

# City of Vacaville, California



Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2013

**CITY OF VACAVILLE, CALIFORNIA**  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2013



Prepared by: Department of Finance

**CITY OF VACAVILLE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

COUNCIL MEMBERS  
STEVE HARDY, Mayor  
DILENNA HARRIS, Vice Mayor  
RON ROWLETT  
CURTIS HUNT  
MITCH MASHBURN  
[www.cityofvacaville.com](http://www.cityofvacaville.com)

January 13, 2014

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, 2013.

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 Badawi & Associates, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2013. 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 City 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 former Vacaville Redevelopment Agency, Vacaville 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 99 of this CAFR.

**Local economy.** Originally founded as an agricultural and rail shipping area, Vacaville has developed substantial retail and commercial activity matched with solid, well-considered residential growth. Vacaville is strategically located in Solano County midway between Sacramento and San Francisco and is home to a little over 92,000 residents (including 7,800 prisoners housed in the California State Department of Corrections and Rehabilitation penal and medical facilities located in Vacaville). Vacaville's population is well educated, commutes an average of 24 minutes to work, and earns \$64,000 in median household income. The unemployment rate in Vacaville is one of the lowest in Solano County, and the city is home to the world's largest bio-manufacturing plant, Genentech, as well as several other life sciences and biotech companies. Vacaville is also home to many retail opportunities, from the Nut Tree, California's Legendary Road Stop, to the Vacaville Premium Outlets, which features stores such as Gucci, Coach, Kenneth Cole and many others.

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. 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. The housing market in Vacaville is fairly stable, with a nice mix of single family homes, apartments, and other forms of housing. Vacaville has an area of the city designated for seniors 55 and over, and recently celebrated the opening of a new senior housing project with more than 60 rooms at affordable rents. The housing stock has always been affordable, which is part of what makes this city so attractive to people raising a family.

**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.** To ensure the City can continue to provide in the future the same high quality infrastructure enjoyed by existing residents, the City annually updates its Capital Improvement Program (CIP) based upon the 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 2012/2013 totaled \$12.4 million. Funding comes from multiple sources, including existing funds; Successor Agency bond funds; utility operating and loan funds; and regional, state and federal grant funds. Water, wastewater and transportation infrastructure and funding plans are projected out over five to ten year horizons.

The City recently completed an \$80 million upgrade and expansion of its wastewater treatment plant. In April 2008, a new permit was issued by the State for the City's wastewater plant that requires advanced treatment including nitrate reduction and filtration (tertiary treatment). These advanced treatment mandates will require further major upgrades to the plant's processing equipment at an expected cost of approximately \$150 million. To finance the project, the City received a low-interest State Revolving Fund loan. The City has gained approval from ratepayers to initiate a series of rate increases over a five year period in order to pay for the mandated improvements. Likewise, in 2006 the City approved an eight-year financing plan for its water utility to ensure continued funding for ongoing operations and needed capital improvements. Even with these financing plans in place, Vacaville's monthly water and wastewater rates remain competitive with those in surrounding communities.

**Relevant financial policies.** The City Council has established a policy of maintaining an operating reserve in the General Fund equal to at least 15% of ongoing operating expenditures. This policy had not been met in past years due to the severe recession; however, fiscal year 2012/2013 saw one-time revenues which City Council designated to replenish reserves and revenue growth due to a newly approved sales tax which saw the City add in excess of \$8 million to its fund reserves. This addition in reserves has brought the City back in line with its General Fund reserve requirement which ended fiscal year 2012/13 at approximately 16.3%.

As noted above, it is the policy of the City to fund ongoing municipal services with ongoing revenues, without relying on the use of reserves or other one-time sources of funding. City voters approved a five year ¼-cent sales tax measure to help address the economic downturn and maintain service levels in November 2012, and the receipt of funds began in April 2013. This additional stabilizing revenue source will assist the City in maintaining current service levels and its reserve requirements in the coming years. It should be noted that absent the additional revenue from the new sales tax, the City would still be in an operating deficit and City Council will work to bring that balance back in place as the economy continues to recover.

In 2009, a trust fund was established with CalPERS to begin the process of pre-funding the City's Other Post-Employment Benefit ("OPEB") obligation with respect to retiree medical benefits. The OPEB trust is being funded via annual contributions from the City, its employees and retirees.

**Major initiatives.** Over the past five years, the City has taken significant and unprecedented steps to reduce General Fund spending, including: across the board departmental budget reductions; workforce reductions from layoffs and attrition; and working with employee groups to achieve significant savings from salary and benefit concessions. During the FY 2012/2013, the City began to see signs that the economy is recovering and revenues may begin to allow for some relief from these unprecedented steps. During FY 2013/2014, the City will monitor the economic improvement and begin to review what recovery steps may be appropriate to begin unwinding the steps that were necessary to prevent a financial calamity.

On November 6, 2012, the Citizens of Vacaville approved Measure M, which will provide a ¼-cent sales tax increase for five years to assist in stabilizing the General Fund and continue essential services. The sales tax revenue began to be collected on April 1, 2013. The City will be closely monitoring this new sales tax in 2013/2014 to ensure timely collection and gauge its impact on the City's overall financial health.

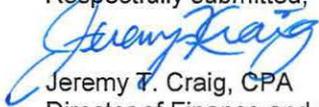
In Fiscal Year 2011/12, the State of California began its elimination of all Redevelopment Agencies in the State. The City has chosen to become the Successor Agency for the former Vacaville Redevelopment Agency and has begun the numerous steps necessary to complete the dissolution of the Agency. In Fiscal Year 2012/13 the Successor Agency completed most of the final steps of dissolution and transferred all uncommitted funds related to Redevelopment to Solano County for redistribution. In 2013/2014, the City will be addressing the disposition of assets of the former Redevelopment Agency.

#### **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, 2012. This was the twenty-second (22nd) 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.

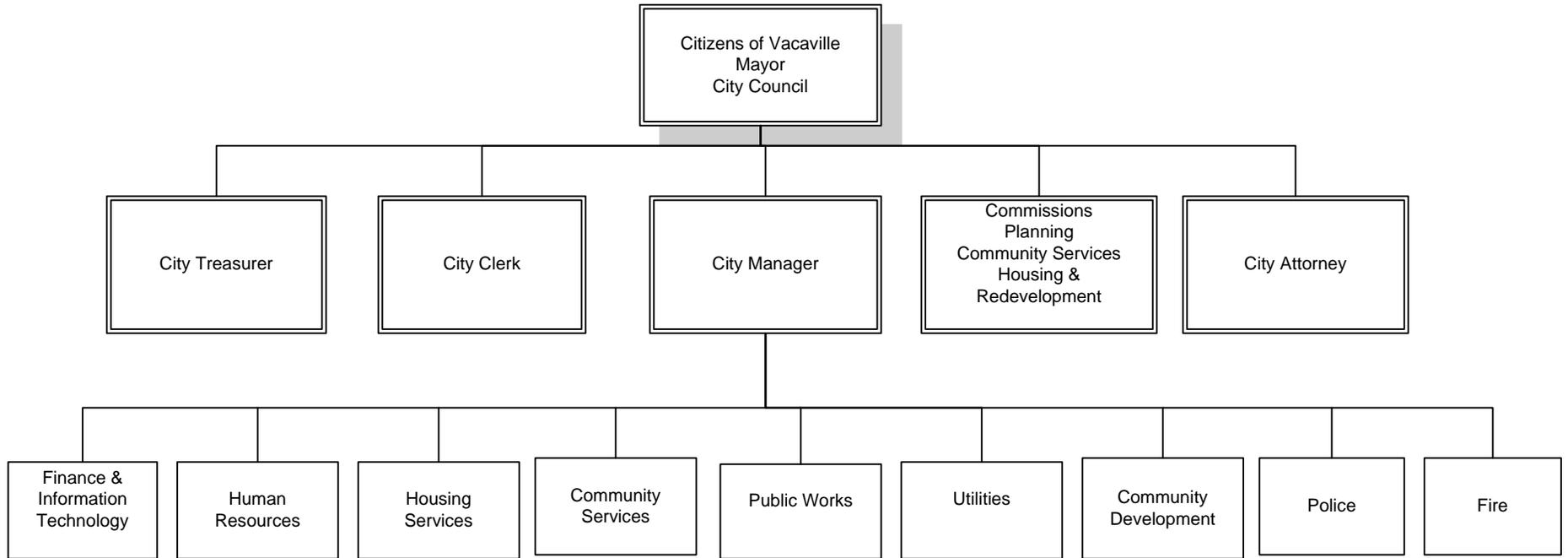
The preparation of this report would not have been possible without the highly professional and dedicated services of the entire staff of the Accounting Division, particularly the leadership of Davina Hatfield, Ken Matsuyama, Leslie Martin and Doris Ayala. Credit must also be given to the Mayor, City 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,



Jeremy T. Craig, CPA  
Director of Finance and Information Technology  
City of Vacaville

# City of Vacaville Organization Chart



**City of Vacaville  
List of Elected and Appointed Officials  
June 30, 2013**

Elected Officials

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

Steve Hardy  
Dilenna Harris  
Ron Rowlett  
Curtis Hunt  
Mitch Mashburn  
Jay Yerkes  
Michelle Thornbrugh

Appointed Officials

City Manager  
City Attorney  
Director of Finance and Information Technology  
Fire Chief  
Chief of Police  
Director of Public Works (Acting)  
Director of Community Development  
Director of Housing  
Director of Community Services  
Director of Human Resources  
Director of Utilities

Laura Kuhn  
Gerald Hobrecht  
Jeremy Craig  
Frank Drayton  
Richard Word  
Shawn Cunningham  
Maureen Carson  
Cyndi Johnston  
Kerry Walker  
Dawn Del Biaggio  
Royce Cunningham



