount of \$10,000 deferred for five years, and repaid over fifteen years at an interest rate of 5%.
- \$ 2,364,740 A loan receivable has been recorded in the Redevelopment Debt Service Fund from Vacaville Community Housing, a non-profit corporation. The loan is secured by multi-family housing units at 0% interest and the payment is deferred until the year 2025.
- \$ 2,257,104 The Redevelopment Downtown Rehabilitation loans recorded in the Capital Projects Funds are for façade improvements and historic district building loans. Façade improvement loans are fully amortized for 15-year terms at 1% interest with a \$20,000 maximum loan per standard building street frontage. Façade improvements may include a complete renovation, signage, exterior lighting, landscaping, painting and awnings. Historic district building loans are fully amortized for 25-year terms at 3% interest with a maximum loan amount of \$135,000. Historic district building loans for tenant improvements and other non-seismic related costs require 50% matching funds contributed by the borrower, which may include private funds as well as loans made through the façade improvement loan program. Borrowers are not required to match funds on seismic upgrades. These loans may be assumable on a case by case basis.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 3 – LOANS RECEIVABLE, continued**

\$ 1,991,313	In 2002, the Agency entered into an agreement with the Vacaville Library District to loan \$3,895,000 to finance the construction of a new Vacaville Library branch located in the Downtown Project Area. A loan receivable and deferred revenue have been recorded in the amount of \$3,895,000 in the Redevelopment Capital Projects Fund. The loan will be repaid by Fiscal Year 2031/2032 with interest rates ranging from 4% to 7%.
\$ 500,000	A loan receivable has been recorded in the Special Revenue Funds from Vacaville Community Housing, a non-profit corporation. This is a 0%, 55 year loan to Vacaville Community Housing. The loan would be due upon the earlier of 55 years or the properties no longer being managed as affordable housing.
\$ 3,037,569	The Redevelopment Shared Equity loans are recorded in the Special Revenue funds for expanding homeownership opportunities to low and moderate-income households. The amount borrowed is the minimum needed to close the gap between lender requirements and buyer's cash for down payment assistance and/or closing costs. Qualified homebuyers may receive up to \$50,000 or 20% of the purchase price (whichever is less) towards the purchase of a home located in Vacaville. The deferred loan terms are 45 years at zero interest with no payments required during that time as long as the homebuyer does not sell, transfer ownership, rent the property, refinance it with cash back, or prepay the loan with any other funds. The loan will be forgiven if the borrower remains in the home for the full 45 year loan term. There is a 45 year Resale Restriction Agreement that will be recorded against the property. The City will hold an option to purchase the home at a restricted sales price to keep the home affordable for another buyer.
\$ 81,400	City loans recorded in the Special Revenue Fund, Community Development Block Grant (CDBG). These funds are available to eligible participant families to close the gap between the amount they qualify for and the current average price for a modest two-or three bedroom condo or single family home.
\$ 1,455,000	A loan receivable has been recorded in the Capital Projects Funds from Vacaville Community Housing, a non-profit corporation. The loan is secured by multi-family housing units at 0% interest and the total payment is deferred until the year 2025.
\$ 11,225	Ten emergency interest-free loans were granted for purposes of paying the first month's rent and/or the security deposit required as a condition of renting certain temporary premises for individuals because of damages to their permanent residence by the January 2006 winter floods.
\$ 2,000	Loans receivable recorded in the Special Revenue Funds for security deposits for low income families that have been Vacaville residents or working in Vacaville for at least twelve months who can afford the rent but not the lump sum of security deposit and initial rent. The loan amount cannot exceed \$1,000 and repayment is due at \$100 per month.
<u>\$ 40,613,351</u>	Total loans receivable

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 4 – OPERATING LEASES**

The City has entered into a five year lease for maintenance and related supplies for copiers, printers and fax machines used throughout the City. The lease began on May 1, 2004 and expired April 30, 2009. The lease may be renewed on a month-to-month basis upon termination of the lease. We are currently in the process of renewing the lease.

**NOTE 5 - CAPITAL ASSETS**

**Government-Wide Financial Statements**

**A. Summary**

The following is a summary of capital assets as of June 30, 2009:

	<u>Government Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Non-Depreciable Assets:			
Land	\$ 171,099,124	\$ 9,672,088	\$ 180,771,212
Land held for development	34,980,292	-	34,980,292
Intangibles (Nut Tree)	788,124	-	788,124
Construction in Progress	<u>10,452,048</u>	<u>57,638,399</u>	<u>68,090,447</u>
Total	<u>217,319,588</u>	<u>67,310,487</u>	<u>284,630,075</u>
Depreciable Assets:			
Buildings & Improvements	56,608,297	200,991,044	257,599,341
Equipment	5,776,327	5,336,485	11,112,812
Vehicles	10,241,423	4,639,911	14,881,334
Infrastructure	<u>369,719,712</u>	<u>71,119,712</u>	<u>440,839,424</u>
	442,345,759	282,087,152	724,432,911
Less accumulated depreciation	<u>(172,444,683)</u>	<u>(91,564,189)</u>	<u>(264,008,872)</u>
Total depreciable assets, net	<u>269,901,076</u>	<u>190,522,963</u>	<u>460,424,039</u>
Total capital assets, net	<u>\$ 487,220,664</u>	<u>\$ 257,833,450</u>	<u>\$ 745,054,114</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 5 – CAPITAL ASSETS, continued**

**B. Governmental Activities**

The following is a summary of capital assets for governmental activities:

	Balance July 1, 2008	Additions	Disposals	Transfers	Balance June 30, 2009
<b>Non-Depreciable Assets:</b>					
Land	\$ 168,654,133	\$ 2,444,991	\$ -	\$ -	\$ 171,099,124
Land held for development	33,074,278	2,855,132	(949,118)	-	34,980,292
Intangibles	788,124	-	-	-	788,124
Construction in Progress	12,478,458	2,374,526	(25,385)	(4,375,551)	10,452,048
Total	<u>214,994,993</u>	<u>7,674,649</u>	<u>(974,503)</u>	<u>(4,375,551)</u>	<u>217,319,588</u>
<b>Depreciable Assets:</b>					
Buildings & Improvements	55,918,288	168,023	-	521,986	56,608,297
Equipment	5,361,621	558,832	(144,126)	-	5,776,327
Vehicles	9,804,744	717,837	(286,131)	4,973	10,241,423
Infrastructure	359,525,992	6,340,155	-	3,853,565	369,719,712
Total	<u>430,610,645</u>	<u>7,784,847</u>	<u>(430,257)</u>	<u>4,380,524</u>	<u>442,345,759</u>
<b>Less accumulated depreciation for:</b>					
Buildings & Improvements	(12,967,299)	(1,410,501)	-	-	(14,377,800)
Equipment	(3,956,940)	(467,363)	142,821	-	(4,281,482)
Vehicles	(5,917,083)	(727,300)	279,254	-	(6,365,129)
Infrastructure	(138,416,408)	(9,003,864)	-	-	(147,420,272)
Total	<u>(161,257,730)</u>	<u>(11,609,028)</u>	<u>422,075</u>	<u>-</u>	<u>(172,444,683)</u>
Total depreciable assets, net	<u>269,352,915</u>	<u>(3,824,181)</u>	<u>(8,182)</u>	<u>4,380,524</u>	<u>269,901,076</u>
Governmental activities capital assets, net	<u>\$ 484,347,908</u>	<u>\$ 3,850,468</u>	<u>\$ (982,685)</u>	<u>\$ 4,973</u>	<u>\$ 487,220,664</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 5 – CAPITAL ASSETS, continued**

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 521,922
Community development	1,184
Public safety	1,147,861
Public works	8,569,206
Community services	552,538
Housing	11,241
Redevelopment	<u>805,076</u>
Total Government activities depreciation expense	<u>\$ 11,609,028</u>

Internal service fixed assets included in general governmental activities at June 30, 2009 were \$798,124 with related depreciation expense of \$91,313.



**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 5 – CAPITAL ASSETS, continued**

**C. Business-type Activities**

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2008	Additions	Disposals	Transfers	Balance June 30, 2009
<b>Non-Depreciable Assets:</b>					
Land	\$ 6,715,232	\$ 2,956,856	\$ -	\$ -	\$ 9,672,088
Construction in Progress	54,089,212	6,546,650	-	(2,997,463)	57,638,399
Total	<u>60,804,444</u>	<u>9,503,506</u>	<u>-</u>	<u>(2,997,463)</u>	<u>67,310,487</u>
<b>Depreciable Assets:</b>					
Buildings & Improvements	197,941,938	99,214	-	2,949,892	200,991,044
Equipment	5,381,430	398,362	(443,307)	-	5,336,485
Vehicles	4,550,154	282,319	(115,501)	(77,061)	4,639,911
Infrastructure	70,213,229	858,912	-	47,571	71,119,712
Total	<u>278,086,751</u>	<u>1,638,807</u>	<u>(558,808)</u>	<u>2,920,402</u>	<u>282,087,152</u>
<b>Less accumulated depreciation for:</b>					
Buildings & Improvements	(60,975,237)	(4,743,422)	-	-	(65,718,659)
Equipment	(4,399,332)	(269,172)	441,171	-	(4,227,333)
Vehicles	(3,117,962)	(335,115)	115,501	72,088	(3,265,488)
Infrastructure	(16,929,691)	(1,423,018)	-	-	(18,352,709)
Total	<u>(85,422,222)</u>	<u>(6,770,727)</u>	<u>556,672</u>	<u>72,088</u>	<u>(91,564,189)</u>
Total depreciable assets, net	<u>192,664,529</u>	<u>(5,131,920)</u>	<u>(2,136)</u>	<u>2,992,490</u>	<u>190,522,963</u>
Business-type activities capital assets, net	<u>\$ 253,468,973</u>	<u>\$ 4,371,586</u>	<u>\$ (2,136)</u>	<u>\$ (4,973)</u>	<u>\$ 257,833,450</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 5 – CAPITAL ASSETS, continued**

Depreciation expense was charged to functions as follows:

Sewer		\$	4,318,785
Water			2,090,127
Transit			361,815
Total Business-type activities depreciation expense			\$ 6,770,727

Vehicle and equipment replacement assets in the amount of \$4,714,539 are included in Business-type activities. At June 30, 2009 depreciation expense for these assets totaled \$354,156.

**Fund Financial Statements**

The fund financial statements do not present general government activities capital assets but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

**NOTE 6 – LONG-TERM LIABILITIES**

In 2009, the City adopted new accounting standard GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues – This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting, specific receivables or specific future revenues. In addition, this Statement establishes accounting and financial reporting standards that apply to all intra-entity transfers of assets and future revenues.

**A. Long-Term Liabilities**

The following is a summary of long-term liabilities for the fiscal year ended June 30, 2009:

	Governmental Activities	Business Type Activities	Total
Long-term debt			
Loans Payable	\$ 4,832,875	\$ 304,956	\$ 5,137,831
Certificates of Participation	5,270,000	-	5,270,000
Bonds Payable	65,329,440	-	65,329,440
Capital Lease Obligations	4,225,557	538,283	4,763,840
State Revolving Loan	-	62,475,096	62,475,096
	\$ 79,657,872	\$ 63,318,335	\$ 142,976,207
Total			

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

There are a number of limitations and restrictions contained in the various bond indentures. The City believes it is in compliance with the significant limitations and restrictions.

**Activity**

The following is a summary of changes in long-term liabilities for governmental activities. Activity for the City's fiscal year ended June 30, 2009:

Loans Payable:	Beginning		Reductions	Ending	Due within
City:	Balance	Additions		Balance	one year
Frank Gonzales	\$ 25,661	\$ -	\$ 25,661	\$ -	\$ -
Nancy Gonzales	51,322	-	51,322	-	-
Robert Gonzales	51,322	-	51,322	-	-
Nancy Gonzales	2,232	-	2,232	-	-
Robert & Priscilla Gonzales	2,177	-	2,177	-	-
Brazelton Family Living Trust	540,000	-	67,500	472,500	67,500
Grindstaff Family Trust	168,750	-	-	168,750	-
Spencer Family Trust	168,750	-	-	168,750	-
Robert H. Power Trust	168,750	-	-	168,750	-
Michael/Jane Gonzalez Rev. Trust	168,750	-	-	168,750	-
Robert Rogers	500,000	-	-	500,000	-
Dorothy Brown	589,005	-	-	589,005	-
Charles Rogers	742,800	-	-	742,800	-
John Gonge	294,314	-	-	294,314	-
Sandra Merhoff	146,936	-	-	146,936	-
<b>Redevelopment:</b>					
Cernon Street Parking Lot	18,919	-	12,425	6,494	6,494
Beck & Clark Family Trust	357,186	-	19,824	337,362	21,236
Puerta, Frank & Betty	140,740	-	68,321	72,419	72,419
Klotz, Albert & Marita Family Trust	545,874	-	68,215	477,659	72,223
Babington, Richard & Carol	369,295	-	32,471	336,824	34,338
Dept. of Toxic Substances	184,758	-	3,196	181,562	3,382
<b>Total Loans Payable</b>	<b>5,237,541</b>	<b>-</b>	<b>404,666</b>	<b>4,832,875</b>	<b>277,592</b>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
<b>Certificates of Participation:</b>					
1994 Certificates of Participation	6,160,000	-	890,000	5,270,000	940,000
1997 Certificates of Participation	<u>11,215,000</u>	-	<u>11,215,000</u>	-	-
<b>Total Certificates of Participation</b>	<u>17,375,000</u>	-	<u>12,105,000</u>	<u>5,270,000</u>	<u>940,000</u>
<b>Bonds Payable:</b>					
1996 Tax Allocation Bonds	5,145,000	-	235,000	4,910,000	245,000
2000 Tax Allocation Bonds	10,845,000	-	1,345,000	9,500,000	235,000
2001 Tax Allocation Bonds	28,925,000	-	705,000	28,220,000	735,000
2000A Multifamily Mortgage	1,940,560	-	71,120	1,869,440	74,930
2006 Taxable Housing Bonds	18,670,000	-	315,000	18,355,000	340,000
2006 ABAG Tax Allocation Bonds	<u>2,570,000</u>	-	<u>95,000</u>	<u>2,475,000</u>	<u>100,000</u>
<b>Total Bonds</b>	<u>68,095,560</u>	-	<u>2,766,120</u>	<u>65,329,440</u>	<u>1,729,930</u>
<b>Capital Lease Obligations:</b>					
Vacaville Recreation Corporation	2,220,853	-	83,250	2,137,603	87,510
Westamerica Bank	60,822	-	60,822	-	-
Westamerica Bank	510,449	-	65,318	445,131	67,702
Banc of America Leasing	1,076,267	-	116,017	960,250	120,878
Westamerica Bank	518,351	-	48,740	469,611	50,748
Westamerica Bank	<u>-</u>	<u>239,500</u>	<u>26,538</u>	<u>212,962</u>	<u>19,918</u>
<b>Total Capital Lease Obligations</b>	<u>4,386,742</u>	<u>239,500</u>	<u>400,685</u>	<u>4,225,557</u>	<u>346,756</u>
<b>Total long-term debt</b>	<u>\$ 95,094,843</u>	<u>\$ 239,500</u>	<u>\$ 15,676,471</u>	<u>\$ 79,657,872</u>	<u>\$ 3,294,278</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 6 – LONG-TERM LIABILITIES, continued**

The following is a description of long-term debt issues, along with the amount of original debt issuance:

**Loans Payable:**

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2009</u>	
\$ 675,000	\$ 472,500	Long-term note for a portion of the purchase of 60.39 acres of land at the northeast corner of Pleasants Valley Road and Foothill Road. Principal and interest payments are due annually at a rate of 5.50%, due May 2016. Each installment includes principal of \$67,500 plus applicable interest on the unpaid balance. Payments of principal and interest are funded through the Drainage Detention Zone 2 Fund.
\$ 168,750	\$ 168,750	Long-term note for a portion of the purchase of 60.39 acres of land at the northeast corner of Pleasants Valley Road and Foothill Road. Interest payments are due annually at a rate of 5.50% (\$9,281.25) through May 2016 and principal of \$168,750 is due May 2016. Payments of principal and interest are funded through the Drainage Detention Zone 2 Fund.
\$ 168,750	\$ 168,750	Long-term note for a portion of the purchase of 60.39 acres of land at the northeast corner of Pleasants Valley Road and Foothill Road. Interest payments are due annually at a rate of 5.50% (\$9,281.25) through May 2016 and principal of \$168,750 is due May 2016. Payments of principal and interest are funded through the Drainage Detention Zone 2 Fund.
\$ 168,750	\$ 168,750	Long-term note for a portion of the purchase of 60.39 acres of land at the northeast corner of Pleasants Valley Road and Foothill Road. Interest payments are due annually at a rate of 5.50% (\$9,281.25) through May 2016 and principal of \$168,750 is due May 2016. Payments of principal and interest are funded through the Drainage Detention Zone 2 Fund.
\$ 168,750	\$ 168,750	Long-term note for a portion of the purchase of 60.39 acres of land at the northeast corner of Pleasants Valley Road and Foothill Road. Interest payments are due annually at a rate of 5.50% (\$9,281.25) through May 2016 and principal of \$168,750 is due May 2016. Payments of principal and interest are funded through the Drainage Detention Zone 2 Fund.
\$ 500,000	\$ 500,000	Long-term note for the purchase of real property (APN 0124-010-130) located west of Rogers Lane in an unincorporated portion of Solano County. Interest payments are due annually at a rate of 5.0% (\$25,000) through January 2013 and principal of \$500,000 is due January 2013. Payments of principal and interest are funded through the City's Drainage Detention Zone 2 Development Impact Fee Fund, Redevelopment Agency loans and other grants as received.
\$ 589,005	\$ 589,005	Long-term note for the purchase of real property (APN 0124-010-120) located at 6536 Pleasants Valley Road in an unincorporated portion of Solano County. Interest payments are due annually at a rate of 5.0% (\$29,450) through January 2013 and principal of \$589,005 is due January 2013. Payments of principal and interest are funded through the City's Drainage Detention Zone 2 Development Impact Fee Fund, Redevelopment Agency loans and other grants as received.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 6 – LONG-TERM LIABILITIES, continued**

\$ 742,800	\$ 742,800	Long-term note for the purchase of real property (APN 0124-160-040 and APN 0124-160-050) consisting of approximately 30.95 acres, located west of Rogers Lane in an unincorporated portion of Solano County. Interest payments are due annually at a rate of 5.0% (\$37,140) through January 2013 and principal of \$742,800 is due January 2013. Payments of principal and interest are funded through the City's Drainage Detention Zone 2 Development Impact Fee Fund, Redevelopment Agency loans and other grants as received.
\$ 294,314	\$ 294,314	Long-term note for the purchase of real property (APN 0123-100-080) located east of Bucktown Lane in an unincorporated portion of Solano County. This note represents two-thirds interest of the purchase price. Interest payments are due annually at a rate of 5.0% (\$14,716) through April 2011 and principal of \$294,314 is due April 2011. Payments of principal and interest are funded through the City's Drainage Detention Zone 2 Development Impact Fee Fund, Redevelopment Agency loans and other grants as received.
\$ 146,936	\$ 146,936	Long-term note for the purchase of real property (APN 0123-100-080) located east of Bucktown Lane in an unincorporated portion of Solano County. This note represents a one-third interest of the purchase price. Interest payments are due annually at a rate of 5.0% (\$7,347) through April 2011 and principal of \$146,936 is due April 2011. Payments of principal and interest are funded through the City's Drainage Detention Zone 2 Development Impact Fee Fund, Redevelopment Agency loans and other grants as received.
\$ 99,500	\$ 6,494	Long-term note for the Agency's purchase of a downtown parking lot. Principal and interest are paid in semi-annual installments of \$6,688 each May and November including interest at 6% through November 1, 2009. Payments of principal and interest are funded by tax increment revenues of the Agency.
\$ 475,000	\$ 337,362	Long-term note for the Agency's purchase of .51 acres of downtown property. Principal and interest are paid in semi-annual installments of \$22,243 each March and September including interest at 7.0% through March 1, 2020. Payments of principal and interest are funded by increment revenues of the Agency.
\$ 565,000	\$ 72,419	Long-term note for the Agency's purchase of 1.56 acres for a future park and ride lot. Principal and interest are payable in installments of \$76,765 each January, including interest at 6% through January, 2010. Payments of principal and interest are funded by tax increment revenues of the Agency.
\$ 742,500	\$ 477,659	Long-term note for the Agency's purchase of 2 acres of downtown property. Principal and interest are paid in quarterly installments of \$24,537 at an annual interest rate of 5.75% through February 1, 2015. Payments of principal and interest are funded by tax increment revenues of the Agency.
\$ 400,000	\$ 336,824	Long-term note for the Agency's acquisition of 140 Depot Street and 150 Depot Street. Principal and interest are paid in annual installments of \$53,705 each January through January 2017. Payment of principal and interest are funded by tax increment revenues of the Agency.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

\$ 195,690      \$ 181,562      Long-term note for the Agency's liability for toxic and hazardous waste materials clean-up on property located at the southwest corner of East Main Street and Wilson Street. Principal and interest are payable in monthly installments of \$1,017 including interest at an annual rate of 5.7% through July 2011. Payments of principal and interest are funded by Redevelopment Project Area I revenues.