Government Finance Officers Association

# 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, 2012**

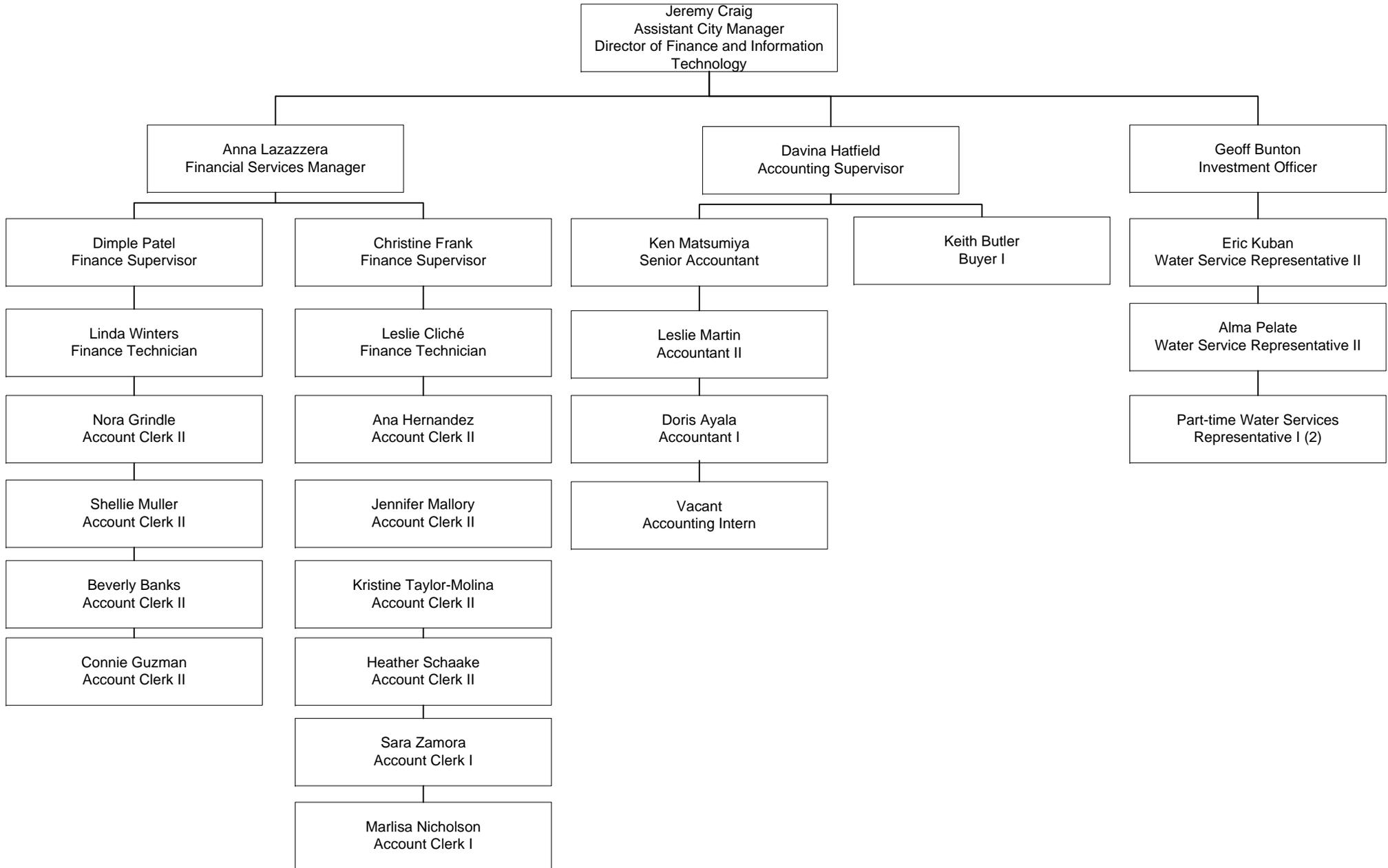
Executive Director/CEO

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, 2012. 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 twenty-two consecutive fiscal years ended June 30, 2012. 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 AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vacaville, California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City's equity in the North Bay Regional Water Treatment Plant, which represent 17 percent, 20 percent, and 5 percent, respectively, of the assets, net position, and revenues of the Water Utility Fund, and 5 percent, 7 percent, and 2 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City's equity in the North Bay Regional Water Treatment Plant, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9-18 and 99-105 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Mayor and Members of the City Council  
of the City of Vacaville  
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*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information on pages 109 to 115, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

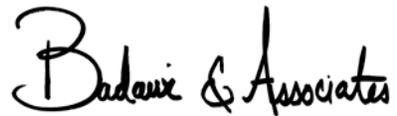
The combining and individual nonmajor fund financial statements, and budgetary comparison information on pages 109 to 115 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements, budgetary comparison information on pages 109 to 115 are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

To the Honorable Mayor and Members of the City Council  
of the City of Vacaville  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs  
Oakland, California  
January 13, 2014

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2013**  
(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, 2013. 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-iv of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### **Financial Highlights**

- Assets exceeded liabilities at June 30, 2013 by \$775,099 (*net position*). Of this amount, \$105,076 (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors. The remaining net position are *restricted* for specified purposes.
- Total net position increased by \$9,408 from the previous year. There was an increase in net position in governmental activities of \$1,977 related to the dissolution of the Redevelopment Agency and one-time revenues received from the County. See the notes to the financial statements for more information on the impact of the Redevelopment Agency dissolution. There was an increase in net position in business type activities of \$7,431 mainly from implementation of higher sewer rates, and increased total water consumption.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$26,505, an increase of \$10,562 in comparison with the prior year. This large decrease in fund balance was due to the reclassification of deferred inflows of resources related to housing loan programs. In accordance with the implementation of Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, fund balances are composed of three primary categories to increase the understanding of the availability of resources. The classifications establish a hierarchy based on the extent to which the City must observe constraints imposed upon the use of the resources that are reported. Applying governmental fund balances to the three primary categories the city has 2% categorized as Non-spendable, 68% as Restricted and 30% as Unrestricted (Committed, Assigned and Unassigned) fund balance.
- Total obligations for governmental activities increased by \$6,126 and total obligations for business-type activities increased by \$14,403.
- Total liabilities and deferred inflows of resources increased by \$20,795 (12.9%) 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 position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the excess of assets and deferred outflows over liabilities and deferred inflows reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2013**  
(Amounts expressed in thousands)

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The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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).

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 Housing Authority and Vacaville Public Financing 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 twelve 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, Successor Housing, Housing Assistance, and City 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 non-major governmental funds is provided in the form of *combining statements* and can be found on pages 109-115 of this report.

**CITY OF VACAVILLE**  
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(Amounts expressed in thousands)

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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.

The governmental fund financial statements can be found on pages 23-27 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 can be found on pages 117-120 of this report.

The basic proprietary fund financial statements can be found on pages 29-35 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 37-39 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 41-97 of this report.

**CITY OF VACAVILLE**  
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**Government-wide Financial Analysis**

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

	<b>GOVERNMENTAL ACTIVITIES</b>		<b>NET POSITION BUSINESS-TYPE ACTIVITIES</b>		<b>TOTAL</b>	
	<b>2013</b>	<b>2012</b> (as restated)	<b>2013</b>	<b>2012</b> (as restated)	<b>2013</b>	<b>2012</b> (as restated)
Current and other assets	\$ 106,941	\$ 92,399	\$ 93,178	\$ 99,546	\$ 200,119	\$ 191,945
Capital assets	433,177	439,349	323,991	295,790	757,168	735,139
Total assets	540,118	531,748	417,169	395,336	957,287	927,084
Total liabilities	65,210	59,084	116,712	102,309	181,922	161,393
Deferred inflows of resources	266	-	-	-	266	-
Net position:						
Net investment in capital assets	420,604	431,692	227,804	213,626	648,408	645,318
Restricted	19,306	27,189	2,309	-	21,615	27,189
Unrestricted	34,732	13,783	70,344	79,401	105,076	93,184
Total Net Position	\$ 474,642	\$ 472,664	\$ 300,457	\$ 293,027	\$ 775,099	\$ 765,691

As noted earlier, the City's assets exceeded liabilities and deferred inflows of resources by \$775,099 at June 30, 2013, an increase of \$9,408 from June 30, 2012. By far the largest portion of net position (83%) reflects the City's investment in capital assets (i.e., land, buildings, equipment, vehicles 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 3% of net position represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position (14%) may be used to meet the City's ongoing obligations to its citizens and creditors.

Total net position increased by \$9,408 during the current fiscal year, which reflects a \$1,977 increase in governmental activities and a \$7,431 increase in business type activities mainly from implementation of higher sewer rates and increase total water consumption.

Following is a condensed summary of activities of the City's governmental and business type operations for the period ended June 30, 2013, 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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<b>CITY OF VACAVILLE'S CHANGES IN NET POSITION</b>							
(Expressed in Thousands of Dollars)							
	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL</u>		
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
<b>REVENUES:</b>							
Program Revenues:							
Charges for services	\$ 14,340	\$ 13,470	\$ 45,530	\$ 40,509	\$ 59,870	\$ 53,979	
Operating grants & contributions	14,339	15,330	2,247	2,108	16,586	17,438	
Capital grants & contributions	5,947	4,205	6,468	3,407	12,415	7,612	
General Revenues:							
Taxes:							
Property taxes	31,805	43,463	91	91	31,896	43,554	
Sales taxes	17,595	15,766	-	-	17,595	15,766	
Franchise taxes	3,471	2,461	-	-	3,471	2,461	
Transient lodging tax	1,067	986	-	-	1,067	986	
Business license tax	315	292	-	-	315	292	
Excise tax	2,322	2,302	-	-	2,322	2,302	
Gasoline tax	2,211	2,717	-	-	2,211	2,717	
Vehicle license taxes	41	-	-	-	41	-	
Unrestricted capital contributions	1,165	2,271	1,045	1,172	2,210	3,443	
Interest and other	11,853	1,264	1,373	386	13,226	1,650	
Total revenues	<u>106,471</u>	<u>104,527</u>	<u>56,754</u>	<u>47,673</u>	<u>163,225</u>	<u>152,200</u>	
Expenses:							
Governmental activities:							
General government	8,439	6,803	-	-	8,439	6,803	
Public safety	46,731	46,439	-	-	46,731	46,439	
Public works	23,099	19,978	-	-	23,099	19,978	
Community services	11,602	12,423	-	-	11,602	12,423	
Housing	14,424	14,637	-	-	14,424	14,637	
Redevelopment	-	11,981	-	-	-	11,981	
Interest on long-term debt	231	1,582	-	-	231	1,582	
Business-type activities:							
Sewer	-	-	23,502	23,792	23,502	23,792	
Water	-	-	21,731	16,637	21,731	16,637	
Transit	-	-	4,058	4,064	4,058	4,064	
Total expenses	<u>104,526</u>	<u>113,843</u>	<u>49,291</u>	<u>44,493</u>	<u>153,817</u>	<u>158,336</u>	
Increase (decrease) in net position before transfers	1,945	(9,316)	7,463	3,180	9,408	(6,136)	
Transfers	<u>32</u>	<u>1,095</u>	<u>(32)</u>	<u>(1,095)</u>	<u>-</u>	<u>-</u>	
Increase (decrease) in net position	1,977	(8,221)	7,431	2,085	9,408	(6,136)	
Prior period adjustment (Note 18)	(668)	(2,111)	(1,226)	703	(1,894)	(1,408)	
Extraordinary loss	-	(22,403)	-	-	-	(22,403)	
Net position - July 1, 2012	<u>473,333</u>	<u>505,399</u>	<u>294,252</u>	<u>290,239</u>	<u>767,585</u>	<u>795,638</u>	
Net position - June 30, 2013	<u>\$ 474,642</u>	<u>\$ 472,664</u>	<u>\$ 300,457</u>	<u>\$ 293,027</u>	<u>\$ 775,099</u>	<u>\$ 765,691</u>	