The annual requirement to amortize debt outstanding as of June 30, 2009 for loans payable is as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 277,592	\$ 260,109	\$ 537,701
2011	647,858	243,927	891,785
2012	385,827	199,890	585,717
2013	2,051,732	187,478	2,239,210
2014	229,158	82,944	312,102
2015-2019	1,198,453	154,104	1,352,557
2020	42,255	2,231	44,486
Total	<u>\$ 4,832,875</u>	<u>\$ 1,130,683</u>	<u>\$ 5,963,558</u>

**Certificates of Participation:**

Original Debt <u>Amount</u>	Outstanding <u>June 30, 2009</u>
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\$15,170,000	\$ 5,270,000	1994 Certificates of Participation issued by the Authority for the acquisition, construction, and installation of a new community center, community theater, and public library complex within the City. Interest rates range from 3.00% to 5.25% and the certificates fully mature in 2013. Principal payments began December 1994 and payments of principal and interest are funded by excise tax assessments of city residents and businesses. Shortfalls in excise tax revenues are funded by other General Fund revenues. Annual principal and interest payments on the bonds are expected to require 55% percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$5,983,108. For the current year, principal and interest paid were \$1,182,953.
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\$13,660,000	\$ -	1997 Certificates of Participation issued by the Authority for acquisition of various City-owned facilities. Interest rates range from 5.4% to 5.5% and the certificates mature in 2028. The certificates are payable from and secured by the City and are funded by cash and investments held by the City in its debt service funds. This issue was paid off in August 2008.
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**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

The annual requirement to amortize debt outstanding as of June 30, 2009 for certificates of participation is as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 940,000	\$ 247,202	\$ 1,187,202
2011	995,000	198,330	1,193,330
2012	1,050,000	146,182	1,196,182
2013	1,110,000	90,547	1,200,547
2014	1,175,000	30,847	1,205,847
Total	<u>\$ 5,270,000</u>	<u>\$ 713,108</u>	<u>\$ 5,983,108</u>

**Bonds Payable:**

There are five Bonds payable secured by property tax increments: Series 1996, 2000, 2001, 2000A, 2006 ABAG and 2006 Taxable. Annual principal and interest payments on the five bonds are expected to require 29% of net revenues. The total principal and interest remaining to be paid on the Series 1996, 2000, 2001, 2000A, 2006 ABAG and 2006 Taxable is \$6,972,707, \$16,585,791, \$46,849,972, \$2,892,079, \$3,535,950 and \$35,233,289, respectively. For the current year, principal and interest paid on the Series 1996, 2000, 2001, 2000A, 2006 ABAG and 2006 Taxable were \$500,908, \$1,922,615, \$2,086,600, \$182,582, \$197,906 and \$1,481,891, respectively totaling \$6,372,502 and property tax increment net revenues were \$16,325,469.

Original Debt Amount	Outstanding June 30, 2009	
\$ 9,250,000	\$ 4,910,000	Tax Allocation Revenue Bonds issued by the Authority for financing various public improvements in the Agency's Vacaville Community Redevelopment area. Interest rates range from 4.0% to 5.40% and the bonds mature in September 2022. Payments of principal and interest are funded by tax increment revenues of the Agency.
\$11,995,000	\$ 9,500,000	Tax Allocation Revenue Bonds issued by the Authority for financing various public improvements in the Agency's redevelopment project areas. Interest rates range from 5.25% to 5.875% and the bonds mature in September 2031. Payments of principal and interest are funded by tax increment revenues of the Agency.
\$31,980,000	\$28,220,000	Tax Allocation Revenue Bonds issued by the Authority for financing various public improvements in the Agency's redevelopment project areas. Interest rates range from 4.00% to 7.00% and the bonds mature in September 2026. Payments of principal and interest are funded by tax increment revenues of the Agency.



**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

\$ 2,364,740	\$ 1,869,440	Multifamily Mortgage Revenue Bonds were issued by the Agency to provide financing for Vacaville Community Housing (VCH), a non-profit corporation, to acquire and rehabilitate multifamily rental housing units. The bonds are limited obligations of the Agency and are payable solely from VCH project revenues, certain tax increment revenues, and certain other revenue and pledge funds. The Agency is committed to funding 25.4% of the debt service on the bonds from tax increment revenue during the 30 year life of the bonds, and as such 25.4% of the bond principal has been recorded in the financial statements as an obligation of the Agency. The Agency has an offsetting note receivable from VCH for \$1,455,000, with payments starting in 2025, to be amortized over the following 30 years, to reimburse the Agency for debt service payments advanced on behalf of VCH. Interest rates on the bonds range from 4.78% to 6.00% and the bonds mature in 2025.
\$18,875,000	\$18,355,000	Taxable Housing Tax Allocation Bonds issued by the Agency for financing redevelopment projects primarily by making loans to qualified 501(c)(3) non-profit corporations in connection with their development of multi-family rental housing in the City of Vacaville. Interest rates range from 5.6% to 7%. Payments of principal and interest are funded by tax increment revenues of the Agency.
\$ 2,660,000	\$ 2,475,000	Tax Allocation Revenue Bonds issued by the Association of Bay Area Governments (ABAG) for financing redevelopment projects, primarily sewer main extension improvements, located in the Redevelopment Agency's I-505/80 project area. Interest rates range from 3.0% to 4.5% and the bonds mature in September 2026. Payments of principal and interest are funded by tax increment revenues of the Agency.

The annual requirement to amortize debt outstanding as of June 30, 2009 for bonds payable is as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 1,729,930	\$ 3,488,903	\$ 5,218,833
2011	1,813,740	3,400,589	5,214,329
2012	1,897,550	3,308,291	5,205,841
2013	1,997,630	3,209,514	5,207,144
2014	2,102,710	3,103,713	5,206,423
2015-2019	12,267,370	13,686,246	25,953,616
2020-2024	15,441,520	9,918,059	25,359,579
2025-2029	16,663,990	5,546,747	22,210,737
2030-2033	11,415,000	1,078,286	12,493,286
Total	\$ 65,329,440	\$ 46,740,348	\$ 112,069,788

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

**Capital Lease Obligations:**

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2009</u>	
\$ 2,626,700	\$ 2,137,603	Sublease agreement with Vacaville Recreation Corporation (Corporation) and Agency. The Agency entered into an agreement, option to purchase and right of first refusal with the Corporation for the in-line/multi-purpose portion of the Vacaville Skating Center. Pursuant to a separate sublease agreement between the City and Agency, the City agreed to assume all rights and responsibilities of the Agency under the lease agreement. In the event of the City's inability to pay the sublease, the Agency is obligated to pay the Corporation the lease payments. The City also assumed the option to purchase the subleased premises for one dollar at the expiration of the term of the sublease or prepayment in full of the sublease payments. This sublease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid monthly through September 2025. Lease payments are funded through the Parks and Recreation Capital Projects Fund.
\$ 703,100	\$ 445,131	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for two Type I Fire Engines at a total cost of \$703,100 with an interest rate of 3.65% with an option to purchase. The lease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid annually through July 2014. Lease payments are funded through the City's Government Vehicle Replacement Fund.
\$ 1,280,000	\$ 960,250	Lease agreement between the City and Banc of America Leasing & Capital and Deutsche Bank National Trust Company for the lease of a ladder truck, brush unit, and backhoe with an estimated cost of \$1,280,000 with an option to purchase. The lease qualifies as a capital lease for accounting purposes and has been recorded as a liability at the present value of the future minimum lease payments. Lease payments will be paid annually through November 2015. Lease payments are funded through the City's Government Vehicle Replacement Fund.
\$ 587,036	\$ 469,611	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for a brush unit, a backhoe, an asphalt grinder, and a shared interest (1/3) in a four-yard loader at an estimated cost of \$587,036 with an interest rate of 4.12%. The lease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid annually through November 2016. Lease payments are funded through the City's gas tax and general funds.
\$ 239,500	\$ 212,962	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for the purchase of a patch truck and chipper at an estimated cost of \$239,500 with an interest rate of 4.25%. The lease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid annually through November 2017. Lease payments are funded through the City's gas tax and general funds.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 6 – LONG-TERM LIABILITIES, continued**

The annual requirement to amortize debt outstanding as of June 30, 2009 for capital lease obligations is as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 346,756	\$ 189,773	\$ 536,529
2011	361,706	174,823	536,529
2012	377,309	159,219	536,528
2013	393,597	142,932	536,529
2014	410,596	125,932	536,528
2015-2019	1,304,664	389,689	1,694,353
2020-2024	798,255	163,756	962,011
2025-2028	232,674	7,830	240,504
Total	<u>\$ 4,225,557</u>	<u>\$ 1,353,954</u>	<u>\$ 5,579,511</u>

The assets acquired through capital leases are as follows:

Asset:	
Buildings & Improvements	\$ 2,626,700
Equipment	3,173,361
Less: Accumulated depreciation	<u>(1,174,068)</u>
Total	<u>\$ 4,625,993</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

**B. Business-Type and Proprietary Fund Long-Term Debt**

**Activity**

The following is a summary of changes in the business-type and proprietary fund long-term liabilities at June 30, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
State Revolving Loans Payable:					
Easterly Wastewater Treatment Plant					
Interim Renovation	\$ 783,354	\$ -	\$ 50,786	\$ 732,568	\$ 52,208
Plant Expansion	<u>64,796,363</u>	<u>-</u>	<u>3,053,834</u>	<u>61,742,529</u>	<u>3,136,287</u>
Total State Revolving Loans Payable	<u>65,579,717</u>	<u>-</u>	<u>3,104,620</u>	<u>62,475,097</u>	<u>3,188,495</u>
Capital Lease Obligations:					
Equipment-2006 Acquisition	56,646	-	6,106	50,540	6,362
Equipment-2007 Acquisition	309,237	-	29,077	280,160	30,275
Equipment-2009 Acquisition	<u>-</u>	<u>233,450</u>	<u>25,867</u>	<u>207,583</u>	<u>19,415</u>
Total Capital Lease Obligations	<u>365,883</u>	<u>233,450</u>	<u>61,050</u>	<u>538,283</u>	<u>56,052</u>
Note Payable:					
Meadow Woods/DDA	<u>404,956</u>	<u>-</u>	<u>100,000</u>	<u>304,956</u>	<u>100,000</u>
Total	<u>\$ 66,350,556</u>	<u>\$ 233,450</u>	<u>\$ 3,265,670</u>	<u>\$ 63,318,336</u>	<u>\$ 3,344,547</u>

**Loans Payable:**

**State Water Resources Control Board Loan for the Easterly Wastewater Treatment Plant Interim Renovation – Original Issue \$1,104,315**

This loan is a State Revolving Loan Fund Program contract between the State Water Resources Control Board and the City with a maximum loan amount of \$1,104,315 to fund the Easterly Wastewater Treatment Plant Interim Renovation. The loan is due in installments of \$72,719. Principal and interest at 2.8% are paid annually each September through 2021.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

The annual debt service requirement on this note is as follows:

Year Ending June 30	Proprietary Fund		Total
	Principal	Interest	
2010	\$ 52,208	\$ 20,512	\$ 72,720
2011	53,669	19,050	72,719
2012	55,172	17,547	72,719
2013	56,717	16,003	72,720
2014	58,305	14,414	72,719
2015-2019	316,948	46,651	363,599
2020-2021	139,549	5,888	145,437
Total	<u>\$ 732,568</u>	<u>\$ 140,065</u>	<u>\$ 872,633</u>

**State Water Resources Control Board Loan for the Easterly Wastewater Treatment Plant Expansion– Original Issue \$67,786,401**

This loan is a State Revolving Loan Fund Program contract between the State Water Resources Control Board and the City with a maximum loan amount of \$67,786,401 to fund the Easterly Wastewater Treatment Plant Expansion. The loan repayment amounts are due in installments of \$4,803,336 which began in 2006. Principal and interest at 2.7% are paid annually each July through 2026.

The estimated annual debt service requirement on this note is as follows:

Year Ending June 30	Proprietary Fund		Total
	Principal	Interest	
2010	\$ 3,136,287	\$ 1,667,048	\$ 4,803,335
2011	3,220,967	1,582,369	4,803,336
2012	3,307,933	1,495,402	4,803,335
2013	3,397,247	1,406,088	4,803,335
2014	3,488,973	1,314,363	4,803,336
2015-2019	18,909,808	5,106,869	24,016,677
2020-2024	21,604,258	2,412,418	24,016,676
2025	4,677,056	126,280	4,803,336
Total	<u>\$ 61,742,529</u>	<u>\$ 15,110,837</u>	<u>\$ 76,853,366</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

**Capital Lease Obligations:**

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2009</u>	
\$ 70,000	\$ 50,540	Lease agreement between the City and Banc of America Leasing & Capital and Deutsche Bank National Trust Company for a water truck with an estimated cost of \$70,000 with an option to purchase. The lease qualifies as a capital lease for accounting purposes and has been recorded as a liability at the present value of the future minimum lease payments. Lease payments will be paid annually through November 2015. Lease payments are funded through the City's Sewer Fund.
\$ 350,214	\$ 280,160	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for a shared interest (2/3) of a four-yard loader, a dump truck and a 30 ton trailer at an estimated cost of \$350,214 with an interest rate of 4.12%. The lease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid annually through November 2016. Lease payments are funded through the City's sewer and water funds.
\$ 233,450	\$ 207,583	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for the purchase of a utility vacuum and a flusher truck at an estimated cost of \$233,450 with an interest rate of 4.25%. The lease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid annually through November 2017. Lease payments are funded through the City's sewer and water funds.

The annual requirement to amortize debt outstanding as of June 30, 2009 for capital lease obligations is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 56,052	\$ 22,482	\$ 78,534
2011	58,392	20,144	78,536
2012	60,827	17,706	78,533
2013	63,367	15,168	78,535
2014	66,012	12,523	78,535
2015-2017	<u>233,633</u>	<u>21,733</u>	<u>255,366</u>
Total	<u>\$ 538,283</u>	<u>\$ 109,756</u>	<u>\$ 648,039</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 6 – LONG-TERM LIABILITIES, continued**

The assets acquired through capital leases are as follows:

Asset:		
Equipment	\$	642,228
Less: Accumulated depreciation		<u>(63,975)</u>
Total	<u>\$</u>	<u>578,253</u>

**Note Payable:**

<u>Original Debt</u>	<u>Outstanding</u>	
<u>Amount</u>	<u>June 30, 2009</u>	

\$ 704,956	\$ 304,956	
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Agreement between the City and Fruitvale LLC to reimburse the developer for the construction of a water line in Gibson Canyon Road. The city is to reimburse the developer 50% of the design and engineering cost and 100% of the construction cost because the water line was not required for development of the Meadow Woods project. There was an initial payment of \$300,000. There are principal payments of \$100,000 per year for three years and then a final payment of \$104,956 in August 2011. Payments of principal are funded through the Water Capital Distribution Fund.

The annual requirement to amortize debt outstanding as of June 30, 2009 for loans payable is as follows:

Year Ending June 30	Principal	Interest	Total
2010	\$ 100,000	\$ -	\$ 100,000
2011	100,000	-	100,000
2012	<u>104,956</u>	<u>-</u>	<u>104,956</u>
Total	<u>\$ 304,956</u>	<u>\$ -</u>	<u>\$ 304,956</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

**C. Compensated Absences**

**Other Long-term Liabilities:**

Compensated absences are due to employees for earned but unused compensated absence amounts, including vacation, sick, and compensated time off leave balances. The following is a summary of the compensated absences liability at the fiscal year ended June 30, 2009:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due within <u>One Year</u>
Governmental Activities	\$ 6,706,464	\$ 6,085,409	\$ 6,049,137	\$ 6,742,736	\$ 390,088
Business Activities	<u>935,665</u>	<u>926,224</u>	<u>893,549</u>	<u>968,340</u>	<u>62,919</u>
Total	<u>\$ 7,642,129</u>	<u>\$ 7,011,633</u>	<u>\$ 6,942,686</u>	<u>\$ 7,711,076</u>	<u>\$ 453,007</u>

**D. Debt Without City Commitment**

**Special Assessment Debt**

Payment of this debt is secured by valid assessment liens upon certain land within each district and, as such, is not a direct liability of the City. Reserves have been established from the bond proceeds to meet delinquencies should they occur. Neither the faith and credit nor taxing power of the City of Vacaville is pledged to the payment of the bonds; therefore, they are not included in the Financial Statements. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay those delinquencies out of any other available funds. The City acts solely as an agent for those paying assessments and the bondholders.