**CITY OF VACAVILLE**  
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**Governmental activities.** Governmental activities increased the City's net position by \$1,977. Net position decreased by \$32,735 during the previous fiscal year. Key elements of this year's activity in relation to the prior year are as follows:

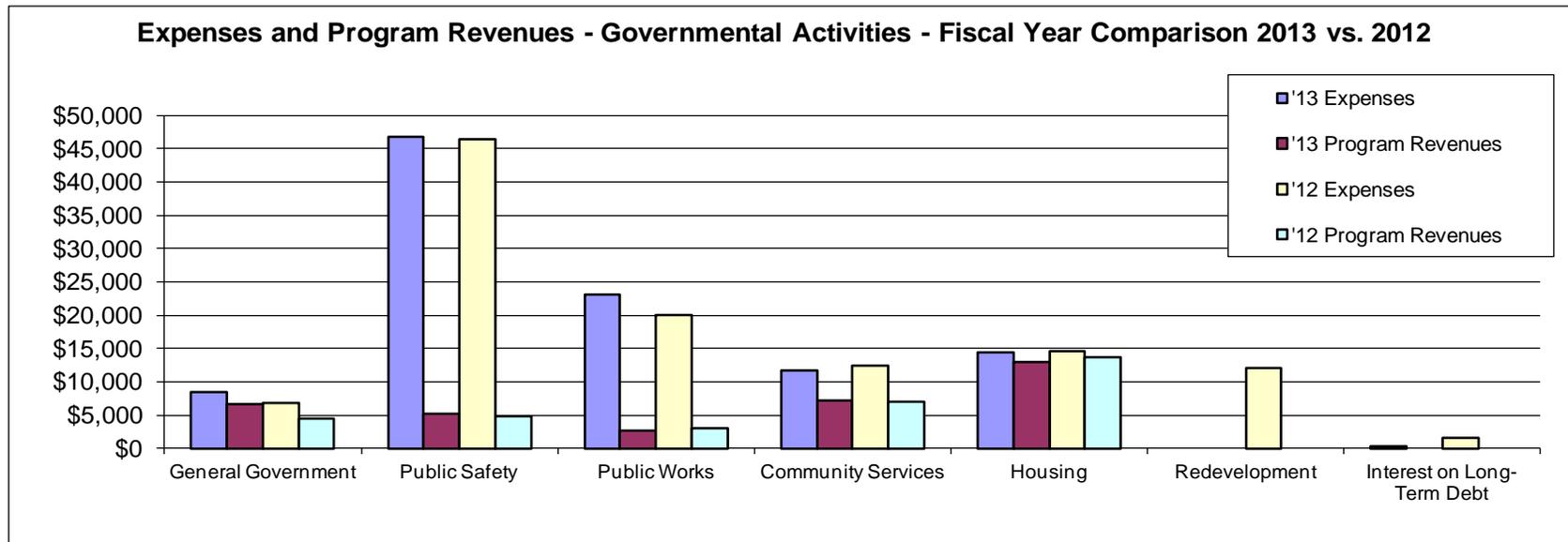
**Revenues:**

Overall, revenues in 2013 were down \$8,645 (8%) compared with 2012 primarily due to the dissolution of the Redevelopment Agency and its associated property tax revenues. As a result of the dissolution of the Redevelopment Agency in 2012, the City received a one-time settlement of \$4.4 million. In addition to the Redevelopment Agency settlement, the City received an administrative fee refund of \$722 from Solano County. The settlements contributed to the increase in net position.

- Property taxes decreased \$11,658 in 2013, principally due to the Redevelopment Agency dissolution in 2012, which resulted in no property taxes received for the year.
- Sales tax revenue was up 11.6% from the previous year. Vacaville experienced an increase in sales tax revenue primarily related to the increase in general consumer goods, fuel and auto sales. The approval of Measure M attributed to the increased sales tax by increasing the sales tax rate one-quarter percent for the City.
- Interest earnings decreased by \$291 due to historically low investment yields. The City's governmental and business-type activities combined cash portfolio decreased by \$6.3 million and the low interest rates reduced potential investment yields.

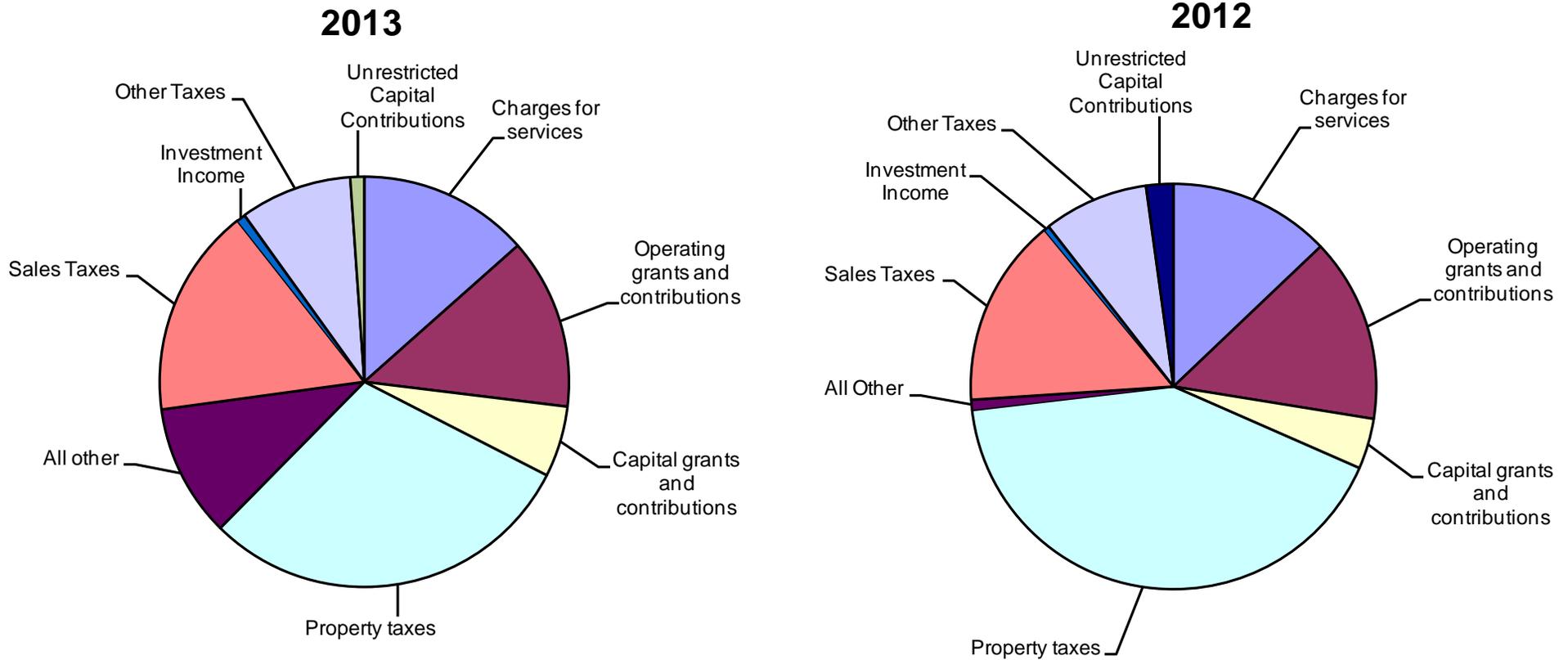
**Expenses:**

- While significant variances between years exist for the various expense functions, the total net decrease was approximately \$9.3 million. The most significant reduction was due to the Redevelopment Agency's dissolution which eliminated all of its expenses for the year.



**CITY OF VACAVILLE**  
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**Revenues by Source – Governmental Activities – Fiscal Year Comparison**