The amount of bonds outstanding at June 30, 2009 is as follows:

<u>Description</u>	<u>Original Bond Amount</u>	<u>June 30, 2009</u>
1997 Green Tree	4,505,000	\$ 1,720,000
1990 Eubanks Drive/Midway Road	3,660,000	1,695,000
1997 Allison/Ulatis Phase 2	1,140,739	570,000
1997 Northeast Sector	8,434,307	5,890,000
2002-A Consolidated Refunding	18,365,000	10,510,000
2005-Nut Tree Assessment Dist	7,275,000	<u>7,030,000</u>
Total 1915 Act Limited Obligation Bonds		<u>\$ 27,415,000</u>



**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 6 – LONG-TERM LIABILITIES, continued**

**Community Facilities District Bonds**

This \$10,365,000 bond issue was authorized pursuant to the Mello-Roos Community Facilities Act of 1982 as amended, and is payable from special taxes levied on property within the Community Facilities District according to a methodology approved by the voters within the District and by the City Council of the City of Vacaville. Neither the faith and credit nor taxing power of the City of Vacaville is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay the delinquency out of any available funds of the City. The City acts solely as an agent for those paying taxes levied and the bondholders. The amount of bonds outstanding at June 30, 2009 is \$3,665,000.

**Mark-Roos Local Bond Pooling Act Funds**

This \$6,150,000 bond issue was authorized pursuant to the Mark-Roos Local Bond Pooling Act, and is payable from special taxes levied on property within the District according to a methodology approved by the voters within the District and by the City Council of the City of Vacaville. Neither the faith and credit nor taxing power of the City of Vacaville is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay the delinquency out of any available funds of the City. The City acts solely as an agent for those paying taxes levied and the bondholders. The amount of bonds outstanding at June 30, 2009 is \$4,130,000.

**NOTE 7 – EMPLOYEE RETIREMENT PLANS**

**PENSION PLAN**

**Plan Description**

The City of Vacaville 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. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 Q Street, Sacramento, CA 95811.

**Funding Policy**

Participants are required to contribute 9% of their annual covered salary for safety employees and 7% of their annual covered salary for employees in the miscellaneous category. Participant contributions are made on a pre-tax basis pursuant to Internal Revenue Code Section 414(h) (2). The City is required to contribute at an actuarially determined rate; the rate during 2008-2009 was 13.645% for miscellaneous employees and 23.243% for safety employees. The contribution requirements of plan members and the City are established and may be amended by PERS.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

**Annual Pension Cost**

For 2009, the City's annual PERS pension cost of \$8,799,362, was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases ranging from 3.25% to 14.45% for miscellaneous employees and from 3.25% to 13.15% for safety employees depending on age, service, and type of employment, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. 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 four-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 amortization period at June 30, 2007, was 20 years for prior and current service unfunded liability.

**Three-Year Trend Information**

**Miscellaneous**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 3,272,941	100%	\$ -
6/30/2008	\$ 3,624,059	100%	\$ -
6/30/2009	\$ 3,826,454	100%	\$ -

**Safety**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 4,056,089	100%	\$ -
6/30/2008	\$ 4,583,098	100%	\$ -
6/30/2009	\$ 4,972,908	100%	\$ -

**Funding Progress**

Valuation Date	Actuarial Value of Assets	Entry Age Normal Accrued Liability	Unfunded Liability (UL)	Funded Status	Annual Covered Payroll	UL as a % of Payroll
<b>Miscellaneous</b>						
6/30/2007	\$ 101,159,337	\$ 124,331,761	\$ 23,172,424	81.4%	\$ 26,441,667	87.6%
<b>Safety</b>						
6/30/2007	\$ 99,292,374	\$ 123,386,079	\$ 24,093,705	80.5%	\$ 19,228,815	125.3%

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

**SUPPLEMENTAL PENSION PLAN**

**Plan Description**

The City of Vacaville entered into an agreement with the Public Agency Retirement System Trust (PARS Trust) and Phase II Systems as the Trust Administrator to contribute to a supplemental cost-sharing multiple-employer defined benefit pension plan (Supplemental Plan). The Supplemental Plan provides lifetime supplemental retirement benefits for participants that retire on or after age 50. Death and disability benefits are not covered under the plan. The amount of the supplement is determined based on: length of PERS service; final average compensation; and actuarially determined factors. The cost-of-living adjustment is 2% per year. The Supplemental Plan conforms to the requirements under Internal Revenue Code 401(a) and has received a favorable Letter of Determination from the Internal Revenue Service.

The Supplemental Program is a multiple-employer trust agreement established to provide administrative cost-sharing among public agencies (Member Agencies) and consists of Agency Trusts within the program. Phase II Systems issues a publicly available financial report that includes financial statements and required supplementary information for the program. That report may be obtained by writing to Phase II Systems, 3961 MacArthur Boulevard, Suite 200, Newport Beach, California 92660.

**Funding Policy**

Participants are required to contribute 2% of their annual covered salary. The City is required to make contributions at rates determined by an actuarial study performed every two years. The City's contribution rate for fiscal year 2009 was 5.5% of covered payroll during the year. See excess benefit plan funding policy for additional information.

**Annual Pension Cost**

For 2009, the City's annual pension cost of \$1,489,287 was equal to the required and actual contributions. The required contribution was determined as part of a July 1, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions were consistent with the PERS actuarial valuation, with the exception of the interest assumption, and included (a) 7.5% investment rate of return (b) projected annual salary increases that vary by duration of service and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%.

**Trend Information**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 1,498,161	100%	\$ -
6/30/2008	\$ 1,522,141	100%	\$ -
6/30/2009	\$ 1,489,287	100%	\$ -

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

**EXCESS BENEFIT PENSION PLAN**

**Plan Description**

The City of Vacaville entered into an agreement with the PARS Trust and Phase II Systems as the Trust Administrator to contribute to an excess benefit cost-sharing multiple-employer defined benefit pension plan (Excess Plan). The purpose of the Excess Plan is to supplement the benefits of certain employees under the City of Vacaville’s PARS supplemental retirement plan, to the extent that such benefits are reduced by the limitations on benefits imposed by Internal Revenue Code 415 as amended. Death and disability benefits are not covered under the plan. The amount of the excess benefit is determined based on: length of PERS service; final average compensation; and actuarially determined factors. The amount of the benefit is equivalent to the difference between the actual benefits of the participant under the supplemental retirement plan and the actuarial equivalent of the benefits that would have been payable to the participant under such plan except for the limitations on benefits imposed by Internal Revenue Code 415. The cost-of-living adjustment is 2% per year. The Excess Plan complies with the requirements under Internal Revenue Code 415 as a qualified governmental excess benefit arrangement.

The Excess Plan is a multiple-employer trust agreement established to provide administrative cost-sharing among public agencies (Member Agencies) and consists of Agency Trusts within the program. Phase II Systems issues a publicly available financial report that includes financial statements and required supplementary information for the program. That report may be obtained by writing to Phase II Systems, 3961 MacArthur Boulevard, Suite 200, Newport Beach, California 92660.

**Funding Policy**

Participants and the City’s contributions are based on the difference between the actual benefits under the Supplemental Plan and the actuarial equivalent of the benefits that would have been payable to the participant under the Supplemental Plan without limitations imposed by Internal Revenue Code 415.

**Annual Pension Cost**

For 2009, the City’s annual pension cost of \$268,125 was equal to the required and actual contributions. The required contribution was determined as part of a July 1, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions were consistent with the PERS actuarial valuation, with the exception of the interest assumption, and included (a) 7.5% investment rate of return (b) projected annual salary increases that vary by duration of service and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial liabilities information included in the Supplemental Plan also includes Excess Plan information.

**Trend Information**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 216,000	100%	\$ -
6/30/2008	\$ 216,000	100%	\$ -
6/30/2009	\$ 268,125	100%	\$ -

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 8 – POST-EMPLOYMENT HEALTH BENEFITS**

In addition to the pension benefits described in Note 7, the City provides post-employment benefits (OPEB), in accordance with employee collective bargaining agreements, to all employees who retire from the City on or after attaining age 50 with at least five years of PERS service. For 2009, 248 retirees met those eligibility requirements.

The City contributes a monthly amount to PERS for each retiree, determined by the retiree's employment classification when employed by the City. If the retiree selects health coverage through PERS that has a higher premium than the City's contribution, the balance is deducted from the retiree's monthly PERS pension benefit.

In 2009, the City adopted new accounting standard GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions – This Statement establishes standards for the measurement, recognition, and display of Other Post-Employment Benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplemental information (RSI) in the financial reports.

**Funding Policy**

In January 2009, the City joined the California Employer's Retiree Benefit Trust Program (CERBT) to pre-fund OPEB liabilities. The CERBT is an agent multiple employer plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions that are administered by PERS. A copy of the aggregated CERBT annual financial report may be obtained from the PERS office at 400 Q. Street, Sacramento, California 95811.

The City contributes an amount not less than the annual required contribution (ARC) of the employer. The ARC is an amount actuarially determined in accordance with the parameters of GASB statement No. 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 over a period not to exceed thirty years. The ARC rate for the fiscal year ended June 30, 2009 was 9.58% of total payroll.

**Annual OPEB Cost and Net OPEB Asset**

The City's annual OPEB cost, amount actually contributed to the plan, and changes in the City's net OPEB obligation/asset for the fiscal year ended June 30, 2009, are as follows:

Annual required contribution	\$ 5,506,150
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB expense (income)	5,506,150
Contribution made	(5,949,284)
Increase (decrease) in net OPEB obligation	(443,134)
Net OPEB obligation (asset) - beginning of year	-
Net OPEB obligation (asset) - end of year	\$ (443,134)

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 8 – POST-EMPLOYMENT HEALTH BENEFITS, continued**

The City's 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, 2009 are as follows:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	OPEB Asset
6/30/2009	\$ 5,506,150	100%	\$ 443,134

**Funded Status and Funding Progress**

As of July 1, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$56,066,310, resulting in an unfunded actuarial accrued liability (UAAL) of \$56,066,310. The covered payroll (annual payroll of active employees covered by the plan) was \$57,461,445, and the ratio of the UAAL to the covered payroll was 97.57%.

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. 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 the 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, will present multi-year trend information in subsequent years, that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions**

In the July 1, 2008, actuarial valuation, the entry age normal cost method was used. The actuarial assumption included a 7.75% investment rate of return, an annual healthcare cost trend rate of 10.0% initially and declining to 5.0% by 2018, and an inflation factor of 2.50%. The OPEB unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed 30-year period.

**NOTE 9 – FUND EQUITY**

***Deficit Fund Balances***

The following fund had a deficit as of June 30, 2009:

Community Development Fund

The Community Development Fund has a deficit of (\$35,952) at June 30, 2009. The city has reduced staffing to lower expenditures for fiscal year 2009-2010.

City Projects Fund

The City Projects Fund has a deficit of (\$4,637,168) at June 30, 2009. The City has major grant-related infrastructure projects in process that cannot be billed until closer to completion of the project.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 9 – FUND EQUITY, continued**

***Deficit Fund Balances***

Insurance Fund

The Insurance Internal Service fund has a deficit of (\$1,893,305) at June 30, 2009. The City's policy has been to record the insurance liability at 100%. This has resulted in the fund going into deficit, because claims are paid out over several years. Management is reconsidering the policy of funding the insurance liability at the 81.3% level and reducing the funding level to 60% in future years which would eliminate the deficit and which approximates the City's historical experience.

**NOTE 10 – INTERFUND TRANSACTIONS**

Transfers report the nonreciprocal contribution of resources from one fund to another. The interfund transfers generally are made for the purpose of debt service payments made from a debt service fund but funded from an operating fund or subsidiary transfers, funding for capital projects and re-allocation of special revenues.

The major transfer activity consists of the following: 1) General Fund transferred excise tax revenue in the amount of \$1,112,572 to the Debt Service Fund to cover the City's Measure I debt obligation; 2) Vaca Community Low and Moderate Housing transferred \$1,486,261 to the Debt Service Fund to cover downtown redevelopment debt obligations; 3) RDA Capital Project Funds transferred \$3,370,361 to the Debt Service Fund to cover downtown redevelopment debt obligations 4) Community Facility Districts transferred \$1,277,636 in property tax to the General Fund to cover costs to maintain the districts; 5) General Fund Disaster Response transferred \$853,500 to the City's Capital Project Funds to cover funding for capital projects; 6) Capital Project Funds transferred \$750,000 to the General Fund to cover operating street maintenance costs.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 10 – INTERFUND TRANSACTIONS, continued**

The following schedule briefly summarizes the City's transfer activity for the fiscal year ended June 30, 2009:

<b>Transfers Out (fund making transfer):</b>	<b>Transfers In (fund receiving transfer):</b>								<b>Totals</b>
	<b>General Fund</b>	<b>Debt Service Fund Redevelopment</b>	<b>Capitol Projects Funds</b>		<b>Other Governmental Funds</b>	<b>Enterprise Funds</b>		<b>Internal Service Funds</b>	
			<b>City Projects</b>	<b>Redevelopment</b>		<b>Sewer Utility</b>	<b>Water Utility</b>		
<b>General Fund</b>	\$ -	\$ -	\$ 1,445,544	\$ -	\$ 1,648,970	\$ -	\$ -	\$ 74,000	\$ 3,168,514
<b>Special Revenue Funds:</b>									
Redevelopment	50,000	1,718,649	-	45,255	697,227	-	-	-	2,511,131
<b>Capitol Projects Funds:</b>									
City Projects	761,741	-	-	75,864	-	-	-	5,000	842,605
Redevelopment	157,349	3,730,361	266,223	-	770,000	-	-	20,000	4,943,933
<b>Other Governmental Funds:</b>	1,620,607	-	72,678	1,270	-	-	-	63,356	1,757,911
<b>Enterprise Funds:</b>									
Sewer Utility	-	-	6,254	-	-	-	-	208,500	214,754
Water Utility	458	-	183,963	-	50,000	-	-	7,500	241,921
<b>Internal Service Funds:</b>									
Vehicle Replacement	15,328	-	-	-	69,976	41,096	33,347	-	159,747
Insurance	500,000	-	-	-	-	-	-	-	500,000
<b>Totals</b>	<b>\$ 3,105,483</b>	<b>\$ 5,449,010</b>	<b>\$ 1,974,662</b>	<b>\$ 122,389</b>	<b>\$ 3,236,173</b>	<b>\$ 41,096</b>	<b>\$ 33,347</b>	<b>\$ 378,356</b>	<b>\$ 14,340,516</b>



**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 10 – INTERFUND TRANSACTIONS, continued**

**Due To/Due From Other Funds:**

	<b>Due to Other Funds (fund receiving loan):</b>
<b>Due From Other Funds (fund making loan):</b>	<b>Transit</b>
Sewer Fund	\$ 365,032

**Advances To/Advances From Other Funds:**

	<b>Advances From Other Funds (fund receiving loan):</b>		
<b>Advances To Other Funds (fund making loan):</b>	<b>City Projects Capital Projects Fund:</b>	<b>Utility Funds Water Fund:</b>	<b>Total</b>
<b>Capital Projects Fund:</b>			
Redevelopment	\$ 10,539,452	\$ -	\$ 10,539,452
Total City Projects	10,539,452	-	10,539,452
<b>Enterprise Funds:</b>			
Sewer Utility	705,513	100,000	805,513
Water Utility	1,411,025	-	1,411,025
Total Enterprise	2,116,538	100,000	2,216,538
Total	\$ 12,655,990	\$ 100,000	\$ 12,755,990

The advances to/from consists of the following: The Redevelopment Capital Projects Funds loaned the City Capital Projects Fund for construction of a new police facility in the amount of \$10,539,452. Water and Sewer Utility Enterprise loans were for: 1) Parks and Recreation infrastructure in the amount of \$1,260,572; 2) Construction of a fire station in the amount of \$855,966.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 11 – UNEARNED AND DEFERRED REVENUE**

Unearned revenues in the government-wide financial statements as of June 30, 2009 were as follows:

	Governmental Activities	Business-Type Activities	Total
Community Development Block Grant	\$ 978,705	\$ -	\$ 978,705
Public Works grant	31,887	-	31,887
Development impact fees	311,322	-	311,322
General services and recreation revenue	286,835	-	286,835
Police grants	105,137	-	105,137
Building permit revenue	631,538	-	631,538
Buck & Eldridge Maintenance	247,982	-	247,982
Unearned interest revenue	61,271	206,070	267,341
Water utility revenue	-	67,030	67,030
<b>Total</b>	<b>\$ 2,654,677</b>	<b>\$ 273,100</b>	<b>\$ 2,927,777</b>

Deferred and unearned revenues in the fund financial statements as of June 30, 2009 were as follows:

	Major Governmental Funds					Other Governmental Funds	Proprietary Funds	
	General	Community Development	Redevelopment Special Revenue	City Projects	Redevelopment Capital Projects		Sewer Utility	Water Utility
General services and recreation revenue	\$ 286,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CDBG/HOME loans	-	10,822,550	-	-	-	-	-	-
CDBG maintenance reserve	-	10,717	-	-	-	-	-	-
Development Impact Fees	-	-	-	311,322	-	-	-	-
Public Works grant	27,709	-	-	4,178	-	-	-	-
Vacaville Library District loan	-	-	-	-	1,991,313	-	-	-
Buck & Eldridge Maintenance	-	-	-	-	247,982	-	-	-
Unearned interest revenue	-	-	28,189	-	33,082	-	129,360	76,710
Building permit revenue	-	-	-	-	-	631,538	-	-
Police grants	-	-	-	-	-	105,137	-	-
Water utility revenue	-	-	-	-	-	-	-	67,030
	<b>\$ 314,544</b>	<b>\$ 10,833,267</b>	<b>\$ 28,189</b>	<b>\$ 315,500</b>	<b>\$ 2,272,377</b>	<b>\$ 736,675</b>	<b>\$ 129,360</b>	<b>\$ 143,740</b>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 11 – UNEARNED AND DEFERRED REVENUE, continued**

The following amounts and descriptions are included in deferred revenue in the fund financial statements:

\$ 10,822,550	Recorded in the Community Development Special Revenue Fund for the HOME Partnership Program (HOME), the Community Development Block Grant (CDBG) and the Rental Rehabilitation Program (RRP). A long-term receivable and deferred revenue are recorded in the Community Development Special Revenue Fund.
\$ 1,991,313	Recorded in the Redevelopment Capital Projects Fund for the agreement with the Vacaville Library District to loan \$3,895,000 to finance the construction of a new Vacaville Library branch located in the Downtown Project Area. A loan receivable and deferred revenue were recorded in the amount of \$1,991,313 in the Redevelopment Capital Projects Fund.
\$ 631,538	Building permit revenues in excess of expenses recorded in Other Governmental Special Revenue Fund.
\$ 311,322	Agreement for acquisition of real property in fee. Seller agreement for credit for future development impact fees in lieu of payment of the property purchase price.
\$ 743,829	Various grants and fees for governmental and business type funds.

**NOTE 12 – CLASSIFICATION OF NET ASSETS AND FUND BALANCES**

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 City Council.

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

In the Fund Financial Statements, reserves segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves are established by actions of the City Council and management and can be increased, decreased or eliminated by similar actions. As of June 30, 2009, reservations of fund balance are shown on the next page. Additionally, the remaining unreserved, designated and undesignated fund balance are also shown on the next page:

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 12 – CLASSIFICATION OF NET ASSETS AND FUND BALANCES, continued**

	General	Community Development	Redevelopment Special Revenue	Certificates of Participation	Redevelopment Debt Service	City Projects	Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Reserved Fund Balances:</b>									
Encumbrances	\$ 509,109	\$ 1,661	\$ 11,055	\$ -	\$ -	\$ 1,053,108	\$ 72,815	\$ 121,138	\$ 1,768,886
Loans and long-term receivables	599	-	22,690,034	-	2,364,740	-	3,431,039	-	28,486,412
Prepaid items	3,111	-	-	-	1,137	1,682,923	-	914,221	2,601,392
Advances to other funds	-	-	-	-	-	13,655,990	10,539,452	-	24,195,442
Debt service	-	-	-	2,011,391	4,322,788	-	12,522,038	1,236,698	20,092,915
Capital projects	-	-	-	-	-	-	-	1,140,481	1,140,481
Subtotal	<u>512,819</u>	<u>1,661</u>	<u>22,701,089</u>	<u>2,011,391</u>	<u>6,688,665</u>	<u>16,392,021</u>	<u>26,565,344</u>	<u>3,412,538</u>	<u>78,285,528</u>
<b>Unreserved Fund Balances:</b>									
Designated for capital projects									
General Fund	5,370,366	-	-	-	-	-	-	-	5,370,366
Capital Projects Funds	-	-	-	-	-	-	19,098,639	-	19,098,639
Subtotal	<u>5,370,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,098,639</u>	<u>-</u>	<u>24,469,005</u>
Undesignated Fund Balances									
Special Revenue Funds	-	(37,613)	11,727,266	-	-	-	-	5,697,885	17,387,538
Debt Service Funds	-	-	-	-	488,928	-	-	9,569	498,497
Capital Projects Funds	-	-	-	-	-	(21,029,189)	-	-	(21,029,189)
Subtotal	<u>-</u>	<u>(37,613)</u>	<u>11,727,266</u>	<u>-</u>	<u>488,928</u>	<u>(21,029,189)</u>	<u>-</u>	<u>5,707,454</u>	<u>(3,143,154)</u>
Total Fund Balances	<u>\$ 5,883,185</u>	<u>\$ (35,952)</u>	<u>\$ 34,428,355</u>	<u>\$ 2,011,391</u>	<u>\$ 7,177,593</u>	<u>\$ (4,637,168)</u>	<u>\$ 45,663,983</u>	<u>\$ 9,119,992</u>	<u>\$ 99,611,379</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

**NOTE 13 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters. The City maintains the Insurance Internal Service Fund to account for and finance its risks of loss. Under this program, the City is self-insured for the first \$500,000 of each claim for general, auto liability, and public official liability and the first \$350,000 of each claim for worker's compensation.

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA). Through CJPRMA, the City has an additional \$40,000,000 in comprehensive general liability, auto liability, and public official liability over and above the self-insured retention of \$500,000.

The City is also a member of the Local Agency Worker's Compensation Excess Insurance Authority (LAWCX) Joint Powers Authority, which provides excess workers compensation coverage up to \$200,000,000 per occurrence.

The purpose of CJPRMA and LAWCX is to spread the adverse effect of losses among the member agencies and to purchase excess insurance as a group, thereby reducing its expense. The City contributes its pro rata share of expected losses to pools administered by CJPRMA and LAWCX. Should actual losses among participants be greater than the anticipated losses, the City may be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the City may be refunded its pro rata share of the excess. Settled claims have not exceeded excess coverage in any of the past three fiscal years.

All operating funds participate in the program and make payments to the Insurance Internal Service Fund based on historical cost and/or actuarial estimates of the amounts needed to pay prior and current year claims, loss of development and to allow accrual of estimated incurred but not reported claims. The total actuarial determined claims liability at June 30, 2009 is \$5,859,000 consisting of \$1,730,000 general liability and \$4,129,000 worker's compensation liability and it includes allocated expenses and a provision for the incurred but not reported claims. Of this balance, \$2,284,584 has been recorded as a current liability on the balance sheet.

Additionally, the City participates in the California Transit Insurance Pool (CalTIP), a California Joint Powers Authority. The purpose of CalTIP is to provide coverage for the City's public transit system. The City maintains, through its membership in CalTIP, General Liability, Automobile Liability and Public Officials Errors & Omissions limits of \$20,000,000 per occurrence, subject to a \$25,000 self-insured retention. In addition, the City also participates in CalTIP's Physical Damage Program, protecting the transit vehicle fleet with a \$20,000,000 per occurrence limit and \$5,000 deductible per accident.

These claims estimates are based on the requirements of Governmental Accounting Standards Board Statement 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, and include estimated claims incurred but not yet reported as of June 30, 2009.

Changes in the Insurance Fund claims liability during the fiscal year July 1, 2008 through June 30, 2009 are as follows:

	Claims Liability July 1	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Balance June 30	Due Within One Year
2008-2009	\$ 5,573,000	\$ 1,664,380	\$ (1,378,380)	\$ 5,859,000	\$ 2,284,584
2007-2008	5,045,000	1,329,171	(801,171)	5,573,000	2,000,125
2006-2007	5,310,000	(170,463)	(94,537)	5,045,000	1,797,316

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

**A. COMMITMENTS**

The City has a landscaping contract for the Leisure Town/I-80 over crossing. The original contract amount was approximately \$935,000 and at June 30, 2009 equals approximately \$131,000. The contract is expected to be completed by July 2011.

The City has a contract to slurry seal a portion of the city's residential streets. The original contract amount was approximately \$1,096,000 and at June 30, 2009 equals approximately \$250,500. The contract is expected to be completed by October 2009.

The City has a construction contract for the Marshall/Peabody intersection. The original contract amount was approximately \$334,000 and at June 30, 2009 equals approximately \$301,000. The contract is expected to be completed by September 2009.

**B. CONTINGENCIES**

The City participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Such audits could lead to request for reimbursement for expenditures disallowed under the terms of the grant. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Various claims and lawsuits are pending against the City. Although the outcome of these claims and lawsuits is not presently determinable, in the opinion of the City's management, on advice of legal counsel, it is unlikely that they will have a material adverse effect on the accompanying financial statements.

The City worked with the Department of Justice (DOJ) to determine the City's compliance with the Americans with Disabilities Act of 1990 (ADA). The DOJ provided a number of specific remedies including timelines, law specific solutions and reporting over the next ten years. The City was not able to provide a reasonable estimated balance. Therefore, no liability was recorded as of June 30, 2009.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 15 – POLLUTION REMEDIATION**

In 2009, the City adopted new accounting standards one of which is GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations – This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

Groundwater monitoring data collected since 1996 indicate that operations at the City's Gibson Canyon Wastewater Treatment Plant (WWTP) contributed to increased salinity in groundwater beneath the WWTP. The City determined that compliance with groundwater quality regulatory requirements would be cost prohibitive and agreed with users of the WWTP to a closure plan. As of December 2006, the WWTP has ceased operation. A Final Closure Plan has been developed to achieve a clean-closure. Once the groundwater remediation work is completed, the need for post-closure maintenance will be eliminated. However, corrective action will continue for up to 20 years with the operation of the groundwater remediation system. The Closure Plan consists of the demolition or renovation of existing structures, demolition or abandonment of existing piping systems and re-grading of the chlorination basin, the stabilization ponds and the aeration basins. At this time, the City has an engineering estimate of \$1,355,000 for the Closure Plan work with no estimated recoveries to reduce the liability.

**NOTE 16 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS**

The City of Vacaville participates in various joint ventures and jointly governed organizations. The City's financial interests are as follows:

The Solano Water Authority

In preparation of future water needs, the U.S. Bureau of Reclamation began a study of the environmental impact of marketing additional water from the Central Valley Project. The Solano County Water Policy Advisory Committee issued a report showing the Solano County water needs through the year 2015. Subsequent to these studies, a number of Solano County agencies formed a joint venture, the Solano Water Authority (the Water Authority).

The Water Authority is a public agency created under a joint exercise of powers agreement among the participating members for the purpose of acquiring water rights from several water sources such as the Central Valley Project, North Bay Aqueduct, Sacramento River, the Noonan Reservoir, and the Solano project (Lake Berryessa).

The governing body of the Water Authority consists of a representative from each participating agency. Completed financial statements may be obtained from the Solano Irrigation District.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 16 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS, continued**

The following unaudited information for the Water Authority is presented as of, and for the year ended June 30, 2009:

Current assets	\$ 437,990
Property, plant and equipment, net	<u>954,067</u>
Total assets	<u>\$ 1,392,057</u>
Net assets	<u>\$ 1,392,057</u>
Other revenues (expenses), net	<u>(4,597)</u>
Decrease in retained earnings	<u>\$ (4,597)</u>

As of June 30, 2009 the City of Vacaville is one of 11 member agencies of the Water Authority, and participates in 3 of the 4 major projects.

North Bay Treatment Plant

The North Bay Treatment Plant was constructed through a joint exercise of powers agreement between the City of Fairfield and the City to operate and maintain facilities for supplying potable water to their respective service areas. A Joint Powers Policy Committee (JPPC) handles the organization and administration of the North Bay Treatment Plant. The JPPC is composed of the Director of Public Works from Fairfield and the Director of Public Works from the City or their designated alternates. The City's equity in the joint venture is shown as an investment in joint venture in the City's enterprise funds in the amount of \$20,292,560 which represents a 37.7% equity interest. Complete financial statements may be obtained through the City of Fairfield Finance Department.



**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 16 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS, continued**

Summarized unaudited financial information for the North Bay Treatment Plant as of June 30, 2009 is shown below.

NORTH BAY TREATMENT PLANT

Current assets	\$ 6,910,122
Property, plant and equipment, net	<u>46,170,014</u>
Total assets	<u>53,080,136</u>
Current liabilities	1,145,619
Noncurrent liabilities	<u>20,292,559</u>
Total liabilities	<u>21,438,178</u>
Invested in Capital Assets, net of related debt	37,174,038
Unrestricted	<u>(5,532,080)</u>
Total Net Assets	<u>\$ 31,641,958</u>
Total operating revenues	\$ 8,711,788
Total operating expenses	<u>7,361,681</u>
Operating income	1,350,107
Total non-operating expense	<u>911,345</u>
Income before Contributions and Transfers	<u>438,762</u>
Capital contributions	747,941
Transfers out	<u>(74,705)</u>
Total Contributions and Transfer	<u>673,236</u>
Increase in Net Assets	<u>1,111,998</u>
Net Assets	
Beginning of Year	<u>30,529,960</u>
End of Year	<u>\$ 31,641,958</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 16 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS, continued**

Vacaville-Dixon Greenbelt Authority

In order to provide a distinct separation between the urban areas of Vacaville and Dixon, it was determined that a permanent greenbelt should be established. The Vacaville-Dixon Greenbelt Authority (VDGA) was created under a joint exercise of powers agreement between the two cities for the purpose of providing for the preservation and conservation of viable agricultural and open space land. The governing body consists of two members each from the City Councils of Vacaville and Dixon and one ex-officio member from the Solano County Board of Supervisors. The cities share equally in VDGA operations.

Solano Animal Control Authority

The Solano Animal Control Authority (SACA), a California Joint Powers Authority, provides animal control services to member cities in Solano County. The City, through its membership in SACA, receives animal control services including response for vicious, injured, dead, loose, unwanted and noisy animals. The City has no equity interest in SACA.

Solano Transportation Authority

The Solano Transportation Authority (STA), a California Joint Powers Authority, provides for coordinated, continuous and comprehensive transportation planning for Solano County and the cities within its boundaries. STA members refine and update the County transportation plan, coordinate planning and implementation of improvements and operate or contract for transit and paratransit services. The City has no equity interest in STA.

**NOTE 17 – SUBSEQUENT EVENTS**

Subsequent to June 30, 2009, the State of California (State) has decided to borrow, to defer certain revenue payments and to take certain funds from local governments including the City of Vacaville. These amounts are very significant to the City and are as follows:

8% of Property Taxes	\$ 1,846,191
Gas Tax Revenues	\$ 432,362
Redevelopment Agency	\$ 11,446,410

Property Taxes borrowed by the State for fiscal year 2009-2010 were nearly \$2 billion statewide to help the State's budget shortfall. Legislators and the Governor promised to allow local agencies to sell their eventual repayment from the State to investors to cover the property taxes and to pay the full cost of the sale, or securitization. Passage of Senate Bill 67 (SB 67) was accomplished on October 14, 2009. A future bond sale is necessary to complete the funding or securitization. The City has planned to use these funds in the 2009-2010 budget. Any delay in funding may mean that the City will have no choice to adopt mid-year service reductions, layoffs and other measures to manage significant cash flow shortfalls that will occur.

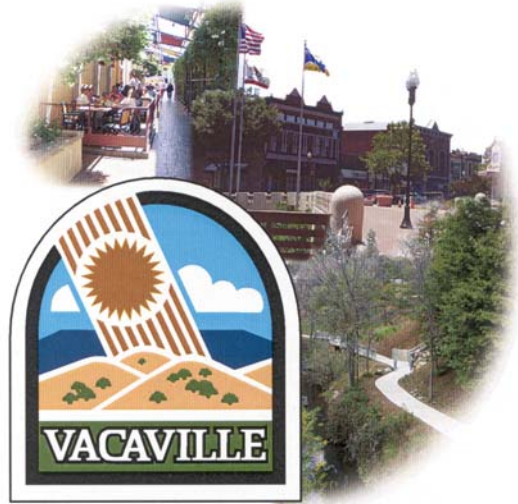
**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2009**

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**NOTE 17 – SUBSEQUENT EVENTS, continued**

Gas Tax revenues have had payments deferred to the local governments with funds to be released after January 1, 2010.

Redevelopment Agency funds have been estimated for a two year takeaway by the State. This decision is to be litigated by California Redevelopment Association and other parties with hope that his will be considered unconstitutional as was last year's State proposed takeaway.



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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the year ended June 30, 2009**

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**Budgetary Data**

The City adopts annual budgets for the General and Special Revenue Funds. The City also adopts project length budgets which can span a number of years for the Capital Projects Funds. The Debt Service Funds' budgets are adopted when the debt issuances are authorized.

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Budgetary comparisons presented in this report are on this budgetary basis and reflect applicable amendments and revisions. The City uses the following procedures in establishing the annual budget:

1. The City Manager submits a recommended annual operating budget to the City Council for each fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council holds budget study sessions which are open to the public for its comments.
3. The budget is prepared by fund and by department. The budget is approved by City Council through the passage of an ordinance.
4. The City Manager has the ability to transfer amounts between funds and fund types without City Council approval as long as there is no legal restriction and as long as the transfer does not result in the total appropriation amount being exceeded. When an appropriation requires an increase that cannot be supported by a transfer, City Council authorization is required.

Reductions to appropriations totaling \$375,831 for the City and Redevelopment operating budget were made by the City Council/Redevelopment Agency action during the year. Additionally, the City operating budget had appropriations totalling \$22,581 that were carried forward from the prior fiscal year. Appropriations were also increased due to grant carryovers of \$680,894.

**Encumbrances**

Encumbrance accounting is used during the year for budgetary control. Encumbrances outstanding at year-end do not constitute expenditures or liabilities, but rather, a reservation of fund balance. The City honors contracts represented by year-end encumbrances and the appropriations carried over provide authority to complete these transactions in the following year.