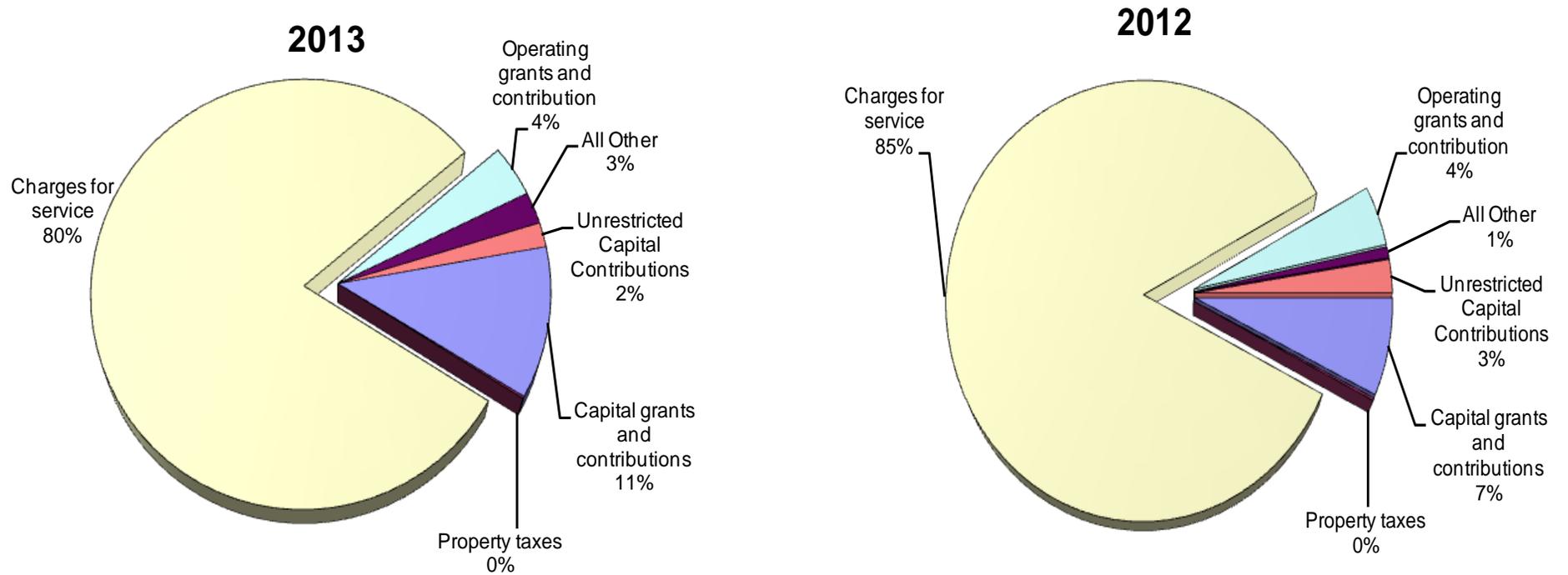


**CITY OF VACAVILLE**  
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**Business-type activities.** Business-type activities increased the City's net position by \$7,431. By way of comparison, the net position of business type activities increased by \$2,788 in 2012. Key elements of 2013 increase in net position 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) increased \$3,061 in the current year to \$6,468.
- The total increase in expenses for business-type activities was \$4,798. The purchase and installation of new radio-read water meters contributed to this significant increase in expenses.

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

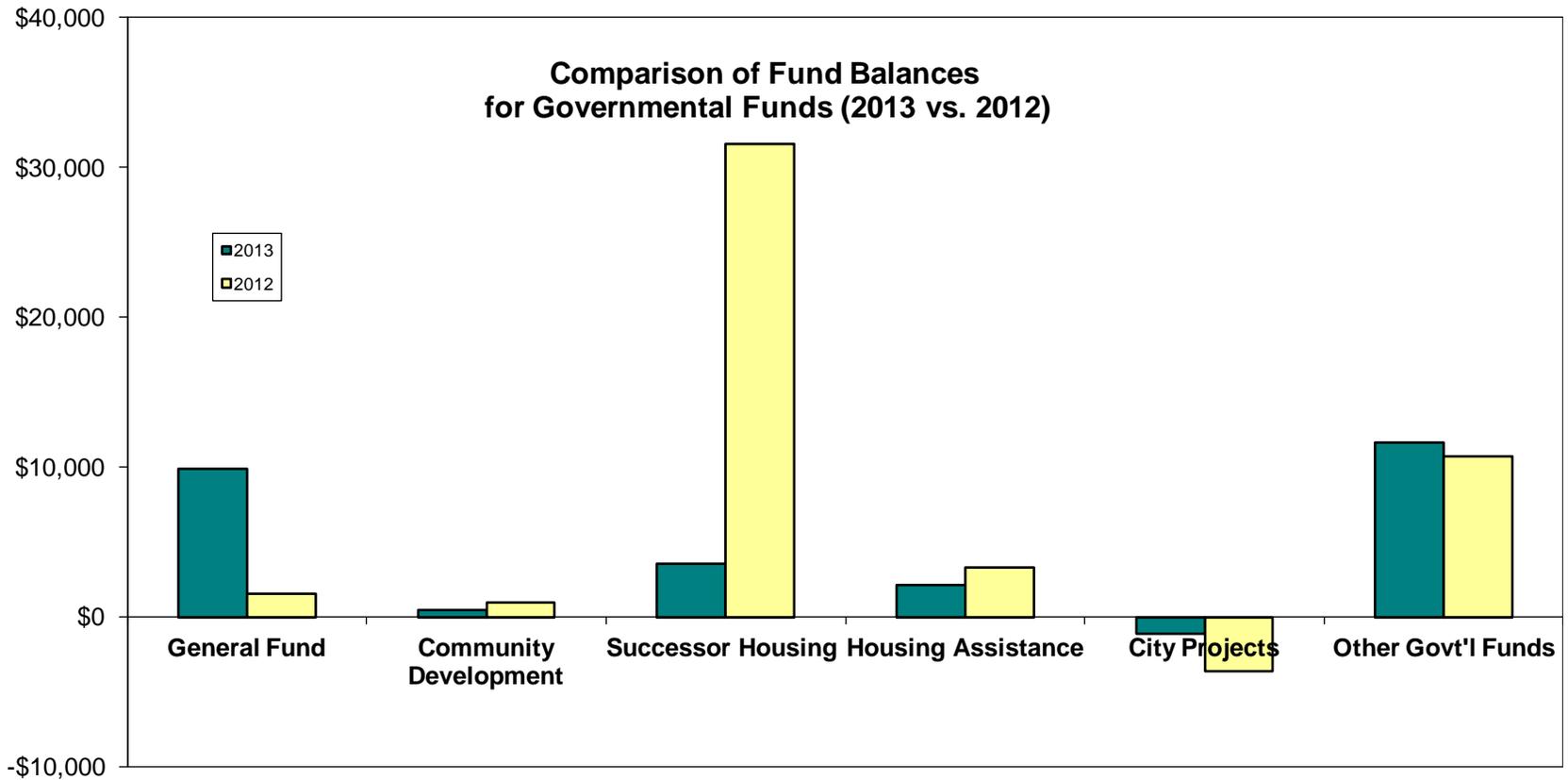


**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2013**  
(Amounts expressed in thousands)

**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, the fund balance classification for *unrestricted fund balance* including; Committed-internally imposed restrictions set by formal action of the city council, Assigned-intended to be used for specific purposes that are neither restricted or committed, and Unassigned-positive fund balance within the general fund which has not been classified and negative fund balances from other governmental funds, 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 2013 and 2012 fund balances for the City's General, Community Development, Successor Housing, Housing Assistance, City Projects, and Other Governmental Funds. As noted earlier, the City of Vacaville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.



**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2013**  
(Amounts expressed in thousands)

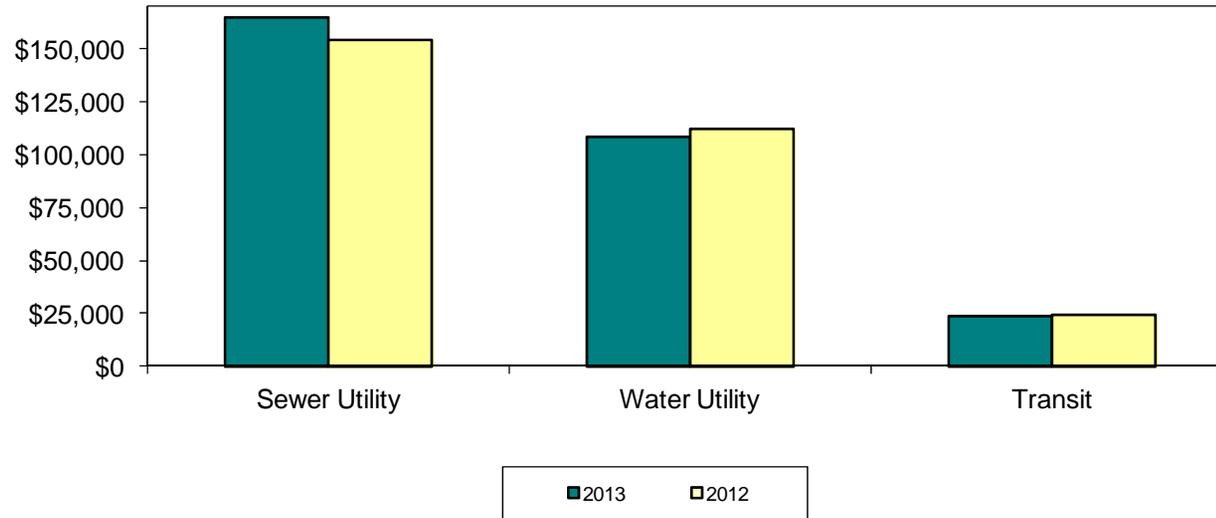
As of June 30, 2013, the City's governmental funds reported combined ending fund balances of \$26,505 an increase of \$10,562 in comparison with the prior year. The majority of fund balance is either *Non-spendable* to indicate that it is not available for future spending because it is not in spendable form or is legally required to be maintained, or *Restricted* to indicate there are spending constraints externally imposed on the city for specific purposes.

The General Fund is the primary operating fund of the City. At June 30, 2013, fund balance, including Committed, Assigned and Unassigned, of the General Fund was \$9,864. This amount can be viewed as the City's emergency operating reserve and is often measured as a percent of ongoing operating expenditures. The fund balance of the City's General Fund increased by \$8,303 during the current fiscal year. The increase in fund balance was related to one-time settlements received as a result of the Redevelopment Agency dissolution, administrative fees refunded from the County and a decrease in expenditures.

The City Projects fund has a total fund balance of (\$1,115). The utilization of restricted cash contributed to the increase in fund balance from the prior year.

**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 2013 and 2012 net position balances for the City's Sewer, Water and Transit Funds.

**Comparison of Net Position  
for Proprietary Funds (2013 vs. 2012)**



Unrestricted net position at the end of the year amounted to \$30,275 for the sewer utility and \$37,893 for the water utility. Due to the subsidized nature of transportation, the transit operating funds have negative unrestricted net position at year end. The increase in net position for sewer operations was \$10,469 and the decrease in water operations was \$2,233 respectively. The decrease in total net position for transit operations was \$805. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

**CITY OF VACAVILLE**  
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(Amounts expressed in thousands)

**General Fund Budgetary Highlights**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
Total revenues	\$ 58,540	\$ 63,822	\$ 69,207	\$ 5,385
Expenditures:				
General government	6,006	6,133	5,049	1,084
Public safety	43,948	44,244	43,402	842
Public Works	4,749	4,806	4,525	281
Community services	7,741	7,791	7,249	542
Debt service	<u>374</u>	<u>374</u>	<u>304</u>	<u>70</u>
Total expenditures	62,818	63,348	60,529	2,819
Revenue over (under) expenditures	(4,278)	474	8,678	8,204
Other financing sources (uses)	<u>(1,005)</u>	<u>(1,505)</u>	<u>(375)</u>	<u>1,130</u>
Net change in fund balance	<u>\$ (5,283)</u>	<u>\$ (1,031)</u>	8,303	<u>\$ 9,334</u>
Beginning fund balance			<u>1,561</u>	
Ending fund balance			<u>\$ 9,864</u>	

Final budgeted expenditures were more than the original budgeted expenditures by \$530. The reason for this increase can be summarized as follows:

- Grant related budgets are recorded when grants are awarded and approved by council, therefore not included in the original budget.
- Technology related projects in progress.

Actual amounts differed from the Final budget as follows:

- Actual revenues were about 8.44% more than the budget. This was primarily due to higher than anticipated property tax revenues, the additional ¼ cent sales tax, and the one-time revenues received from the dissolution of the Redevelopment Agency and the reimbursement of administrative fees from the County.
- Actual expenditures were \$2.8 million below budget for the year. This favorable variance was mainly due to department expenditure reductions in personnel, services and supplies.
- The net effect of all of the above was a favorable variance from the amounts budgeted of \$9,334.

**CITY OF VACAVILLE**  
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(Amounts expressed in thousands)

**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, 2013, amounted to \$757,168 (net of accumulated depreciation). This investment includes land, buildings and improvements, park facilities, equipment, vehicles, roads and bridges. The total increase in the City's net investment in capital assets for the current fiscal year was \$22,029, (\$6,172) for governmental activities, including internal service funds and an increase of \$28,201 for business type activities).

**CAPITAL ASSETS**

(net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2013	2012	2013	2012	2013	2012
Land	\$ 198,003	\$ 198,003	\$ 9,742	\$ 9,742	\$ 207,745	\$ 207,745
Buildings and improvements	35,142	36,314	155,746	159,041	190,888	195,355
Equipment	1,977	1,295	5,395	6,050	7,372	7,345
Vehicles	3,113	3,155	1,073	1,257	4,186	4,412
Infrastructure	190,395	195,503	73,087	69,278	263,482	264,781
Software	105	-	-	-	105	-
Construction in progress	<u>4,442</u>	<u>5,079</u>	<u>78,948</u>	<u>50,422</u>	<u>83,390</u>	<u>55,501</u>
Total	<u>\$ 433,177</u>	<u>\$ 439,349</u>	<u>\$ 323,991</u>	<u>\$ 295,790</u>	<u>\$ 757,168</u>	<u>\$ 735,139</u>

Major capital asset events during the current fiscal year included completion of the Ulatis Creek Bike Path, Energy Efficiency related improvements including interior and exterior lighting retrofits throughout the City. Construction-in-progress for business-type activities most significantly reflects amounts spent on the four phases of the Tertiary Project, Planning, Denitrification Improvements, Laboratory Expansion and the Filtration Improvements. In addition to the Tertiary project, a majority of water meters were replaced with radio-read water meters.

Additional information on the City's capital assets can be found in Note 5 on pages 57-61.

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

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**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$108,761. Of this amount, 108,761 comprises debt backed by the full faith and credit of the government.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Capital lease obligations	\$ 10,520	\$ 3,264	\$ 7,294	\$ 363	\$ 17,814	\$ 3,627
Certificates of participation	1,175	2,285	-	-	1,175	2,285
Loans payable	<u>878</u>	<u>2,777</u>	<u>88,894</u>	<u>81,801</u>	<u>89,772</u>	<u>84,578</u>
<b>Total</b>	<b><u>\$ 12,573</u></b>	<b><u>\$ 8,326</u></b>	<b><u>\$ 96,188</u></b>	<b><u>\$ 82,164</u></b>	<b><u>\$ 108,761</u></b>	<b><u>\$ 90,490</u></b>

The City's total debt increased by \$18,271 during the current fiscal year, due primarily to the Energy Efficiency improvements (see more detail in Note 6 to the financial statements). Increases in Business-type activity are due to construction loans incurred in the construction of the Tertiary Sewer Treatment Plant as well as Energy Efficiency improvements.

Additional information on the City's long-term debt can be found in Note 6 on pages 61-77 of this report.

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

The sluggish recovery in the State of California continues to have a dampening effect on municipal revenues. While the City has taken major steps over the past six years to reduce spending, the decline in operating revenue (primarily sales taxes and property taxes) continued to outpace those efforts. In response to this ongoing fiscal stress, the City asked the voters to approve a temporary (five year) one-quarter cent sales tax which was passed by the voters in November of 2012. This new revenue source will stabilize the City's General Fund and is projected to create budget surpluses to begin replenishing the City's emergency reserve which has been depleted during the economic downturn.

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
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The two largest sources of revenue for the General Fund are property tax and sales tax, accounting for over half of operating revenues. Property tax revenue is projected to increase 5.3% in FY 2013-2014, while sales tax (including Measure M) is projected to grow by about 16.9%. (Note that even though sales tax is expected to increase next year, it remains well below the level received prior to the economic downturn.) While the budget assumes a small operating deficit in fiscal year 2013-2014, serious threats remain:

- If the economic recovery stalls, there could be further negative impacts on sales and property taxes as well as development related revenues.
- A continuation of the State budget crisis could result in further raids on local municipal revenues.
- Further reduction in Medicare/Medical reimbursement rates would result in lower Emergency Medical Services revenue.
- Further declines in investment yields would translate to reduced investment earnings.
- Rising costs of PERS rates

Utilities:

Following the process prescribed by state law, the City in 2010 approved a multi-year rate increase to cover the increased maintenance and debt service related to a \$150 million wastewater treatment project intended to provide advanced treatment and filtration processes. This advanced treatment is new requirement stemming from the City's most recent state permit to operate the wastewater treatment facility. The funding plan includes rate increases of 11.1% in the first year (2010), followed by a 15% increase in each of the next three years, and a 7.5% in the fifth year.

Housing and Redevelopment:

The State of California took legislative action to dissolve all Redevelopment Agencies in the State effective February 1, 2012. In addition to the loss of funding for critical economic development, public safety and infrastructure programs, twenty percent of all Redevelopment revenues were dedicated to Housing programs. While City staff has been overwhelmed with the work required to comply with the dissolution actions, there are currently no programs in place to provide funding for economic or housing programs outside of grant programs. The lack of these vital programs could negatively impact the City in future years if the State Legislature does not create alternative programs to address these community needs.

**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.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**CITY OF VACAVILLE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

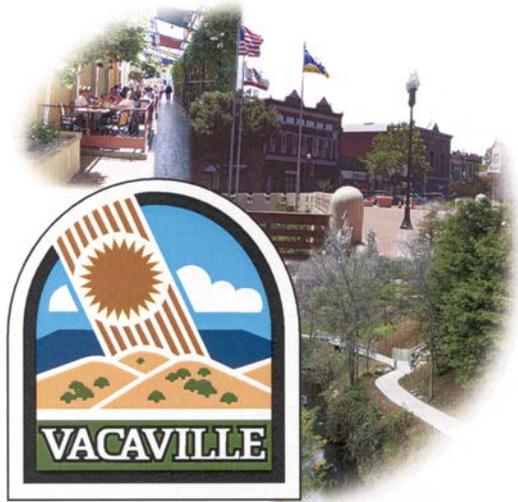
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and investments	\$ 37,648,743	\$ 56,318,565	\$ 93,967,308
Receivables, net of allowance for uncollectibles:			
Interest	299,847	-	299,847
Taxes	4,895,737	-	4,895,737
Accounts	8,520,241	11,230,372	19,750,613
Loans	39,290,022	-	39,290,022
Inventories	129,289	-	129,289
Internal balances	(2,009,812)	2,009,812	-
Restricted cash and investments	14,396,895	2,309,377	16,706,272
Deposits	458,510	-	458,510
Investment in joint venture	-	21,310,086	21,310,086
Due from RDA Successor Agency	3,312,665	-	3,312,665
Capital assets:			
Capital assets, non-depreciable	202,444,738	88,690,620	291,135,358
Capital assets, net of accumulated depreciation	230,731,934	235,300,662	466,032,596
Total capital assets	433,176,672	323,991,282	757,167,954
Total assets	540,118,809	417,169,494	957,288,303
<b>LIABILITIES</b>			
Accounts payable and contract payable	3,563,181	6,791,367	10,354,548
Accrued payroll	2,433,308	473,588	2,906,896
Interest payable	149,863	139,072	288,935
Employee benefits payable	205,207	-	205,207
Deposits payable	13,284,995	8,815,421	22,100,416
Due to other governments	-	233,230	233,230
Unearned revenue	2,233,653	107,532	2,341,185
Long-term payable to trust fund	9,955,146	-	9,955,146
Remediation liability-due in more than a year	-	1,355,000	1,355,000
Net OPEB obligation	6,699,837	1,550,636	8,250,473
Compensated absences			
Due within one year	772,107	195,829	967,936
Due in more than one year	7,446,439	862,668	8,309,107
Claims payable			
Due within one year	1,837,000	-	1,837,000
Due in more than one year	4,057,000	-	4,057,000
Long-term liabilities			
Due within one year	1,852,015	3,614,668	5,466,683
Due in more than one year	10,720,742	92,573,270	103,294,012
<b>Total liabilities</b>	<b>65,210,493</b>	<b>116,712,281</b>	<b>181,922,774</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Grants received in advance	266,265	-	266,265
<b>Total deferred inflows of resources</b>	<b>266,265</b>	<b>-</b>	<b>266,265</b>
<b>NET POSITION</b>			
Net investment in capital assets	420,603,915	227,803,344	648,407,259
Restricted for:			
Capital projects	7,281,604	2,309,377	9,590,981
Debt service	1,245,099	-	1,245,099
Highway and streets	3,840,734	-	3,840,734
Housing	5,344,537	-	5,344,537
Special programs	1,594,382	-	1,594,382
Total restricted	19,306,356	2,309,377	21,615,733
Unrestricted	34,731,780	70,344,492	105,076,272
<b>Total net position</b>	<b>\$ 474,642,051</b>	<b>\$ 300,457,213</b>	<b>\$ 775,099,264</b>