**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL -- GENERAL FUND**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Taxes and fees	\$ 52,290,519	\$ 52,290,519	\$ 47,710,218	\$ (4,580,301)
Licenses and permits	194,207	194,207	193,143	(1,064)
Investment income	2,714,772	2,714,772	1,638,582	(1,076,190)
Intergovernmental	780,163	780,163	1,049,260	269,097
Charges for services	9,122,849	9,122,849	7,932,593	(1,190,256)
Fines, forfeits and penalties	246,215	246,215	142,649	(103,566)
Other	219,606	219,606	37,125	(182,481)
<b>Total revenues</b>	<b>65,568,331</b>	<b>65,568,331</b>	<b>58,703,570</b>	<b>(6,864,761)</b>
<b>Expenditures:</b>				
Current:				
General government	5,989,123	6,133,631	5,135,920	997,711
Public safety	45,661,682	45,092,087	45,150,910	(58,823)
Public works	5,724,376	5,749,356	5,172,877	576,479
Community services	9,529,600	9,497,110	8,566,704	930,406
Housing	-	-	3,350	(3,350)
Debt service:				
Principal	380,703	380,703	385,302	(4,599)
Interest and fiscal charges	75,918	75,918	225,923	(150,005)
<b>Total expenditures</b>	<b>67,361,402</b>	<b>66,928,805</b>	<b>64,640,986</b>	<b>2,287,819</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,793,071)</b>	<b>(1,360,474)</b>	<b>(5,937,416)</b>	<b>(4,576,942)</b>
<b>Other financing sources (uses):</b>				
Transfers in	1,747,955	3,141,705	3,105,483	(36,222)
Transfers out	(1,334,745)	(3,168,514)	(3,168,514)	-
Sale of capital assets	-	42,005	42,005	-
Proceeds debt and loans	-	239,500	239,500	-
<b>Total other financing sources (uses)</b>	<b>413,210</b>	<b>254,696</b>	<b>218,474</b>	<b>(36,222)</b>
<b>Net change in total fund balance</b>	<b>\$ (1,379,861)</b>	<b>\$ (1,105,778)</b>	<b>(5,718,942)</b>	<b>\$ (4,613,164)</b>
Fund balances, beginning of year			11,602,127	
Fund balances, end of year			<b>\$ 5,883,185</b>	

**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL --  
SPECIAL REVENUE FUND-COMMUNITY DEVELOPMENT**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Use of money and property	\$ 16,000	\$ 16,000	\$ 39	\$ (15,961)
Intergovernmental	552,728	552,728	560,662	7,934
<b>Total revenues</b>	<u>568,728</u>	<u>568,728</u>	<u>560,701</u>	<u>(8,027)</u>
<b>Expenditures:</b>				
Current:				
Community services	618,974	783,234	601,977	181,257
<b>Total expenditures</b>	<u>618,974</u>	<u>783,234</u>	<u>601,977</u>	<u>181,257</u>
<b>Net change in total fund balance</b>	<u>\$ (50,246)</u>	<u>\$ (214,506)</u>	<u>(41,276)</u>	<u>\$ 173,230</u>
Fund balances, beginning of year			<u>5,324</u>	
Fund balances, end of year			<u>\$ (35,952)</u>	



**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL --**  
**SPECIAL REVENUE FUND-REDEVELOPMENT**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Taxes and fees	\$ 6,995,760	\$ 6,995,760	\$ 7,416,695	\$ 420,935
Investment income	33,136	33,136	304,877	271,741
Other	11,637	11,637	142,279	130,642
<b>Total revenues</b>	<b>7,040,533</b>	<b>7,040,533</b>	<b>7,863,851</b>	<b>823,318</b>
<b>Expenditures:</b>				
Current:				
Housing	2,425,788	2,288,763	4,365,449	(2,076,686)
<b>Total expenditures</b>	<b>2,425,788</b>	<b>2,288,763</b>	<b>4,365,449</b>	<b>(2,076,686)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>4,614,745</b>	<b>4,751,770</b>	<b>3,498,402</b>	<b>(1,253,368)</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	(2,448,394)	(2,517,245)	(2,511,131)	(6,114)
<b>Total other financing sources (uses)</b>	<b>(2,448,394)</b>	<b>(2,517,245)</b>	<b>(2,511,131)</b>	<b>(6,114)</b>
<b>Net change in total fund balance</b>	<b>\$ 2,166,351</b>	<b>\$ 2,234,525</b>	<b>987,271</b>	<b>\$ (1,259,482)</b>
Fund balances, beginning of year			33,441,084	
Fund balances, end of year			<b>\$ 34,428,355</b>	

**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**EMPLOYEE RETIREMENT PLANS**

**SCHEDULE OF FUNDING PROGRESS- PERS**

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (UAL)	Funded Status	Annual Covered Payroll	AUL as % of Payroll
<b>Miscellaneous</b>						
6/30/2005	\$ 103,164,841	\$ 83,349,309	\$ (19,815,532)	80.8%	\$ 23,283,722	85.1%
6/30/2006	113,210,994	91,621,921	(21,589,073)	80.9%	24,483,195	88.2%
6/30/2007	124,331,761	101,159,337	(23,172,424)	81.4%	26,441,667	87.6%
<b>Safety</b>						
6/30/2005	101,390,368	80,896,597	(20,493,771)	79.8%	16,481,093	124.3%
6/30/2006	112,820,389	89,218,051	(23,602,338)	79.1%	17,460,380	135.2%
6/30/2007	123,386,079	99,292,374	(24,093,705)	80.5%	19,228,815	125.3%

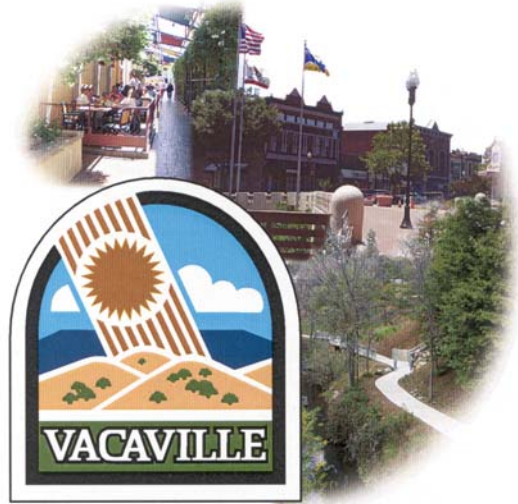
**SCHEDULE OF FUNDING PROGRESS- PARS**

Valuation Date	Actuarial Liability	Value of Assets	Unfunded Liability (UAL)	Funded Ratio	Valuation Payroll	UAL as % of Payroll
<b>Miscellaneous</b>						
7/1/2004	\$ 12,985,251	\$ 3,360,055	\$ (9,625,196)	25.9%	\$ 22,335,408	43.1%
7/1/2006	20,018,276	5,807,551	(14,210,725)	29.0%	23,680,706	60.0%
7/1/2008	24,481,039	7,593,684	(16,887,355)	31.0%	27,602,940	61.2%

**SCHEDULE OF FUNDING PROGRESS- PARS**

Valuation Date	Actuarial Liability	Value of Assets	Unfunded Liability (UAL)	Funded Ratio	Valuation Payroll	UAL as % of Payroll
7/1/2008	\$ 56,066,310	\$ -	\$ 56,066,310	0.0%	TBD	TBD





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## **OTHER GOVERNMENTAL FUNDS**

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Other governmental funds are nonmajor governmental funds reported in the other governmental funds column of the governmental funds financial statements and include:

### **SPECIAL REVENUE FUNDS:**

#### **BUILDING & STREET DEVELOPMENT**

To account for funds received to provide for building and street maintenance. A portion of the funds is received from the Highway Users Tax Fund as provided in Section 2107.

#### **HOUSING ASSISTANCE**

To account for those funds received from the Federal Government to provide rental assistance payments to low-income, elderly, disabled, and handicapped people qualifying for the programs, as well as rehabilitation for rental property. Funds are received from the Housing and Urban Development's Section 8 Voucher Housing Programs and State Rehabilitation.

#### **MAINTENANCE DISTRICTS**

Funds established to account for park maintenance, setback maintenance, and maintenance of median strips for which no taxes have been levied.

#### **COMMUNITY FACILITIES**

To account for funds received for the administration of the Community Facilities Districts.

#### **SPECIAL PROGRAMS**

To account for monies received and expended from Federal, State and Local grants earmarked for public safety services, diversionary youth education, after school programs and recycling programs.

### **DEBT SERVICE FUNDS:**

#### **MEASURE I**

To account for interest earnings, reserves, and payment of debt service for the bonds issued to fund the Cultural Center.

### **CAPITAL PROJECTS FUNDS:**

#### **ASSESSMENT AND IMPROVEMENT DISTRICTS**

To account for proceeds from taxes and bonds used to construct public improvements benefiting specific property.

**CITY OF VACAVILLE**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**

	SPECIAL REVENUE					DEBT	CAPITAL	TOTAL OTHER & IMPROVEMENT DISTRICTS	TOTAL OTHER GOVERNMENTAL FUNDS
	BUILDING & STREET DEVELOPMENT	HOUSING ASSISTANCE	MAINTENANCE DISTRICTS	COMMUNITY FACILITIES	SPECIAL PROGRAMS	SERVICE MEASURE I	PROJECTS		
<b>Assets</b>									
Cash and investments	\$ 2,474,675	\$ 2,300,460	\$ 3,849,143	\$ 31,803	\$ 335,891	\$ -	\$ -	\$ 8,991,972	
Receivables:									
Interest	-	-	-	-	-	9,569	-	9,569	
Taxes	52,309	-	-	-	-	-	-	52,309	
Accounts	130,939	69,475	-	-	121,914	-	-	322,328	
Prepaid Items	463	913,712	46	-	-	-	-	914,221	
Restricted cash and investments	-	-	-	-	-	1,236,698	1,140,481	2,377,179	
<b>Total assets</b>	<b>\$ 2,658,386</b>	<b>\$ 3,283,647</b>	<b>\$ 3,849,189</b>	<b>\$ 31,803</b>	<b>\$ 457,805</b>	<b>\$ 1,246,267</b>	<b>\$ 1,140,481</b>	<b>\$ 12,667,578</b>	
<b>Liabilities and Fund Balances</b>									
<b>Liabilities:</b>									
Accounts and contract payable	\$ 50,753	\$ 3,783	\$ 38,217	\$ -	\$ 20,815	\$ -	\$ -	\$ 113,568	
Accrued payroll	82,256	43,100	43,847	-	13,412	-	49	182,664	
Deposits payable	399,729	301,996	1,725,980	-	86,974	-	-	2,514,679	
Deferred revenue	631,538	-	-	-	105,137	-	-	736,675	
<b>Total liabilities</b>	<b>1,164,276</b>	<b>348,879</b>	<b>1,808,044</b>	<b>-</b>	<b>226,338</b>	<b>-</b>	<b>49</b>	<b>3,547,586</b>	
<b>Fund balances:</b>									
Reserved for encumbrances	46,236	8,910	60,256	-	5,785	-	2,220	123,407	
Reserved for prepaid items	463	913,712	46	-	-	-	-	914,221	
Reserved for debt service	-	-	-	-	-	1,236,698	-	1,236,698	
Reserved for capital projects	-	-	-	-	-	-	1,138,212	1,138,212	
Unreserved:									
Undesignated	1,447,411	2,012,146	1,980,843	31,803	225,682	9,569	-	5,707,454	
<b>Total fund balances</b>	<b>1,494,110</b>	<b>2,934,768</b>	<b>2,041,145</b>	<b>31,803</b>	<b>231,467</b>	<b>1,246,267</b>	<b>1,140,432</b>	<b>9,119,992</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 2,658,386</b>	<b>\$ 3,283,647</b>	<b>\$ 3,849,189</b>	<b>\$ 31,803</b>	<b>\$ 457,805</b>	<b>\$ 1,246,267</b>	<b>\$ 1,140,481</b>	<b>\$ 12,667,578</b>	

**CITY OF VACAILLVE**  
**OTHER GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	SPECIAL REVENUE					DEBT SERVICE	CAPITAL PROJECTS	TOTAL OTHER GOVERNMENTAL FUNDS
	BUILDING & STREET DEVELOPMENT	HOUSING ASSISTANCE	MAINTENANCE DISTRICTS	COMMUNITY FACILITIES	SPECIAL PROGRAMS	MEASURE I	ASSESSMENT & IMPROVEMENT DISTRICTS	
<b>Revenues:</b>								
Taxes and fees	\$ -	\$ -	\$ 2,389,444	\$ 767,360	\$ -	\$ -	\$ -	\$ 3,156,804
Licenses and permits	1,304,509	-	-	-	-	-	-	1,304,509
Investment income	90,091	51,144	-	-	9,628	76,581	5,571	233,015
Intergovernmental	699,714	10,973,585	-	-	947,378	-	-	12,620,677
Charges for services	1,687,715	26,528	-	-	86,217	-	-	1,800,460
Fines, forfeits and penalties	350,818	-	-	-	-	-	-	350,818
Other	7,883	80,040	-	-	-	-	-	87,923
<b>Total revenues</b>	<b>4,140,730</b>	<b>11,131,297</b>	<b>2,389,444</b>	<b>767,360</b>	<b>1,043,223</b>	<b>76,581</b>	<b>5,571</b>	<b>19,554,206</b>
<b>Expenditures:</b>								
Current:								
General government	3,197,254	-	-	-	-	-	-	3,197,254
Public safety	-	-	-	1,594	1,071,770	-	-	1,073,364
Public works	1,445,335	-	-	-	20,535	-	-	1,465,870
Community services	-	36,289	2,737,262	23,291	8,323	-	-	2,805,165
Housing	-	11,846,139	-	-	-	-	-	11,846,139
Capital Outlay	-	-	-	-	-	-	79,100	79,100
Debt service:								
Principal	-	-	-	-	-	890,000	-	890,000
Interest and fiscal charges	-	-	-	-	-	299,812	-	299,812
<b>Total expenditures</b>	<b>4,642,589</b>	<b>11,882,428</b>	<b>2,737,262</b>	<b>24,885</b>	<b>1,100,628</b>	<b>1,189,812</b>	<b>79,100</b>	<b>21,656,704</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(501,859)</b>	<b>(751,131)</b>	<b>(347,818)</b>	<b>742,475</b>	<b>(57,405)</b>	<b>(1,113,231)</b>	<b>(73,529)</b>	<b>(2,102,498)</b>
<b>Other financing sources (uses):</b>								
Transfers in	1,129,977	17,222	471,398	500,004	5,000	1,112,572	-	3,236,173
Transfers out	(341,853)	-	(553)	(1,277,636)	-	-	(137,869)	(1,757,911)
<b>Total other financing sources (uses)</b>	<b>788,124</b>	<b>17,222</b>	<b>470,845</b>	<b>(777,632)</b>	<b>5,000</b>	<b>1,112,572</b>	<b>(137,869)</b>	<b>1,478,262</b>
<b>Net change in total fund balance</b>	<b>286,265</b>	<b>(733,909)</b>	<b>123,027</b>	<b>(35,157)</b>	<b>(52,405)</b>	<b>(659)</b>	<b>(211,398)</b>	<b>(624,236)</b>
Fund balances, beginning of year	1,207,845	3,668,677	1,918,118	66,960	283,872	1,246,926	1,351,830	9,744,228
Fund balances, end of year	<u>\$ 1,494,110</u>	<u>\$ 2,934,768</u>	<u>\$ 2,041,145</u>	<u>\$ 31,803</u>	<u>\$ 231,467</u>	<u>\$ 1,246,267</u>	<u>\$ 1,140,432</u>	<u>\$ 9,119,992</u>

**CITY OF VACAVILLE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL -- ALL SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	BUILDING & STREET DEVELOPMENT			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Licenses and permits	\$ 1,100,000	\$ 1,100,000	\$ 1,304,509	\$ 204,509
Investment income	150,000	150,000	90,091	(59,909)
Intergovernmental	760,824	760,824	699,714	(61,110)
Charges for services	1,299,000	1,299,000	1,687,715	388,715
Fines, forfeits and penalties	-	-	350,818	350,818
Other	-	-	7,883	7,883
<b>Total revenues</b>	<b>3,309,824</b>	<b>3,309,824</b>	<b>4,140,730</b>	<b>830,906</b>
<b>Expenditures:</b>				
Current:				
General government	4,157,211	4,158,367	3,197,254	961,113
Public works	1,014,947	1,015,079	1,445,335	(430,256)
<b>Total expenditures</b>	<b>5,172,158</b>	<b>5,173,446</b>	<b>4,642,589</b>	<b>530,857</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,862,334)</b>	<b>(1,863,622)</b>	<b>(501,859)</b>	<b>300,049</b>
<b>Other financing sources (uses):</b>				
Transfers in	920,000	1,129,977	1,129,977	-
Transfers out	(367,319)	(369,837)	(341,853)	27,984
<b>Total other financing sources (uses)</b>	<b>552,681</b>	<b>760,140</b>	<b>788,124</b>	<b>27,984</b>
<b>Net change in total fund balance</b>	<b>\$ (1,309,653)</b>	<b>\$ (1,103,482)</b>	<b>286,265</b>	<b>\$ 328,033</b>
Fund balance, beginning of year			1,207,845	
Fund balance, end of year			<b>\$ 1,494,110</b>	



**CITY OF VACAVILLE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL--ALL SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	HOUSING ASSISTANCE			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 51,144	\$ 51,144
Intergovernmental	11,591,592	12,900,722	10,973,585	(1,927,137)
Charges for services	-	-	26,528	26,528
Other	-	-	80,040	80,040
<b>Total revenues</b>	<u>11,591,592</u>	<u>12,900,722</u>	<u>11,131,297</u>	<u>(1,769,425)</u>
<b>Expenditures:</b>				
Current:				
Community services	-	-	36,289	(36,289)
Housing	13,325,721	13,318,585	11,846,139	1,472,446
<b>Total expenditures</b>	<u>13,325,721</u>	<u>13,318,585</u>	<u>11,882,428</u>	<u>1,436,157</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,734,129)</u>	<u>(417,863)</u>	<u>(751,131)</u>	<u>(3,205,582)</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,834,130	17,222	17,222	-
<b>Total other financing sources (uses)</b>	<u>1,834,130</u>	<u>17,222</u>	<u>17,222</u>	<u>-</u>
<b>Net change in total fund balance</b>	<u>\$ 100,001</u>	<u>\$ (400,641)</u>	<u>(733,909)</u>	<u>\$ (3,205,582)</u>
Fund balance, beginning of year			3,668,677	
Fund balance, end of year			<u>\$ 2,934,768</u>	

**CITY OF VACAVILLE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL--ALL SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	MAINTENANCE DISTRICTS			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Taxes and fees	\$ 2,341,428	\$ 2,341,428	\$ 2,389,444	\$ 48,016
<b>Total revenues</b>	<u>2,341,428</u>	<u>2,341,428</u>	<u>2,389,444</u>	<u>48,016</u>
<b>Expenditures:</b>				
Current:				
Community services	3,112,791	3,112,791	2,737,262	375,529
<b>Total expenditures</b>	<u>3,112,791</u>	<u>3,112,791</u>	<u>2,737,262</u>	<u>375,529</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(771,363)</u>	<u>(771,363)</u>	<u>(347,818)</u>	<u>(327,513)</u>
<b>Other financing sources (uses):</b>				
Transfers in	471,398	471,398	471,398	-
Transfers out	-	(553)	(553)	-
<b>Total other financing sources (uses)</b>	<u>471,398</u>	<u>470,845</u>	<u>470,845</u>	<u>-</u>
<b>Net change in total fund balance</b>	<u>\$ (299,965)</u>	<u>\$ (300,518)</u>	123,027	<u>\$ (327,513)</u>
Fund balance, beginning of year			<u>1,918,118</u>	
Fund balance, end of year			<u>\$ 2,041,145</u>	

**CITY OF VACAVILLE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL--ALL SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	COMMUNITY FACILITIES			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Taxes and fees	\$ 955,267	\$ 955,267	\$ 767,360	\$ (187,907)
<b>Total revenues</b>	<u>955,267</u>	<u>955,267</u>	<u>767,360</u>	<u>(187,907)</u>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	1,594	(1,594)
Community services	-	-	23,291	(23,291)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>24,885</u>	<u>(24,885)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>955,267</u>	<u>955,267</u>	<u>742,475</u>	<u>(163,022)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	500,004	500,004	-
Transfers out	(555,267)	(1,290,267)	(1,277,636)	(12,631)
<b>Total other financing sources (uses)</b>	<u>(555,267)</u>	<u>(790,263)</u>	<u>(777,632)</u>	<u>(12,631)</u>
<b>Net change in total fund balance</b>	<u>\$ 400,000</u>	<u>\$ 165,004</u>	<u>(35,157)</u>	<u>\$ (175,653)</u>
Fund balance, beginning of year			<u>66,960</u>	
Fund balance, end of year			<u>\$ 31,803</u>	

**CITY OF VACAVILLE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL--ALL SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	SPECIAL PROGRAMS			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 9,628	\$ 9,628
Intergovernmental	-	1,057,627	947,378	(110,249)
Charges for services	-	-	86,217	86,217
<b>Total revenues</b>	<b>-</b>	<b>1,057,627</b>	<b>1,043,223</b>	<b>(14,404)</b>
<b>Expenditures:</b>				
Current:				
Public safety	121,333	1,019,128	1,071,770	(52,642)
Public works	-	38,586	20,535	18,051
Community services	-	5,809	8,323	(2,514)
<b>Total expenditures</b>	<b>121,333</b>	<b>1,063,523</b>	<b>1,100,628</b>	<b>(37,105)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(121,333)</b>	<b>(5,896)</b>	<b>(57,405)</b>	<b>22,701</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	5,000	5,000	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>5,000</b>	<b>5,000</b>	<b>-</b>
<b>Net change in total fund balance</b>	<b>\$ (121,333)</b>	<b>\$ (896)</b>	<b>(52,405)</b>	<b>\$ 22,701</b>
Fund balance, beginning of year			283,872	
Fund balance, end of year			<b>\$ 231,467</b>	

## **INTERNAL SERVICE FUNDS**

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

The concept of major funds introduced by GASB Statement 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Assets.