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTALS	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS
<b>Governmental activities:</b>								
General government	\$ 8,438,661	\$ 3,026,575	\$ 20,694	\$ 3,660,000	\$ 6,707,269	\$ (1,731,392)	\$ -	\$ (1,731,392)
Public safety	46,731,101	3,673,270	1,321,784	121,458	5,116,512	(41,614,589)	-	(41,614,589)
Public works	23,099,132	485,848	16,744	2,166,026	2,668,618	(20,430,514)	-	(20,430,514)
Community services	11,601,595	6,225,648	966,349	-	7,191,997	(4,409,598)	-	(4,409,598)
Housing	14,424,643	928,899	12,013,739	-	12,942,638	(1,482,005)	-	(1,482,005)
Interest on long-term debt	231,019	-	-	-	-	(231,019)	-	(231,019)
Total governmental activities	104,526,151	14,340,240	14,339,310	5,947,484	34,627,034	(69,899,117)	-	(69,899,117)
<b>Business-type activities:</b>								
Sewer	23,501,856	29,017,036	-	4,079,253	33,096,289	-	9,594,433	9,594,433
Water	21,730,947	16,010,437	-	2,388,945	18,399,382	-	(3,331,565)	(3,331,565)
Transit	4,058,566	502,076	2,247,442	-	2,749,518	-	(1,309,048)	(1,309,048)
Total business-type activities	49,291,369	45,529,549	2,247,442	6,468,198	54,245,189	-	4,953,820	4,953,820
<b>Total primary government</b>	<b>\$ 153,817,520</b>	<b>\$ 59,869,789</b>	<b>\$ 16,586,752</b>	<b>\$ 12,415,682</b>	<b>\$ 88,872,223</b>	<b>(69,899,117)</b>	<b>4,953,820</b>	<b>(64,945,297)</b>
<b>General revenues:</b>								
Taxes:								
Property taxes						31,804,944	90,544	31,895,488
Sales						17,595,469	-	17,595,469
Franchise taxes						3,470,598	-	3,470,598
Transient lodging tax						1,066,577	-	1,066,577
Business license tax						315,174	-	315,174
Excise tax						2,322,076	-	2,322,076
Gasoline tax						2,210,918	-	2,210,918
Vehicle license taxes						41,282	-	41,282
Subtotal taxes						58,827,038	90,544	58,917,582
Investment income						728,138	96,992	825,130
Unrestricted capital contributions						1,165,078	1,044,984	2,210,062
AB 1484 County distribution						4,482,226	-	4,482,226
Miscellaneous						6,642,038	1,276,435	7,918,473
Transfers						32,092	(32,092)	-
<b>Total general revenues and transfers</b>						<b>71,876,610</b>	<b>2,476,863</b>	<b>74,353,473</b>
<b>Change in net position</b>						<b>1,977,493</b>	<b>7,430,683</b>	<b>9,408,176</b>
<b>Net position, beginning of year</b>						<b>473,332,699</b>	<b>294,252,273</b>	<b>767,584,972</b>
<b>Prior period adjustment (Note 18)</b>						<b>(668,141)</b>	<b>(1,225,743)</b>	<b>(1,893,884)</b>
<b>Net position, beginning of year as restated</b>						<b>472,664,558</b>	<b>293,026,530</b>	<b>765,691,088</b>
<b>Net position, end of year</b>						<b>\$ 474,642,051</b>	<b>\$ 300,457,213</b>	<b>\$ 775,099,264</b>

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.

### **SUCCESSOR HOUSING**

Formerly accounted 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. Upon dissolution of the Redevelopment Agency, the City will continue to use these funds for low and moderate housing purposes.

### **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 for the rehabilitation for rental property. Funds are received from the U.S. Department of Housing and Urban Development's Section 8 Voucher Housing Programs and State Rehabilitation Programs.

### **CITY PROJECTS**

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

### **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, 2013**

	MAJOR FUNDS					OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	COMMUNITY DEVELOPMENT	SUCCESSOR HOUSING	HOUSING ASSISTANCE	CITY PROJECTS		
<b>ASSETS</b>							
Cash and investments	\$ 9,167,035	\$ 438,879	\$ 498,664	\$ 2,359,585	\$ 9,416,393	\$ 9,809,566	\$ 31,690,122
Receivables:							
Interest	298,589	-	-	-	280	978	299,847
Taxes	4,714,792	-	-	-	133,682	47,263	4,895,737
Accounts	2,229,782	179,951	12,801	55,258	5,741,559	300,890	8,520,241
Loans	-	11,354,449	27,377,638	300,000	257,935	-	39,290,022
Restricted cash and investments held by fiscal agent	-	-	-	-	5,863,671	8,504,171	14,367,842
Due from other funds	340	-	-	-	-	-	340
Deposits	289,799	-	-	-	-	-	289,799
Advances to other funds	234,407	-	-	-	-	-	234,407
Due from RDA Successor Agency	-	-	3,118,743	-	193,922	-	3,312,665
<b>Total assets</b>	<b>\$ 16,934,744</b>	<b>\$ 11,973,279</b>	<b>\$ 31,007,846</b>	<b>\$ 2,714,843</b>	<b>\$ 21,607,442</b>	<b>\$ 18,662,868</b>	<b>\$ 102,901,022</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts and contract payable	\$ 720,260	\$ 2,190	\$ 5,591	\$ 4,428	\$ 2,534,281	\$ 172,599	\$ 3,439,349
Accrued payroll	2,079,707	2,261	13,551	39,237	49,514	161,942	2,346,212
Due to other funds	-	-	-	-	-	340	340
Deposits payable	3,641,194	898	60,355	266,347	4,748,892	4,565,474	13,283,160
Unearned revenue	243,994	50,713	-	-	-	1,938,946	2,233,653
Due to RDA Successor Agency	-	75,800	-	-	9,879,346	-	9,955,146
Advances from other funds	329,395	-	-	-	1,914,824	-	2,244,219
<b>Total liabilities</b>	<b>7,014,550</b>	<b>131,862</b>	<b>79,497</b>	<b>310,012</b>	<b>19,126,857</b>	<b>6,839,301</b>	<b>33,502,079</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Grants received in advance	55,695	-	-	-	-	210,570	266,265
Deferred development impact fees	-	-	-	-	3,337,756	-	3,337,756
Deferred revenue offset by loan receivable	-	11,354,449	27,377,638	300,000	257,934	-	39,290,021
<b>Total deferred inflows of resources</b>	<b>55,695</b>	<b>11,354,449</b>	<b>27,377,638</b>	<b>300,000</b>	<b>3,595,690</b>	<b>210,570</b>	<b>42,894,042</b>
<b>Fund Balances:</b>							
Nonspendable	234,407	-	-	-	193,922	-	428,329
Restricted	142,841	486,968	3,550,711	2,104,831	-	11,612,997	17,898,348
Assigned	1,419,211	-	-	-	-	-	1,419,211
Unassigned	8,068,040	-	-	-	(1,309,027)	-	6,759,013
<b>Total fund balances</b>	<b>9,864,499</b>	<b>486,968</b>	<b>3,550,711</b>	<b>2,104,831</b>	<b>(1,115,105)</b>	<b>11,612,997</b>	<b>26,504,901</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 16,934,744</b>	<b>\$ 11,973,279</b>	<b>\$ 31,007,846</b>	<b>\$ 2,714,843</b>	<b>\$ 21,607,442</b>	<b>\$ 18,662,868</b>	<b>\$ 102,901,022</b>

See accompanying Notes to Basic Financial Statements.

# CITY OF VACAVILLE

## RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET WITH THE STATEMENT OF NET POSITION JUNE 30, 2013

**TOTAL FUND BALANCES- TOTAL GOVERNMENTAL FUNDS** \$ 26,504,901

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

### **CAPITAL ASSETS**

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds Balance Sheet net of internal service funds (Central Services & Technology Replacement) capital assets of \$1,253,688. 431,922,984

### **ALLOCATION OF INTERNAL SERVICE FUND NET POSITION**

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 Position. 531,559

### **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 liability	(6,699,837)
Long-term debt	(11,876,924)
Compensated absences	(8,218,546)
Interest payable	(149,863)