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

### **CENTRAL SERVICES**

To account for all the centralized purchases which are in turn charged back to the operating department upon usage. The activity includes Central Stores, Fuel Station and Garage.

### **VEHICLE REPLACEMENT**

To account for the acquisition of replacement equipment. Charges are levied to departments on a straight line replacement basis in order to ensure funds are available when the equipment becomes obsolete.

### **TECHNOLOGY REPLACEMENT**

To account for the acquisition of technology equipment. Charges are levied to departments on a straight line replacement basis in order to ensure funds are available when the equipment becomes obsolete.

### **INSURANCE**

To account for premium costs and self-insured claim losses for the following risks: property-related, workers' compensation, unemployment, vehicle-related, and general liability.

### **EMPLOYEE BENEFITS**

To account for sick and vacation leave payoffs related to employee retirements, and other postemployment benefits (OPEB) that are held by California Employers' Retiree Benefit Trust (CERBT) Fund in an irrevocable trust established by PERS to pre-fund OPEB.

**CITY OF VACAVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENTS OF NET ASSETS**  
**JUNE 30, 2009**

	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHNOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
<b>Assets</b>						
Current assets:						
Cash and investments	\$ 99,795	\$ 2,357,184	\$ 259,241	\$ 3,851,075	\$ 717,406	\$ 7,284,701
Receivables:						
Accounts	20,915	-	-	18,190	-	39,105
Inventories - supplies	200,937	-	-	-	-	200,937
Prepaid items	250	-	-	-	-	250
Total current assets	<u>321,897</u>	<u>2,357,184</u>	<u>259,241</u>	<u>3,869,265</u>	<u>717,406</u>	<u>7,524,993</u>
Non-current assets:						
Deposits	-	-	-	138,181	-	138,181
Capital assets - net of accumulated depreciation	92,949	1,383,023	452,189	-	-	1,928,161
Total non-current assets	<u>92,949</u>	<u>1,383,023</u>	<u>452,189</u>	<u>138,181</u>	<u>-</u>	<u>2,066,342</u>
<b>Total assets</b>	<b><u>\$ 414,846</u></b>	<b><u>\$ 3,740,207</u></b>	<b><u>\$ 711,430</u></b>	<b><u>\$ 4,007,446</u></b>	<b><u>\$ 717,406</u></b>	<b><u>\$ 9,591,335</u></b>
<b>Liabilities</b>						
Current liabilities:						
Accounts and contract payable	\$ 64,005	\$ -	\$ 7,979	\$ 4,020	\$ -	\$ 76,004
Accrued payroll	82,618	-	-	17,731	1,371	101,720
Employee benefits payable	-	-	-	-	651,104	651,104
Claims payable - due within one year	-	-	-	2,284,584	-	2,284,584
Total current liabilities	<u>146,623</u>	<u>-</u>	<u>7,979</u>	<u>2,306,335</u>	<u>652,475</u>	<u>3,113,412</u>
Non-current liabilities:						
Deposits payable	-	-	-	20,000	-	20,000
Claims payable - due in more than a year	-	-	-	3,574,416	-	3,574,416
<b>Total liabilities</b>	<b><u>146,623</u></b>	<b><u>-</u></b>	<b><u>7,979</u></b>	<b><u>5,900,751</u></b>	<b><u>652,475</u></b>	<b><u>6,707,828</u></b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	92,949	1,383,023	452,189	-	-	1,928,161
Unrestricted	175,274	2,357,184	251,262	(1,893,305)	64,931	955,346
<b>Total net assets</b>	<b><u>\$ 268,223</u></b>	<b><u>\$ 3,740,207</u></b>	<b><u>\$ 703,451</u></b>	<b><u>\$ (1,893,305)</u></b>	<b><u>\$ 64,931</u></b>	<b><u>\$ 2,883,507</u></b>

**CITY OF VACAVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
<b>Operating revenues:</b>						
Internal service charges	\$ 2,918,464	\$ 292,648	\$ 952,735	\$ 3,652,641	\$ 3,027,521	\$ 10,844,009
<b>Operating expenses:</b>						
Internal service expenses	3,101,924	(5,273)	582,691	3,945,736	3,027,521	10,652,599
Depreciation	3,237	359,128	88,076	-	-	450,441
<b>Total operating expenses</b>	<b>3,105,161</b>	<b>353,855</b>	<b>670,767</b>	<b>3,945,736</b>	<b>3,027,521</b>	<b>11,103,040</b>
<b>Operating income (loss)</b>	<b>(186,697)</b>	<b>(61,207)</b>	<b>281,968</b>	<b>(293,095)</b>	<b>-</b>	<b>(259,031)</b>
<b>Non-operating revenues (expenses):</b>						
Interest revenue	-	-	-	-	64,931	64,931
Other	649	-	-	2,087	-	2,736
<b>Total non-operating revenues (expenses)</b>	<b>649</b>	<b>-</b>	<b>-</b>	<b>2,087</b>	<b>64,931</b>	<b>67,667</b>
<b>Income (loss) before operating transfers</b>	<b>(186,048)</b>	<b>(61,207)</b>	<b>281,968</b>	<b>(291,008)</b>	<b>64,931</b>	<b>(191,364)</b>
<b>Transfers:</b>						
Transfers in	177,356	201,000	-	-	-	378,356
Transfers out	-	(159,747)	-	(500,000)	-	(659,747)
<b>Total transfers</b>	<b>177,356</b>	<b>41,253</b>	<b>-</b>	<b>(500,000)</b>	<b>-</b>	<b>(281,391)</b>
<b>Net income (loss)</b>	<b>(8,692)</b>	<b>(19,954)</b>	<b>281,968</b>	<b>(791,008)</b>	<b>64,931</b>	<b>(472,755)</b>
Net assets, beginning of year	276,915	3,760,161	421,483	(1,102,297)	-	3,356,262
Net assets, end of year	<u>\$ 268,223</u>	<u>\$ 3,740,207</u>	<u>\$ 703,451</u>	<u>\$ (1,893,305)</u>	<u>\$ 64,931</u>	<u>\$ 2,883,507</u>

**CITY OF VACAVILLE**  
**INTERNAL SERVICE FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHNOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$2,931,401	\$ 292,648	\$ 952,735	\$3,653,691	\$ 3,027,521	\$ 10,857,996
Payments to suppliers	(2,051,786)	5,273	(606,916)	(3,314,217)	(3,027,521)	(8,995,167)
Payments to employees	(1,005,336)	-	-	(678,626)	(2,243,064)	(3,927,026)
Claims paid	-	-	-	286,000	-	286,000
<b>Net cash provided by (used for) operating activities</b>	<u>(125,721)</u>	<u>297,921</u>	<u>345,819</u>	<u>(53,152)</u>	<u>(2,243,064)</u>	<u>(1,778,197)</u>
<b>Cash flows from noncapital financing activities:</b>						
Transfers in	177,356	201,000	-	-	-	378,356
Transfers out	-	(159,747)	-	(500,000)	-	(659,747)
Settlement	649	-	-	2,087	-	2,736
<b>Net cash provided by (used for) noncapital financing activities</b>	<u>178,005</u>	<u>41,253</u>	<u>-</u>	<u>(497,913)</u>	<u>-</u>	<u>(278,655)</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition of capital assets	-	(250,318)	(299,971)	-	-	(550,289)
<b>Net cash used for capital and related financing activities</b>	<u>-</u>	<u>(250,318)</u>	<u>(299,971)</u>	<u>-</u>	<u>-</u>	<u>(550,289)</u>
<b>Net increase in cash and cash equivalents</b>	52,284	88,856	45,848	(551,065)	(2,178,133)	(2,542,210)
Cash and cash equivalents, beginning of year	47,511	2,268,328	213,393	4,402,140	2,895,539	9,826,911
Cash and cash equivalents, end of year	<u>\$ 99,795</u>	<u>\$ 2,357,184</u>	<u>\$ 259,241</u>	<u>\$3,851,075</u>	<u>\$ 717,406</u>	<u>\$ 7,284,701</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used for) by Operating Activities:</b>						
Operating income (loss)	\$ (186,697)	\$ (61,207)	\$ 281,968	\$ (293,095)	\$ -	\$ (259,031)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	3,237	359,128	88,076	-	-	450,441
Changes in assets and liabilities:						
Decrease in receivables	12,937	-	-	1,050	-	13,987
Increase in inventories-supplies	22,672	-	-	-	-	22,672
Increase in prepaid items	(125)	-	2,188	-	-	2,063
Increase in deposits	-	-	-	(8,181)	-	(8,181)
Decrease in accounts and contracts payable	9,915	-	(26,413)	(39,571)	-	(56,069)
Increase (decrease) in accrued payroll	12,340	-	-	645	1,371	14,356
Increase in employee benefits payable	-	-	-	-	(2,028,929)	(2,028,929)
Decrease in compensated absences	-	-	-	-	(215,506)	(215,506)
Increase in claims payable	-	-	-	286,000	-	286,000
Total adjustments	60,976	359,128	63,851	239,943	(2,243,064)	(1,519,166)
<b>Net cash provided by (used for) operating activities</b>	<u>\$ (125,721)</u>	<u>\$ 297,921</u>	<u>\$ 345,819</u>	<u>\$ (53,152)</u>	<u>\$ (2,243,064)</u>	<u>\$ (1,778,197)</u>



## **FIDUCIARY FUND FINANCIAL STATEMENTS**

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### **PAYROLL TRUST**

To account for cash transferred from the various funds from which actual cash is remitted to the employees and various agencies.

### **OTHER DEPOSITS**

To account for deposits received from outside parties. Some of the large items include amounts on deposit from Solano Transportation Authority, refunding of permit monies, and restitution for crimes committed.

### **SPECIAL ASSESSMENTS**

To account for monies received through property tax to pay debt service for the Special Assessment Districts.

**CITY OF VACAVILLE**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2009**

	AGENCY FUNDS			
	PAYROLL TRUST	OTHER DEPOSITS	SPECIAL ASSESSMENTS	TOTAL AGENCY
<b>Assets</b>				
Cash and investments	\$ 623,352	\$ 6,145,779	\$ 9,118,552	\$ 15,887,683
Receivables:				
Accounts	816,982	-	-	816,982
Deposits	56,900	-	-	56,900
<b>Total Assets</b>	<b>\$ 1,497,234</b>	<b>\$ 6,145,779</b>	<b>\$ 9,118,552</b>	<b>\$ 16,761,565</b>
<b>Liabilities</b>				
Liabilities:				
Accounts and contract payable	\$ 68	\$ -	\$ -	\$ 68
Accrued payroll	513	-	-	513
Employee benefits payable	1,451,897	-	-	1,451,897
Deposits payable	44,756	6,145,779	-	6,190,535
Due to bondholders	-	-	9,118,552	9,118,552
<b>Total Liabilities</b>	<b>\$ 1,497,234</b>	<b>\$ 6,145,779</b>	<b>\$ 9,118,552</b>	<b>\$ 16,761,565</b>

**CITY OF VACAVILLE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	BALANCES JULY 1, 2008	ADDITIONS	REDUCTIONS	BALANCES JUNE 30, 2009
<b>PAYROLL TRUST</b>				
<b>Assets</b>				
Cash and investments	\$ 781,658	\$ 82,661,094	\$ 82,819,400	\$ 623,352
Receivables:				
Accounts	795,041	819,175	797,234	816,982
Deposits	9,800	47,100	-	56,900
<b>Total Assets</b>	<b>\$ 1,586,499</b>	<b>\$ 83,527,369</b>	<b>\$ 83,616,634</b>	<b>\$ 1,497,234</b>
<b>Liabilities</b>				
Accounts and contract payable	\$ 20,626	\$ 16,183,098	\$ 16,203,656	\$ 68
Accrued payroll	144	39,508,073	39,507,704	513
Employee benefits payable	1,537,218	37,271,827	37,357,148	1,451,897
Deposits payable	28,511	88,791	72,546	44,756
<b>Total Liabilities</b>	<b>\$ 1,586,499</b>	<b>\$ 93,051,789</b>	<b>\$ 93,141,054</b>	<b>\$ 1,497,234</b>
<b>OTHER DEPOSITS</b>				
<b>Assets</b>				
Cash and investments	\$ 5,184,603	\$ 5,696,271	\$ 4,735,095	\$ 6,145,779
<b>Liabilities</b>				
Accounts and contract payable	\$ 13,163	\$ 4,234,743	\$ 4,247,906	\$ -
Deposits payable	5,171,440	5,706,571	4,732,232	6,145,779
<b>Total Liabilities</b>	<b>\$ 5,184,603</b>	<b>\$ 9,941,314</b>	<b>\$ 8,980,138</b>	<b>\$ 6,145,779</b>

**CITY OF VACAVILLE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	BALANCES JULY 1, 2008	ADDITIONS	REDUCTIONS	BALANCES JUNE 30, 2009
<b>SPECIAL ASSESSMENTS</b>				
<b>Assets</b>				
Cash and investments	\$ 10,501,462	\$ 9,182,521	\$ 10,565,431	\$ 9,118,552
<b>Liabilities</b>				
Due to bondholders	\$ 10,501,462	\$ 9,182,521	\$ 10,565,431	\$ 9,118,552
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and investments	\$ 16,467,723	\$ 97,539,886	\$ 98,119,926	\$ 15,887,683
Receivables:				
Accounts	795,041	819,175	797,234	816,982
Deposits	9,800	47,100	-	56,900
<b>Total Assets</b>	<b>\$ 17,272,564</b>	<b>\$ 98,406,161</b>	<b>\$ 98,917,160</b>	<b>\$ 16,761,565</b>
<b>Liabilities</b>				
Accounts and contract payable	\$ 33,789	\$ 20,417,841	\$ 20,451,562	\$ 68
Accrued payroll	144	39,508,073	39,507,704	513
Employee benefits payable	1,537,218	37,271,827	37,357,148	1,451,897
Deposits payable	5,199,951	5,795,362	4,804,778	6,190,535
Due to bondholders	10,501,462	9,182,521	10,565,431	9,118,552
<b>Total Liabilities</b>	<b>\$ 17,272,564</b>	<b>\$ 112,175,624</b>	<b>\$ 112,686,623</b>	<b>\$ 16,761,565</b>

## STATISTICAL SECTION

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information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	118
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	124
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	128
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	132
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	134
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**Schedule 1**

**CITY OF VACAVILLE  
Net Assets by Component,  
Last Seven Fiscal Years**

(accrual basis of accounting)  
(expressed in thousands of dollars)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>Fiscal Year 2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 406,869	\$ 388,546	\$ 375,201	\$ 362,498	\$ 340,941	\$ 310,054	\$ 306,087
Restricted	28,588	38,832	36,382	33,683	43,971	55,790	42,619
Unrestricted	<u>71,554</u>	<u>80,491</u>	<u>83,305</u>	<u>74,486</u>	<u>65,885</u>	<u>62,397</u>	<u>52,301</u>
Total governmental activities net assets	<u>507,011</u>	<u>507,869</u>	<u>494,888</u>	<u>470,666</u>	<u>450,798</u>	<u>428,240</u>	<u>401,006</u>
Business-type activities							
Invested in capital assets, net of related debt	194,484	187,090	180,813	159,094	146,253	150,320	142,676
Unrestricted	<u>88,016</u>	<u>91,178</u>	<u>88,653</u>	<u>94,960</u>	<u>100,600</u>	<u>95,617</u>	<u>77,227</u>
Total business-type activities net assets	<u>282,500</u>	<u>278,268</u>	<u>269,466</u>	<u>254,053</u>	<u>246,853</u>	<u>245,937</u>	<u>219,903</u>
Primary government							
Invested in capital assets, net of related debt	601,353	575,636	556,014	521,591	487,194	460,374	448,763
Restricted	28,588	38,832	36,382	33,683	43,971	55,790	42,619
Unrestricted	<u>159,570</u>	<u>171,669</u>	<u>171,958</u>	<u>169,446</u>	<u>166,485</u>	<u>158,014</u>	<u>129,528</u>
Total primary government net assets	<u>\$ 789,511</u>	<u>\$ 786,137</u>	<u>\$ 764,354</u>	<u>\$ 724,720</u>	<u>\$ 697,650</u>	<u>\$ 674,177</u>	<u>\$ 620,909</u>