### **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. 42,627,777

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 474,642,051

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, 2013**

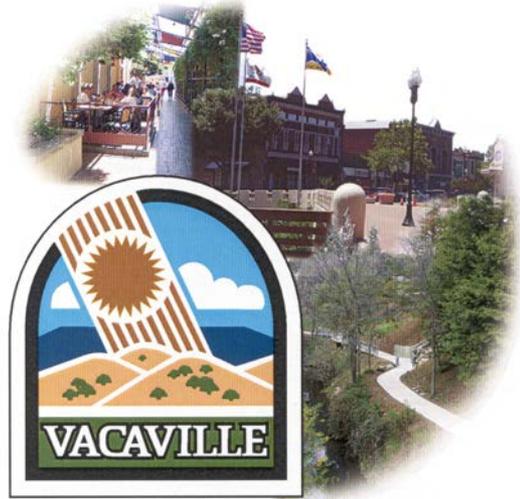
	GENERAL	COMMUNITY DEVELOPMENT	SUCCESSOR HOUSING	HOUSING ASSISTANCE	CITY PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>							
Taxes and fees	\$ 54,918,347	\$ -	\$ -	\$ -	\$ 3,660,000	\$ 4,332,127	\$ 62,910,474
Licenses and permits	209,761	-	-	-	-	1,002,559	1,212,320
Investment income	965,799	308	54,955	4,104	-	82,514	1,107,680
Intergovernmental	157,087	620,743	-	12,908,892	3,679,557	2,385,767	19,752,046
Charges for services	7,360,342	-	-	49,837	-	1,423,531	8,833,710
Fines, forfeitures, and penalties	136,965	-	-	-	-	215,502	352,467
AB 1484 County distribution	4,482,226	-	-	-	-	-	4,482,226
Other	976,634	10,990	308,944	129,079	981,345	257,806	2,664,798
<b>Total revenues</b>	<b>69,207,161</b>	<b>632,041</b>	<b>363,899</b>	<b>13,091,912</b>	<b>8,320,902</b>	<b>9,699,806</b>	<b>101,315,721</b>
<b>EXPENDITURES:</b>							
Current:							
General government	5,048,598	-	-	-	-	2,531,862	7,580,460
Public safety	43,402,418	-	-	-	-	1,465,642	44,868,060
Public works	4,525,427	-	-	-	223,462	1,244,566	5,993,455
Community services	7,249,483	632,466	-	21,443	-	3,162,259	11,065,651
Housing	-	-	547,423	13,965,333	-	7,157	14,519,913
Capital outlay	-	-	-	-	9,711,684	-	9,711,684
Debt service:							
Principal	262,907	-	-	-	2,070,031	1,110,000	3,442,938
Interest and fiscal charges	40,663	-	2,483	-	404,641	93,627	541,414
<b>Total expenditures</b>	<b>60,529,496</b>	<b>632,466</b>	<b>549,906</b>	<b>13,986,776</b>	<b>12,409,818</b>	<b>9,615,113</b>	<b>97,723,575</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>8,677,665</b>	<b>(425)</b>	<b>(186,007)</b>	<b>(894,864)</b>	<b>(4,088,916)</b>	<b>84,693</b>	<b>3,592,146</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in	2,683,843	-	107,252	-	336,427	2,691,428	5,818,950
Transfers out	(3,061,311)	(107,252)	-	-	(755,331)	(1,921,719)	(5,845,613)
Sale of capital assets	2,756	-	-	-	-	-	2,756
Issuance of debt and loans	-	-	-	-	6,993,972	-	6,993,972
<b>Total other financing sources (uses)</b>	<b>(374,712)</b>	<b>(107,252)</b>	<b>107,252</b>	<b>-</b>	<b>6,575,068</b>	<b>769,709</b>	<b>6,970,065</b>
<b>NET CHANGES IN TOTAL FUND BALANCE</b>	<b>8,302,953</b>	<b>(107,677)</b>	<b>(78,755)</b>	<b>(894,864)</b>	<b>2,486,152</b>	<b>854,402</b>	<b>10,562,211</b>
Fund balances, beginning of year as previously reported	1,561,546	925,811	31,580,322	3,299,695	(3,601,257)	10,758,595	44,524,712
Prior period adjustment	-	(331,166)	(27,950,856)	(300,000)	-	-	(28,582,022)
Fund balances, beginning of year, restated	1,561,546	594,645	3,629,466	2,999,695	(3,601,257)	10,758,595	15,942,690
Fund balances, end of year	<b>\$ 9,864,499</b>	<b>\$ 486,968</b>	<b>\$ 3,550,711</b>	<b>\$ 2,104,831</b>	<b>\$ (1,115,105)</b>	<b>\$ 11,612,997</b>	<b>\$ 26,504,901</b>

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, 2013**

<b>NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS</b>	\$ 10,562,211
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
<b>CAPITAL ASSETS TRANSACTIONS</b>	
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 asset additions were \$914,981. This is detail of the amount of capital assets recorded in the current period.	
Capital outlay	9,711,684
Uncapitalized outlay costs	(7,563,732)
Departmental expenditures capitalized	1,056,623
Developer contributions	1,165,078
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 \$248,814.	(10,889,380)
<b>LONG TERM DEBT PROCEEDS AND PAYMENTS</b>	
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 Position.	(6,993,972)
Repayment of principal is an expenditure in Governmental Funds, but the repayment is a reduction in long-term liabilities in the Government-Wide Statement of Net Position.	3,442,938
<b>ACCRUAL OF NON-CURRENT ITEMS</b>	
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:	
Compensated absences	(440,048)
OPEB expense	(2,150,549)
Unearned revenue	3,879,855
Interest expense	310,395
Proceeds from sale of capital assets	2,756
Loss from disposal of capital assets	(260,974)
<b>ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY</b>	
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.	144,608
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	\$ 1,977,493

See accompanying Notes to Basic Financial Statements.



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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 POSITION**  
**JUNE 30, 2013**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS			TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	SEWER UTILITY	WATER UTILITY	TRANSIT		
<b>ASSETS</b>					
Cash and investments	\$ 31,707,141	\$ 22,206,217	\$ -	\$ 53,913,358	\$ 8,363,828
Accounts receivable	6,743,593	3,987,534	494,997	11,226,124	4,248
Restricted cash and investments	-	2,309,377	-	2,309,377	29,053
Due from other funds	245,661	-	-	245,661	-
Inventories-supplies	-	-	-	-	129,289
Deposits	-	-	-	-	168,711
Advances to other funds	1,067,669	1,276,550	-	2,344,219	-
Investment in joint venture	-	21,310,086	-	21,310,086	-
Capital assets:					
Land	2,847,722	1,965,967	4,928,788	9,742,477	-
Construction in progress	75,570,365	3,013,786	363,992	78,948,143	-
Buildings and improvements	174,135,756	52,308,756	15,697,849	242,142,361	145,369
Machinery and equipment	1,465,085	264,990	7,704,161	9,434,236	6,282,619
Transmission and distribution system	40,342,834	57,311,451	-	97,654,285	-
Less: accumulated depreciation	(70,972,992)	(39,236,828)	(4,641,567)	(114,851,387)	(4,253,133)
Total capital assets	223,388,770	75,628,122	24,053,223	323,070,115	2,174,855
<b>Total assets</b>	<b>263,152,834</b>	<b>126,717,886</b>	<b>24,548,220</b>	<b>414,418,940</b>	<b>10,869,984</b>

**CITY OF VACAVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

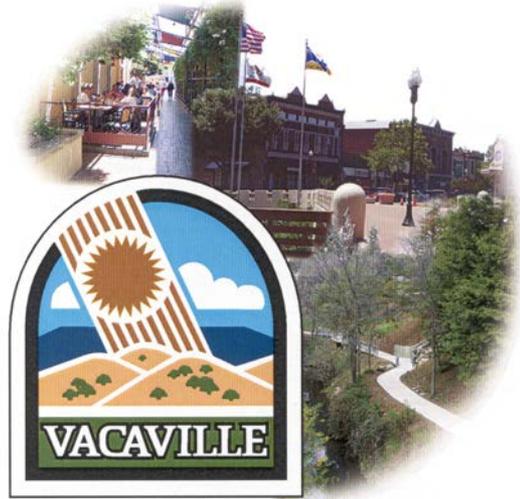
	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS			TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	SEWER UTILITY	WATER UTILITY	TRANSIT		
<b>LIABILITIES</b>					
Accounts and contract payable	5,656,445	932,310	202,612	6,791,367	123,832
Accrued payroll	301,057	165,405	7,126	473,588	87,096
Interest payable	29,404	109,668	-	139,072	-
Due to other funds	-	-	245,661	245,661	-
Employee benefits payable	-	-	-	-	205,207
Deposits payable	4,395	8,801,942	9,084	8,815,421	1,835
Due to other governments	-	-	233,230	233,230	-
Advances from other funds	234,407	100,000	-	334,407	-
Unearned revenue	36,995	70,537	-	107,532	-
Compensated absences - due within one year	120,401	75,428	-	195,829	-
Compensated absences - due in more than a year	808,583	54,085	-	862,668	-
Remediation liability	1,355,000	-	-	1,355,000	-
OPEB trust liability	941,915	578,153	30,568	1,550,636	-
Claims payable - due within one year	-	-	-	-	1,837,000
Claims payable - due in more than one year	-	-	-	-	4,057,000
Long-term debt - due within one year	3,581,656	33,012	-	3,614,668	156,123
Long-term debt - due in more than one year	85,473,951	7,099,319	-	92,573,270	539,710
<b>Total liabilities</b>	<b>98,544,209</b>	<b>18,019,859</b>	<b>728,281</b>	<b>117,292,349</b>	<b>7,007,803</b>
<b>NET POSITION</b>					
Net investment in capital assets	134,333,163	68,495,791	24,053,223	226,882,177	1,479,022
Restricted for capital projects	-	2,309,377	-	2,309,377	29,053
Unrestricted	30,275,462	37,892,859	(233,284)	67,935,037	2,354,106
<b>Total net position business-type activities</b>	<b>\$ 164,608,625</b>	<b>\$ 108,698,027</b>	<b>\$ 23,819,939</b>	<b>297,126,591</b>	<b>\$ 3,862,181</b>
				3,330,622	
				<u>\$ 300,457,213</u>	

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</u>				GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	SEWER UTILITY	WATER UTILITY	TRANSIT	TOTALS	
<b>OPERATING REVENUES:</b>					
Charges for sales and services:					
Sewer charges	\$ 29,014,516	\$ -	\$ -	\$ 29,014,516	\$ -
Water sales	-	16,010,436	-	16,010,436	-
Transit fares	-	-	502,076	502,076	-
Internal service charges	-	-	-	-	12,157,166
<b>Total operating revenues</b>	<b>29,014,516</b>	<b>16,010,436</b>	<b>502,076</b>	<b>45,527,028</b>	<b>12,157,166</b>
<b>OPERATING EXPENSES:</b>					
Treatment plant and sources of supply	5,887,289	6,151,102	-	12,038,391	-
Transmission and distribution	-	6,378,260	-	6,378,260	-
Maintenance	3,709,075	1,788,692	-	5,497,767	-
Customer services and administration	7,571,930	5,073,155	-	12,645,085	-
Transportation	-	-	2,730,558	2,730,558	-
Internal service expenses	-	-	-	-	11,646,067
Depreciation	4,937,872	2,375,895	1,069,228	8,382,995	460,504
<b>Total operating expenses</b>	<b>22,106,166</b>	<b>21,767,104</b>	<b>3,799,786</b>	<b>47,673,056</b>	<b>12,106,571</b>
<b>OPERATING INCOME (LOSS)</b>	<b>6,908,350</b>	<b>(5,756,668)</b>	<b>(3,297,710)</b>	<b>(2,146,028)</b>	<b>50,595</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Gain from joint venture	-	848,190	-	848,190	-
Interest revenue	77,815	18,832	345	96,992	26
Interest expense	(1,435,173)	-	-	(1,435,173)	(16,794)
Taxes and other	368,866	151,756	2,248,130	2,768,752	127,666
Connection fees	4,079,253	2,388,945	-	6,468,198	-
Loss on disposal of capital assets	(11,865)	(246,915)	-	(258,780)	-
<b>Total nonoperating revenues (expenses)</b>	<b>3,078,896</b>	<b>3,160,808</b>	<b>2,248,475</b>	<b>8,488,179</b>	<b>110,898</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>9,987,246</b>	<b>(2,595,860)</b>	<b>(1,049,235)</b>	<b>6,342,151</b>	<b>161,493</b>
<b>TRANSFER:</b>					
Transfers in	204,272	299,180	-	503,452	70,879
Transfers out	(280,961)	(179,094)	-	(460,055)	(87,613)
<b>Total transfers</b>	<b>(76,689)</b>	<b>120,086</b>	<b>-</b>	<b>43,397</b>	<b>(16,734)</b>
Intergovernmental	-	-	244,272	244,272	-
Developers	558,151	242,561	-	800,712	-
<b>Total capital contributions</b>	<b>558,151</b>	<b>242,561</b>	<b>244,272</b>	<b>1,044,984</b>	<b>-</b>
<b>Change in net position</b>	<b>10,468,708</b>	<b>(2,233,213)</b>	<b>(804,963)</b>	<b>7,430,532</b>	<b>144,759</b>
<b>NET POSITION:</b>					
Net position, beginning of year					
as previously reported	154,139,917	112,156,983	24,624,902		3,717,422
Prior period adjustment	-	(1,225,743)	-		-
Net position, beginning of year, restated	154,139,917	110,931,240	24,624,902		3,717,422
Net position, end of year	<b>\$ 164,608,625</b>	<b>\$ 108,698,027</b>	<b>\$ 23,819,939</b>		<b>\$ 3,862,181</b>
				Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	151
				Change in net position of business-type activities	<b>\$ 7,430,683</b>