*The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.*

**Schedule 2**

**CITY OF VACAVILLE**  
**Changes in Net Assets, Primary Government**  
**Last Seven Fiscal Years**  
 (accrual basis of accounting)  
 (expressed in thousands of dollars)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>Fiscal Year 2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Expenses</b>							
Governmental activities	\$ 134,012	\$ 130,966	\$ 123,762	\$ 106,922	\$ 97,954	\$ 96,879	\$ 87,847
Business-type	<u>38,950</u>	<u>36,251</u>	<u>37,360</u>	<u>34,338</u>	<u>28,151</u>	<u>26,528</u>	<u>23,458</u>
Total primary government expenses	<u>172,962</u>	<u>167,217</u>	<u>161,122</u>	<u>141,261</u>	<u>126,104</u>	<u>123,408</u>	<u>111,306</u>
<b>Program Revenues</b>							
Governmental activities	39,990	40,817	52,432	46,169	36,647	35,877	42,126
Business-type	<u>37,150</u>	<u>37,443</u>	<u>43,791</u>	<u>36,621</u>	<u>32,362</u>	<u>44,351</u>	<u>31,062</u>
Total primary government program revenues	<u>77,140</u>	<u>78,260</u>	<u>96,223</u>	<u>82,790</u>	<u>69,009</u>	<u>80,229</u>	<u>73,188</u>
<b>Net (Expense)/Revenue</b>							
Governmental activities	(94,022)	(90,149)	(71,330)	(60,753)	(61,307)	(61,002)	(45,721)
Business-type	<u>(1,800)</u>	<u>1,192</u>	<u>6,431</u>	<u>2,282</u>	<u>4,211</u>	<u>17,823</u>	<u>7,604</u>
Total primary government net expense	<u>(95,822)</u>	<u>(88,957)</u>	<u>(64,899)</u>	<u>(58,471)</u>	<u>(57,096)</u>	<u>(43,179)</u>	<u>(38,118)</u>
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities	93,164	103,130	95,189	80,620	84,847	68,072	62,058
Business-type	<u>6,032</u>	<u>8,802</u>	<u>9,344</u>	<u>4,918</u>	<u>88</u>	<u>(1,285)</u>	<u>3,106</u>
Total primary government	<u>99,196</u>	<u>111,932</u>	<u>104,533</u>	<u>85,539</u>	<u>84,935</u>	<u>66,787</u>	<u>65,163</u>
<b>Changes in Net Assets</b>							
Governmental activities	(858)	12,981	23,859	19,867	23,540	7,070	16,336
Business-type	<u>4,232</u>	<u>9,994</u>	<u>15,775</u>	<u>7,201</u>	<u>4,299</u>	<u>16,538</u>	<u>10,709</u>
Total primary government	<u>\$ 3,374</u>	<u>\$ 22,975</u>	<u>\$ 39,634</u>	<u>\$ 27,068</u>	<u>\$ 27,840</u>	<u>\$ 23,608</u>	<u>\$ 27,046</u>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Schedule 2a

**CITY OF VACAVILLE**  
**Changes in Net Assets, Governmental Activities**  
**Last Seven Fiscal Years**  
 (accrual basis of accounting)  
 (expressed in thousands of dollars)

	2009	2008	2007	Fiscal Year 2006	2005	2004	2003
<b>Expenses</b>							
General Government	\$ 8,594	\$ 10,388	\$ 12,627	\$ 11,034	\$ 7,878	\$ 9,488	\$ 7,870
Public Safety	46,837	45,705	40,606	36,498	34,717	32,370	29,072
Public Works	25,069	21,328	22,432	18,313	14,585	16,810	11,372
Community Services	12,578	12,856	12,128	11,964	11,368	11,605	11,017
Housing	16,189	13,795	13,013	15,348	11,290	11,600	11,528
Redevelopment	19,671	21,500	17,753	8,684	13,666	10,718	11,086
Interest on long-term debt	5,074	5,394	5,203	5,082	4,451	4,290	5,903
Total governmental activities expenses	<u>134,012</u>	<u>130,966</u>	<u>123,762</u>	<u>106,922</u>	<u>97,954</u>	<u>96,879</u>	<u>87,847</u>
<b>Program Revenues</b>							
Charges for services:							
General Government	3,266	3,827	5,147	4,215	3,892	3,197	13,436
Public Safety	4,658	4,498	4,280	4,014	3,552	2,945	2,499
Public Works	870	311	545	2,531	441	693	911
Community Services	5,687	5,984	5,494	5,330	5,265	5,074	4,986
Housing	387	397	479	761	58	57	44
Redevelopment	103	103	159	245	380	217	346
Operating grants and contributions	14,338	17,386	14,651	16,011	14,161	13,227	12,183
Capital grants and contributions	10,681	8,311	21,677	13,063	8,897	10,469	7,720
Total governmental activities program revenues	<u>39,990</u>	<u>40,817</u>	<u>52,432</u>	<u>46,169</u>	<u>36,647</u>	<u>35,877</u>	<u>42,126</u>
<b>Net (Expense)/Revenue</b>	<u>(94,022)</u>	<u>(90,149)</u>	<u>(71,330)</u>	<u>(60,753)</u>	<u>(61,307)</u>	<u>(61,002)</u>	<u>(45,721)</u>
<b>General Revenues and Other Changes in Net Assets</b>							
Taxes							
Property taxes	65,731	63,793	55,145	48,450	40,044	32,370	29,557
Sales taxes	14,077	14,984	16,474	16,116	14,357	13,432	12,325
Franchise taxes	2,352	2,248	2,643	2,004	-	-	-
Transient lodging tax	930	1,005	1,048	942	-	-	-
Business license tax	298	306	319	290	-	-	-
Excise tax	2,169	2,234	2,217	2,251	-	-	-
Gasoline tax	1,564	1,719	1,772	1,776	-	-	-
Other taxes	-	-	-	-	6,241	7,574	7,183
Vehicle license taxes	283	417	595	596	2,105	4,278	-
Fines, penalties and forfeitures	-	-	-	-	-	452	442
Intergovernmental	-	-	-	-	-	-	6,087
Payments in lieu of services	-	-	-	-	-	967	-
Investment income	2,998	13,957	6,279	4,320	4,768	2,755	4,130
Unrestricted capital contributions	431	2,861	6,863	3,785	9,283	378	-
Loss on sale of property	-	-	-	-	-	-	(1,199)
Miscellaneous	1,990	1,331	1,791	58	5,347	2,294	527
Transfers	341	(1,725)	43	31	2,703	3,572	3,005
Total governmental activities	<u>93,164</u>	<u>103,130</u>	<u>95,189</u>	<u>80,620</u>	<u>84,847</u>	<u>68,072</u>	<u>62,058</u>
<b>Changes in Net Assets</b>	<u>\$ (858)</u>	<u>\$ 12,981</u>	<u>\$ 23,859</u>	<u>\$ 19,867</u>	<u>\$ 23,540</u>	<u>\$ 7,070</u>	<u>\$ 16,336</u>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.



**Schedule 2b**

**CITY OF VACAVILLE**  
**Changes in Net Assets, Business-Type Activities**  
**Last Seven Fiscal Years**  
 (accrual basis of accounting)  
 (expressed in thousands of dollars)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>Fiscal Year 2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Expenses</b>							
Sewer	\$ 21,284	\$ 18,710	\$ 19,800	\$ 18,230	\$ 13,831	\$ 12,683	\$ 11,266
Water	15,282	14,976	15,059	13,135	11,672	11,267	9,905
Transit	2,384	2,565	2,501	2,974	2,648	2,578	2,288
<b>Total business-type activities expenses</b>	<u>38,950</u>	<u>36,251</u>	<u>37,360</u>	<u>34,338</u>	<u>28,151</u>	<u>26,528</u>	<u>23,458</u>
<b>Program Revenues</b>							
Charges for services:							
Sewer	18,071	18,269	18,322	17,193	16,285	15,026	13,312
Water	12,608	12,323	11,463	10,109	10,106	10,009	9,087
Transit	359	411	356	363	374	343	323
Operating grants and contributions	1,675	1,812	1,810	2,090	1,947	1,568	1,600
Capital grants and contributions	4,437	4,628	11,840	6,866	3,650	17,406	6,739
<b>Total business-type activities program revenues</b>	<u>37,150</u>	<u>37,443</u>	<u>43,791</u>	<u>36,621</u>	<u>32,362</u>	<u>44,351</u>	<u>31,062</u>
<b>Net (Expense)/Revenue</b>	<u>(1,800)</u>	<u>1,192</u>	<u>6,431</u>	<u>2,282</u>	<u>4,211</u>	<u>17,823</u>	<u>7,604</u>
<b>General Revenues and Other Changes in Net Assets</b>							
Taxes							
Property taxes	81	90	89	87	86	92	83
Investment income	(85)	2,237	1,795	(195)	965	624	2,012
Unrestricted capital contributions	4,700	1,769	5,887	2,234	1,332	1,301	3,703
Miscellaneous	3,032	2,981	1,616	2,823	408	270	312
Extraordinary item	(1,355)						
Transfers	(341)	1,725	(43)	(31)	(2,703)	(3,572)	(3,005)
<b>Total business-type activities</b>	<u>6,032</u>	<u>8,802</u>	<u>9,344</u>	<u>4,918</u>	<u>88</u>	<u>(1,285)</u>	<u>3,106</u>
<b>Changes in Net Assets</b>	<u>\$ 4,232</u>	<u>\$ 9,994</u>	<u>\$ 15,775</u>	<u>\$ 7,201</u>	<u>\$ 4,299</u>	<u>\$ 16,538</u>	<u>\$ 10,709</u>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

**Schedule 3**

**CITY OF VACAVILLE  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**

(modified accrual basis of accounting)  
(expressed in thousands of dollars)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>Fiscal Year</u>		<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
					<u>2005</u>	<u>2004</u>				
General Fund										
Reserved	\$ 513	\$ 938	\$ 541	\$ 899	\$ 1,101	\$ 815	\$ 702	\$ 542	\$ 2,203	\$ 823
Unreserved	<u>5,370</u>	<u>10,664</u>	<u>13,518</u>	<u>14,139</u>	<u>14,355</u>	<u>12,322</u>	<u>11,075</u>	<u>10,877</u>	<u>10,759</u>	<u>9,323</u>
Total general fund	<u>\$ 5,883</u>	<u>\$ 11,602</u>	<u>\$ 14,059</u>	<u>\$ 15,038</u>	<u>\$ 15,456</u>	<u>\$ 13,137</u>	<u>\$ 11,776</u>	<u>\$ 11,419</u>	<u>\$ 12,962</u>	<u>\$ 10,146</u>
All Other Governmental Funds										
Reserved	\$ 77,773	\$ 81,231	\$ 71,750	\$ 67,158	\$ 88,567	\$ 80,957	\$ 76,397	\$ 73,975	\$ 47,959	\$ 51,071
Unreserved, reported in:										
Special revenue funds	17,388	15,256	17,108	16,977	2,079	3,055	2,477	1,736	2,242	2,557
Capital projects funds	(1,931)	9,782	12,674	1,343	2,918	16,193	23,646	15,042	17,749	6,464
Debt service funds	<u>498</u>	<u>601</u>	<u>708</u>	<u>2,319</u>	<u>2,521</u>	<u>6,988</u>	<u>4,216</u>	<u>7,669</u>	<u>8,411</u>	<u>8,998</u>
Total all other governmental funds	<u>\$ 93,728</u>	<u>\$ 106,870</u>	<u>\$ 102,240</u>	<u>\$ 87,797</u>	<u>\$ 96,085</u>	<u>\$ 107,192</u>	<u>\$ 106,737</u>	<u>\$ 98,422</u>	<u>\$ 76,361</u>	<u>\$ 69,089</u>

Schedule 4

**CITY OF VACAVILLE**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(expressed in thousands of dollars)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Revenues</b>										
Taxes and fees	\$ 91,125	\$ 91,052	\$ 88,262	\$ 80,627	\$ 66,741	\$ 59,541	\$ 59,239	\$ 53,765	\$ 54,408	\$ 46,459
Licenses and permits	1,498	1,596	2,496	708	1,628	1,524	1,490	1,117	1,440	1,241
Investment income	3,499	15,026	7,058	5,104	5,433	3,246	4,692	4,916	6,713	4,235
Intergovernmental	24,052	24,265	30,958	23,487	22,337	23,700	27,147	21,648	17,340	16,408
Charges for services	9,733	9,664	9,906	12,566	9,041	9,290	8,897	7,500	7,447	6,506
Fines, penalties and forfeitures	494	471	491	460	503	452	442	425	429	497
Other	2,047	992	3,613	704	3,590	1,448	590	837	821	267
<b>Total revenues</b>	<b>132,448</b>	<b>143,066</b>	<b>142,784</b>	<b>123,656</b>	<b>109,273</b>	<b>99,201</b>	<b>102,498</b>	<b>90,209</b>	<b>88,598</b>	<b>75,613</b>
<b>Expenditures</b>										
General government	8,333	9,390	11,788	10,493	7,912	8,430	7,711	8,453	7,655	8,233
Public Safety	46,224	44,560	41,657	36,851	34,501	31,759	28,501	26,321	22,505	21,279
Public Works	6,786	7,566	7,076	6,224	6,040	5,080	4,679	4,451	4,510	3,547
Community Services	11,974	12,159	11,506	11,367	10,905	10,689	10,465	10,620	8,732	9,519
Housing	16,215	13,787	13,018	15,363	11,292	11,585	11,721	8,582	6,414	6,698
Redevelopment	23,868	21,533	17,531	18,042	13,354	10,270	9,209	3,932	3,198	5,170
Intergovernmental	-	-	-	-	-	-	300	272	300	273
Shared Revenues	-	-	-	-	-	-	300	5,656	5,368	4,555
Capital Outlay	21,071	25,755	35,607	38,123	35,542	18,673	21,615	17,606	24,309	19,105
Debt service										
Principal	15,677	3,456	4,932	2,816	2,622	2,448	1,708	1,430	1,667	2,169
Interest and fiscal charges	5,088	5,313	5,874	5,572	4,670	4,301	4,393	6,013	3,910	3,380
<b>Total expenditures</b>	<b>155,236</b>	<b>143,519</b>	<b>148,989</b>	<b>144,850</b>	<b>126,837</b>	<b>103,235</b>	<b>100,602</b>	<b>93,334</b>	<b>88,568</b>	<b>83,927</b>
Excess (deficiency) of revenues over (under) expenditures	<u>(22,788)</u>	<u>(453)</u>	<u>(6,205)</u>	<u>(21,194)</u>	<u>(17,564)</u>	<u>(4,034)</u>	<u>1,895</u>	<u>(3,125)</u>	<u>30</u>	<u>(8,314)</u>
<b>Other Financing Sources (uses)</b>										
Transfers in	13,888	15,171	18,144	23,976	12,288	17,096	11,531	10,098	8,496	7,425
Transfers out	(13,224)	(15,476)	(18,161)	(25,275)	(9,734)	(13,604)	(8,729)	(10,513)	(8,534)	(7,606)
Sale of capital assets	3,024	70	361	8,497	-	269	249	3,555	1,385	1,695
Issuance of debt and loans	239	2,860	19,325	5,290	1,475	449	3,099	230	9,011	12,570
Unrestricted capital contributions	-	-	-	-	5,800	-	-	-	-	-
Proceeds of refunding bonds and certificates of participation	-	-	-	-	-	-	-	31,807	2,301	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	(12,693)	(2,602)	-
<b>Total other financing sources (uses)</b>	<b>3,927</b>	<b>2,625</b>	<b>19,669</b>	<b>12,488</b>	<b>9,829</b>	<b>4,210</b>	<b>6,150</b>	<b>22,484</b>	<b>10,058</b>	<b>14,083</b>
<b>Net change in fund balances</b>	<b>\$ (18,861)</b>	<b>\$ 2,172</b>	<b>\$ 13,464</b>	<b>\$ (8,706)</b>	<b>\$ (7,735)</b>	<b>\$ 176</b>	<b>\$ 8,045</b>	<b>\$ 19,359</b>	<b>\$ 10,088</b>	<b>\$ 5,769</b>
Debt services as a percentage of noncapital expenditures	11.2%	3.7%	6.4%	4.2%	4.8%	3.5%	3.0%	-	-	-

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

**Schedule 5**

**CITY OF VACAVILLE**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
(expressed in thousands of dollars)

Fiscal Year Ended June 30,	City				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	
2009	\$ 10,812,770	\$ 290,993	\$ (508,057)	\$ 10,595,706	\$ 3,597,849	\$ 178,363	\$ (13,122)	\$ 3,763,090	0.458%
2008	\$ 10,510,853	\$ 283,351	\$ (403,014)	\$ 10,391,190	\$ 2,960,637	\$ 172,093	\$ (13,243)	\$ 3,119,487	0.473%
2007	9,011,573	259,110	(246,012)	9,024,671	2,514,697	167,430	(13,280)	2,668,847	0.472%
2006	7,862,985	241,095	(221,247)	7,882,833	2,360,718	149,711	(13,476)	2,496,952	0.462%
2005	7,086,380	219,210	(221,559)	7,084,031	2,230,342	149,188	(13,464)	2,366,066	0.425%
2004	6,462,026	206,005	(193,433)	6,474,598	2,041,732	137,780	(13,520)	2,165,993	0.376%
2003	5,991,020	193,142	(183,501)	6,000,661	1,925,870	130,812	(13,377)	2,043,305	0.368%
2002	5,395,925	143,025	(91,971)	5,446,979	1,830,265	115,299	(12,534)	1,933,030	-
2001	4,991,081	160,119	(92,031)	5,059,168	1,705,307	113,970	(12,206)	1,807,070	-
2000	4,457,237	156,279	(91,871)	4,521,645	1,465,911	103,916	(11,749)	1,558,079	-

*The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003. Information to complete the total direct tax rate calculation prior to the implementation of GASB 34 is not available.*

Source: Solano County Auditor-Controller's Office

Note: The assessed value is 100 percent of actual value for all types of secured and unsecured property. Tax rates are per \$1,000 of assessed value.

**Schedule 6**

**CITY OF VACAVILLE  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

	Fiscal Year									
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>City Direct Rates:</b>										
City basic rate	0.27343%	0.27352%	0.27362%	0.27370%	0.27381%	0.27395%	0.27402%	0.27413%	0.27424%	0.27513%
Redevelopment agency	1.03076%	1.03085%	1.03095%	1.03103%	1.03114%	1.03128%	1.03135%	1.03146%	1.04067%	1.04397%
Total City Direct Rate	0.51289%	0.49309%	0.46522%	0.45536%	0.45973%	0.47914%	0.47972%	0.47882%	0.47820%	0.47093%
<b>Overlapping Rates:</b>										
Basic Levy*	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Dixon Unfied School Bonds	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00450%	0.00667%
Dixon USD GOB Series 2005	0.02131%	0.01958%	0.02335%	0.02902%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Dixon USD GOB Series 2006	0.00844%	0.00898%	0.00829%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Dixon USD State Repay	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00012%
DUSD GOB Series 2003	0.01724%	0.01808%	0.01760%	0.01440%	0.04387%	0.05227%	0.00000%	0.00000%	0.00000%	0.00000%
Fairfield/Suisun USD GOB 2002S	0.01894%	0.01852%	0.02066%	0.02252%	0.02351%	0.04918%	0.05732%	0.00000%	0.00000%	0.00000%
Fairfield/Suisun USD GOB 2004S	0.02152%	0.02005%	0.02097%	0.02345%	0.02770%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Sc Fld State Wtr Prj Zone Ben#1	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%
Scc Gob Series 2003A	0.01240%	0.01189%	0.01211%	0.01643%	0.01532%	0.01432%	0.00000%	0.00000%	0.00000%	0.00000%
Solano Community College Gob Series 2006B	0.00258%	0.00269%	0.00336%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
City of Vacaville	0.03076%	0.03085%	0.03095%	0.03103%	0.03114%	0.03128%	0.03135%	0.03146%	0.03157%	0.03246%
Vacaville Unified School Bonds	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00910%	0.01151%
VV USD GOB Refunding Ser 2005	0.02109%	0.02256%	0.02293%	0.02388%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
VV USD GOB Series 2005	0.01107%	0.01095%	0.02617%	0.02602%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
VV USD Meas V GOB Series 2007	0.01590%	0.02055%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
VV USD Meas V GOB Series 2002	0.00000%	0.00000%	0.00000%	0.00000%	0.02289%	0.02361%	0.05741%	0.00000%	0.00000%	0.00000%
VV USD Meas V GOB Series 2003	0.00000%	0.00000%	0.00000%	0.00000%	0.02379%	0.03001%	0.00000%	0.00000%	0.00000%	0.00000%
	1.20125%	1.20470%	1.20639%	1.20675%	1.20822%	1.22067%	1.16608%	1.05146%	1.06517%	1.07076%

**NOTES**  
Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

RDA rate is based on the largest RDA tax rate areas (TRA) and includes only the rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

\*In 1978, California voters passed Proposition 13 which set 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 value for the payment of any voter approved bonds.

**Schedule 7**

**CITY OF VACAVILLE  
Principal Property Tax Payers  
Current Year and Ten Years Ago**

Taxpayer	2009			2000		
	Taxable	Rank	Percentage of	Taxable	Rank	Percentage of
	Assessed Value		Total City	Assessed Value		Total City
			Taxable			Taxable
Genentech Inc.	\$ 1,273,173,412	1	12.016%			
Alza Corporation	194,877,973	2	1.839%	91,059,011	2	1.975%
CPG Finance II, LLC	93,475,177	3	0.882%			
Nut Tree Retail, LLC	90,302,551	4	0.852%			
Marvin L. Oates Trust	56,256,909	5	0.531%			
Western Pacific Housing	54,792,144	6	0.517%			
North Pointe Vacaville Inc	51,569,374	7	0.487%			
SSR Western MultiFamily	48,449,701	8	0.457%			
Lucky Stores Inc.	45,371,943	9	0.428%	34,742,443	5	0.753%
Chiron Corporation	45,185,711	10	0.426%	36,089,460	4	0.783%
BNP Leasing Corporation				242,462,613	1	5.258%
KPT Remic Loan LLC				74,791,541	3	1.622%
RM Vacaville Limited				27,673,006	6	0.600%
Wal Mart Stores Inc				27,139,601	7	0.589%
Mission Messenger Vacaville				26,470,107	8	0.574%
Travis Federal Credit Union				18,948,340	9	0.411%
Dayton Hudson Corporation				18,076,215	10	0.392%

Source: HDL & Cone, Solano County 1999/2000 & 2008/2009 Combined Tax Rolls.

**Schedule 8**

**CITY OF VACAVILLE  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>			<b>Total Collections to Date</b>		
		<b>Amount</b>	<b>Percentage of Levy</b>	<b>Supplemental/Prior Years Collections</b>	<b>Amount</b>	<b>Percentage of Levy</b>	
2009	\$ 11,436,989	\$ 11,436,990	100.00%	\$ 54,823	\$ 11,491,812	100.48%	
2008	11,789,745	11,789,745	100.00%	597,191	12,386,936	105.07%	
2007	10,858,100	10,858,100	100.00%	945,990	11,804,090	108.71%	
2006	9,763,689	9,763,689	100.00%	1,681,759	11,445,448	117.22%	
2005	9,117,083	9,117,083	100.00%	1,266,370	10,383,453	113.89%	
2004	9,171,388	9,171,388	100.00%	624,167	9,795,555	106.81%	
2003	8,598,358	8,598,358	100.00%	528,975	9,127,333	106.15%	
2002	7,905,041	7,905,041	100.00%	445,665	8,350,706	105.64%	
2001	7,202,562	7,202,562	100.00%	379,051	7,581,613	105.26%	
2000	7,046,067	7,046,067	100.00%	192,212	7,238,279	102.73%	

**NOTES**

Article XIII A of the California Constitution (more commonly known as Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also establishes the 1975/76 assessed valuation as the base and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the article from imposing new ad valorem, sales or transactions taxes on real property. Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors.

In addition to the City's property tax levies for voter-approved debt, Solano County levies property taxes limited to \$1 to \$100 of assessed valuation for county, cities, schools and special districts operating expenses. This additional property tax levy is distributed to the different governmental agencies under the State mandated alternate method of apportioning taxes (commonly referred to as the "Teeter Plan") whereby all local agencies, including cities, receive from the county 100% of their respective shares of the amount of ad valorem taxes levied, without regard to the actual collection of the taxes levied. This method was placed in effect by Solano County in the 1965/1966 tax year and remains in effect unless the County Board of Supervisors orders its discontinuance.

Schedule 9

CITY OF VACAVILLE  
Ratios of Outstanding Debt by Type  
Last Seven Fiscal Years

Fiscal Year	Governmental Activities							Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	City Loans	Redevelopment Loans	Certificates of Participation	Redevelopment Bonds	Capital Leases	Special Assessment Bonds	Total Governmental Activities	State Revolving Loan	Capital Leases	City Loans	Total Business-type Activities				
2009	\$ 3,420,555	\$ 1,412,320	\$ 5,270,000	\$ 65,329,440	\$ 4,225,557	\$ 36,440,000	\$ 116,097,872	\$ 62,475,097	\$ 538,283	\$ 304,956	\$ 63,318,336	\$ 179,416,208	6.66%	\$ 1,860	
2008	\$ 3,620,769	1,616,772	17,375,000	68,095,560	4,386,742	38,910,000	134,004,843	65,579,716	365,883	404,956	66,350,555	200,355,398	7.62%	\$ 2,068	
2007	1,587,485	1,809,596	18,540,000	69,572,870	4,180,923	42,625,000	138,315,874	65,621,100	62,507	-	65,683,607	203,999,481	7.82%	2,114	
2006	2,007,430	1,792,420	19,645,000	53,386,370	4,466,613	46,130,000	127,427,833	68,437,147	120,000	-	68,557,147	195,984,980	7.68%	2,033	
2005	810,607	2,073,587	20,695,000	51,862,330	3,382,546	11,913,650	90,737,720	71,179,114	-	-	71,179,114	161,916,834	6.44%	1,680	
2004	955,046	1,586,616	21,700,000	52,930,750	2,798,023	47,145,000	127,115,435	61,980,796	-	-	61,980,796	189,096,231	7.68%	1,989	
2003	1,337,052	1,450,328	22,026,539	50,669,473	2,580,129	51,450,000	129,513,521	54,307,953	-	-	54,307,953	183,821,474	7.81%	1,957	

The City of Vacaville has elected to show only seven years of data for this schedule.



**Schedule 10**

**CITY OF VACAVILLE  
Direct and Overlapping Debt  
As of June 30, 2009**

City Assessed Valuation	\$ 10,595,705,857
Redevelopment Agency Incremental Valuation	<u>3,333,132,162</u>
Adjusted Assessed Valuation	<u>\$ 7,262,573,695</u>

	<u>Percentage Applicable</u>	<u>Outstanding Debt</u>	<u>Estimated Share of Overlapping Debt</u>
	(1)		
<b>Overlapping Debt Repaid with Property Taxes:</b>			
Solano County Community College District	20.117%	\$ 115,945,090	\$ 23,324,674
Dixon Unified School District	0.753%	27,955,528	210,505
Fairfield-Suisun Joint Unified School District	0.157%	88,990,000	139,714
Vacaville Unified School District	86.021%	91,015,957	78,292,836
City of Vacaville Community Facilities District No. 2	100.000%	3,665,000	3,665,000
City of Vacaville 1915 Act Bonds	100.000%	<u>30,900,000</u>	<u>30,900,000</u>
Total overlapping debt repaid with property taxes		<u>358,471,575</u>	<u>136,532,729</u>
<b>Overlapping Other Debt:</b>			
Solano County Certificates of Participation	19.480%	133,355,000	25,977,554
Solano County Pension Obligations	19.480%	118,830,000	23,148,084
Solano County Board of Education Certificates of Participation	19.480%	2,990,000	582,452
Dixon Unified School District Certificates of Participation	0.753%	12,990,000	97,815
Travis Unified School District Certificates of Participation	59.533%	36,710,000	21,854,564
Vacaville Unified School District Certificates of Participation	86.021%	<u>12,832,173</u>	<u>11,038,364</u>
Total Overlapping other debt		<u>317,707,173</u>	<u>82,698,833</u>
Total Overlapping debt		<u>\$ 676,178,748</u>	219,231,562
City direct debt			<u>16,160,000</u> (2)
Total direct and overlapping debt			<u>\$ 235,391,562</u>

**NOTES**

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

**Schedule 11**

**CITY OF VACAVILLE  
Legal Debt Margin Information  
Last Ten Fiscal Years**  
(expressed in thousands of dollars)

	<b>Fiscal Year</b>									
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Assessed value	\$ 10,595,706	\$ 10,391,190	\$ 9,024,671	\$ 7,882,834	\$ 7,020,660	\$ 6,246,103	\$ 5,902,071	\$ 5,446,979	\$ 5,059,168	\$ 4,521,645
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,648,927	2,597,798	2,256,168	1,970,708	1,755,165	1,561,526	1,475,518	1,361,745	1,264,792	1,130,411
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	397,339	389,670	338,425	295,606	263,275	234,229	221,328	204,262	189,719	169,562
Total net debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 397,339</u>	<u>\$ 389,670</u>	<u>\$ 338,425</u>	<u>\$ 295,606</u>	<u>\$ 263,275</u>	<u>\$ 234,229</u>	<u>\$ 221,328</u>	<u>\$ 204,262</u>	<u>\$ 189,719</u>	<u>\$ 169,562</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: HDL & Cone, Solano County 1999/2000 - 2008/2009 Combined Tax Rolls.

**Schedule 12**

**CITY OF VACAVILLE  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(expressed in thousands of dollars)**

**Water Revenue Bonds**

**Tax Allocation Bonds**

Fiscal Year	Water Revenue	Less Operating Expenses (1)	Net Available Revenue	Debt Service			Tax Increment	Debt Service		
				Principal	Interest	Coverage		Principal	Interest	Coverage
2009	\$ 17,107	\$ 13,356	\$ 3,751	-	-	-	\$ 37,083	\$ 2,766	\$ 3,337	6.08
2008	15,670	13,048	2,622	-	-	-	30,339	1,477	3,715	5.84
2007	18,829	13,189	5,640	-	-	-	28,911	2,688	3,308	4.82
2006	15,539	10,879	4,660	-	-	-	24,817	1,136	2,614	6.62
2005	12,349	10,300	2,049	-	-	-	23,463	1,068	2,674	6.27
2004	12,908	9,488	3,421	-	-	-	21,794	1,011	2,736	5.82
2003	12,633	8,247	4,386	-	-	-	19,730	1,011	2,956	4.97
2002	14,338	9,571	4,767	-	-	-	18,758	448	2,776	5.82
2001	11,295	11,664	(370)	-	-	-	17,815	581	1,561	8.32
2000	9,437	8,119	1,318	-	-	-	15,191	535	2,106	5.75

**NOTE**

Water Revenue Bonds paid in full fiscal year 1994/95--no outstanding revenue bond indebtedness

(1) Expenses-exclude depreciation and debt service.

**Schedule 13**

**CITY OF VACAVILLE  
Demographic and Economic Statistics  
Last Nine Calendar Years**

<u>Year</u>	<u>Population</u> <sup>(1)</sup>	<u>Personal Income</u> <u>(thousands of dollars)</u>	<u>Per Capita</u> <u>Personal Income</u> <sup>(2)</sup>	<u>Unemployment</u> <u>Rate</u> <sup>(3)</sup>
2009	96,450	\$ 2,695,199	\$ 27,944	8.5%
2008	96,905	2,628,354	27,123	5.1%
2007	96,489	2,607,808	27,027	3.8%
2006	96,395	2,552,347	26,478	3.7%
2005	96,371	2,512,777	26,074	4.0%
2004	95,082	2,461,958	25,893	4.4%
2003	93,927	2,353,717	25,059	4.9%
2002	91,461	1,971,625	21,557	4.3%
2001	91,228	1,904,385	20,875	3.3%

*The City of Vacaville has elected to show only nine years of data for this schedule.*

- Sources: (1) State of California Department of Finance  
(2) Claritas SiteReports  
(3) State of California Employment Development Department

**Schedule 14**

**CITY OF VACAVILLE  
Principal Employers  
Current Year and Ten Years Ago**

<b>Employer</b>	<b>2009</b>			<b>2000</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>
California State Department of Corrections	2,915	1	6.99%	2,521	1	6.19%
Vacaville Unified School District	1,273	2	3.05%			-
Genentech	875	3	2.10%	350	6	0.86%
City of Vacaville	820	4	1.97%			-
Alza Corporation	750	5	1.80%	680	2	1.67%
State Compensation Insurance Co.	670	6	1.61%			-
Kaiser Permanente	600	7	1.44%	280	8	0.69%
NorthBay VacaValley Hospital	470	8	1.13%	219	10	0.54%
Simpson Dura-Vent	350	9	0.84%	250	9	0.61%
Travis Credit Union	311	10	0.75%	370	5	0.91%
Albertsons				550	3	1.35%
Hines Nursery, Inc				390	4	0.96%
Wal-Mart Stores, Inc				295	7	0.72%

**NOTES**

For Fiscal Year 1999/2000 the City of Vacaville did not include Vacaville Unified School District or itself as a major employer.

Source: State of California Employment Development Department

**Schedule 15**

**CITY OF VACAVILLE  
Full-time Equivalent City Government Employees by Function/Program  
Last Nine Fiscal Years**

<b>Full-time Equivalent Employees as of June 30,</b>									
<b>Function/Program</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
General Government									
City Attorney	4	4	4	4	4	4	4	4	4
City Manager	10	11	12	11	5	5	5	5	7
Finance	27	27	26	26	24	27	28	28	29
Human Resources	10	11	10	9	14	14	13	13	15
Information Technology	12	14	14	16	15	16	15	14	9
Community Development	14	21	22	26	22	24	25	22	27
Police Department	170	171	171	158	156	159	158	157	153
Fire Department	85	82	84	73	76	77	78	75	68
Community Services	16	20	20	20	17	20	20	20	23
Housing and Redevelopment	35	31	28	30	28	30	30	30	28
Public Works	<u>174</u>	<u>177</u>	<u>174</u>	<u>160</u>	<u>162</u>	<u>161</u>	<u>160</u>	<u>158</u>	<u>162</u>
Total	<u>557</u>	<u>569</u>	<u>565</u>	<u>533</u>	<u>523</u>	<u>537</u>	<u>536</u>	<u>526</u>	<u>525</u>

*The City of Vacaville has elected to show only nine years of data for this schedule.*

Schedule 16

CITY OF VACAVILLE  
 Operating Indicators by Function/Program  
 Last Eight Fiscal Years

Function/Program	Fiscal Year							
	2009	2008	2007	2006	2005	2004	2003	2002
Fire								
Emergency responses	8,360	8,155	7,812	7,554	6,677	6,445	6,434	*
Inspections	1,698	1,464	792	1,172	634	971	897	1,046
Parks and Recreation								
Number of recreation registrants	32,706	29,895	31,662	32,805	35,263	35,887	36,621	37,816
Number of facility rentals	780	910	852	733	759	677	648	707
Police Department								
Physical arrests	4,051	4,303	4,264	4,133	2,877	3,024	3,877	*
Parking citations issued	6,359	8,090	12,649	12,114	12,574	16,767	19,711	*
Public Works								
Street resurfacing (miles)	31.20	28.40	25.90	N/A	37.90	29.25	28.00	34.10
Potholes repaired	336	277	98	130	104	66	57	97
Transit								
Total revenue route miles	406,916	401,288	394,636	402,164	392,119	384,806	371,450	372,947
Passengers	302,461	280,691	222,367	211,280	211,609	241,522	260,055	214,102
Wastewater								
Average daily sewage treatment (million gallons per day)	8.45	8.45	8.25	9.97	9.20	8.70	8.10	8.60
Water								
New Connections (meter sets)	188	166	277	290	249	202	282	223
Average daily consumption (thousands gallons per day)	15,571	16,385.6	16,494.7	15,318.9	13,879.2	17,840.5	12,727.6	13,444.2

NOTES

N/A-Not available, this statistic is kept on calendar rather than a fiscal year basis.

\* Data not available

**Schedule 17**  
**CITY OF VACAVILLE**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
<b>Fire</b>										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Fire Engines	11	11	9	8	8	8	8	6	6	6
<b>Parks and Recreation</b>										
Parks	30	30	30	30	33	33	33	33	33	33
Park Acres	513	513	513	513	568	568	568	568	568	568
Special Community Facilities	6	6	6	6	6	6	6	6	6	6
Neighborhood Centers	11	11	11	11	11	9	9	9	9	9
<b>Police Department</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	114	122	123	103	103	100	98	98	94	103
Police Motorcycles	9	9	9	9	9	9	6	6	6	6
<b>Public Works</b>										
Streets (centerline miles)	238	237	237	231	230	227	227	225	222	220
Traffic Signals	69	69	69	67	64	64	64	62	60	53
<b>Transit Buses</b>										
Fixed Route	12	12	12	12	12	12	12	12	7	7
Special Services	6	6	6	6	5	5	5	5	5	5
<b>Wastewater</b>										
Sewers (miles)	233	232	231	226	224	221	221	219	217	211
Storm Drain (miles)	134	134	132	128	127	125	124	123	121	119
Treatment Plants	1	1	1	3	2	2	2	2	2	2
<b>Water</b>										
Water Mains (miles)	278	277	276	269	267	265	264	260	257	252
Fire hydrants	3,348	3,338	3,320	3,231	3,207	3,166	3,146	3,076	3,019	2,936
Reservoirs	8	8	8	8	8	7	7	7	7	7
Wells	13	13	13	12	12	11	11	10	10	10