See accompanying Notes to Basic Financial Statements.



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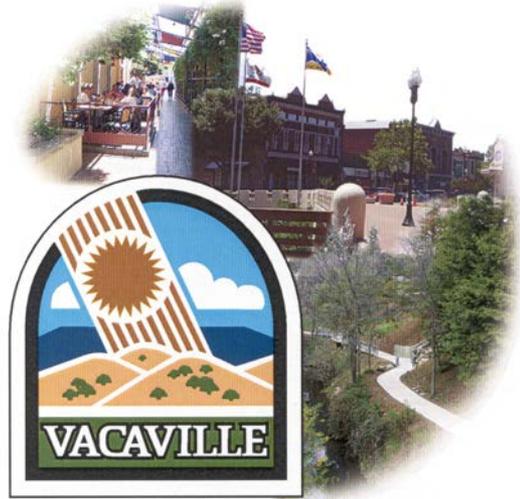
**CITY OF VACAVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			TOTALS	GOVERNMENTAL
	SEWER UTILITY	WATER UTILITY	TRANSIT		ACTIVITIES- SERVICE FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users	\$ 27,831,638	\$ 14,740,720	\$ 703,146	\$ 43,275,504	\$ 12,215,442
Payments to suppliers	(9,153,689)	(15,002,663)	(2,633,819)	(26,790,171)	(9,182,595)
Payments to employees	(7,654,237)	(4,691,908)	(189,586)	(12,535,731)	(856,271)
Claims paid	-	-	-	-	(1,151,947)
<b>Net cash provided by (used in) operating activities</b>	<b>11,023,712</b>	<b>(4,953,851)</b>	<b>(2,120,259)</b>	<b>3,949,602</b>	<b>1,024,629</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Advances to/(from) other funds	(356,006)	43,628	-	(312,378)	-
Due to/(from) other funds	817,830	-	(123,908)	693,922	-
Transfers in	204,272	299,180	-	503,452	70,879
Transfers out	(280,961)	(179,094)	-	(460,055)	(87,613)
Taxes	291,329	91,327	-	382,656	-
Ground lease	75,000	-	-	75,000	-
Annexation fees	-	41,886	-	41,886	-
Industry permit fees	2,537	-	-	2,537	-
Building rent	-	-	-	-	127,666
Power plant revenue	-	18,543	-	18,543	-
Connection fees	4,079,253	2,388,945	-	6,468,198	-
Grants	-	-	2,248,130	2,248,130	-
<b>Net cash provided by noncapital financing activities</b>	<b>4,833,254</b>	<b>2,704,415</b>	<b>2,124,222</b>	<b>9,661,891</b>	<b>110,932</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Net proceeds from issuance of long-term debt	12,547,419	6,993,972	-	19,541,391	810,000
Acquisition and construction of capital assets	(32,754,584)	(2,886,781)	-	(35,641,365)	(1,025,014)
Future funding of OPEB trust	223,705	138,615	(4,308)	358,012	-
Principal paid on capital debt	(5,486,955)	(30,376)	-	(5,517,331)	(114,167)
Interest paid	(1,424,818)	105,849	-	(1,318,969)	(16,794)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(26,895,233)</b>	<b>4,321,279</b>	<b>(4,308)</b>	<b>(22,578,262)</b>	<b>(345,975)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	77,815	18,832	345	96,992	26
<b>Net cash provided by investing activities</b>	<b>77,815</b>	<b>18,832</b>	<b>345</b>	<b>96,992</b>	<b>26</b>
<b>Net increase in cash and cash equivalents</b>	<b>(10,960,452)</b>	<b>2,090,675</b>	<b>-</b>	<b>(8,869,777)</b>	<b>789,612</b>
<b>CASH AND CASH EQUIVALENTS:</b>					
Beginning of year	42,667,593	22,424,919	-	65,092,512	7,603,269
Cash and investments	31,707,141	22,206,217	-	53,913,358	8,363,828
Restricted cash and investments	-	2,309,377	-	2,309,377	29,053
Total cash and investments end of year	\$ 31,707,141	\$ 24,515,594	\$ -	\$ 56,222,735	\$ 8,392,881
<b>NONCASH TRANSACTIONS:</b>					
Contribution and transfer of capital assets, net	\$ 558,151	\$ 242,561	\$ 244,272	\$ 1,044,984	\$ -

**CITY OF VACAVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</u>			<u>TOTALS</u>	<u>GOVERNMENTAL</u>
	<u>SEWER UTILITY</u>	<u>WATER UTILITY</u>	<u>TRANSIT</u>		<u>ACTIVITIES- SERVICE FUNDS</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN)</b>					
<b>OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 6,908,350	\$ (5,756,668)	\$ (3,297,710)	\$ (2,146,028)	\$ 50,595
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	4,937,872	2,375,895	1,069,228	8,382,995	460,504
(Gain) Loss on disposal of assets	(11,865)	(246,915)	-	(258,780)	60,496
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	(880,514)	(1,050,968)	(1,895)	(1,933,377)	58,276
Decrease in inventories-supplies	-	-	-	-	37,144
Increase in deposits	-	-	-	-	(59,320)
Increase (decrease) in accounts and contracts payable	414,248	(54,738)	(94,450)	265,060	(131,570)
Increase (decrease) in accrued payroll	5,878	(2,336)	1,124	4,666	(16,718)
Increase in employee benefits payable	-	-	-	-	917,222
Increase (decrease) in compensated absences	(47,921)	23,879	-	(24,042)	-
Increase (decrease) in deposits payable	28	(23,252)	478	(22,746)	-
Decrease in due to other governments	-	-	202,966	202,966	-
Decrease in unearned revenue	(302,364)	(218,748)	-	(521,112)	-
Decrease in insurance liability	-	-	-	-	(352,000)
Total adjustments	<u>4,115,362</u>	<u>802,817</u>	<u>1,177,451</u>	<u>6,095,630</u>	<u>974,034</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 11,023,712</u>	<u>\$ (4,953,851)</u>	<u>\$ (2,120,259)</u>	<u>\$ 3,949,602</u>	<u>\$ 1,024,629</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 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 payments for the Special Assessment Districts.

### **PRIVATE PURPOSE TRUST FUND**

To account for the proceeds of the dissolution of the Redevelopment Agency.

**CITY OF VACAVILLE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Agency Funds	Private Purpose Trust Fund Successor Agency
<b>Assets</b>		
<hr/>		
Current assets:		
Cash and investments	\$ 24,395,692	\$ 9,929,269
Receivables:		
Interest	-	17,111
Loans	-	5,560,674
Total current assets	<hr/> 24,395,692	<hr/> 15,507,054
Noncurrent assets:		
Restricted cash and investments	-	10,050,187
Long-term receivable from City of Vacaville	-	9,955,146
Capital assets, non-depreciable	-	5,846,792
Capital assets, net of accumulated depreciation	-	27,035,620
Total noncurrent assets	<hr/> -	<hr/> 52,887,745
Total assets	<hr/> <b>\$ 24,395,692</b>	<hr/> <b>68,394,799</b>
<b>Liabilities</b>		
<hr/>		
Current liabilities:		
Accounts payable and contracts payable	15,141	7,379
Accrued payroll	-	9,704
Deposits payable	13,735,211	133,302
Unearned revenue	-	134,160
Interest payable	-	1,009,625
Long-term liabilities - due within one year	-	3,614,368
Total current liabilities	<hr/> 13,750,352	<hr/> 4,908,538
Noncurrent liabilities:		
Long-Term Note Payable to City of Vacaville	-	3,312,665
Long-Term liabilities - due in more than a year	-	52,593,588
Due to bondholders	10,645,340	-
Total liabilities	<hr/> <b>\$ 24,395,692</b>	<hr/> <b>60,814,791</b>
<b>Net Position</b>		
<hr/>		
Held in trust for dissolution of the Redevelopment Agency		<hr/> <b>\$ 7,580,008</b>

**CITY OF VACAVILLE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - AGENCY FUNDS**  
**PRIVATE PURPOSE TRUST FUND - SUCCESSOR AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Additions:	
Investment income	\$ 218,862
Property taxes	5,746
Revelopment Agency (RDA) property tax trust fund distribution	12,473,012
Other	7,223
	<hr/>
Total additions:	12,704,843
	<hr/>
Deductions:	
Program expenses of former RDA	453,228
AB 1484 True up	21,937,296
DDA agreements	695,820
Administration	-
Professional fees	139,088
Depreciation expense	803,699
Fiscal fines and other fees	19,846
Interest expense	3,493,888
	<hr/>
Total deductions	27,542,865
	<hr/>
Change in net assets	(14,838,022)
Net position	
Beginning of year	22,418,030
	<hr/>
End of year	\$ 7,580,008
	<hr/> <hr/>



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**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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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. 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 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.

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

The City is no longer reporting the Solano County Housing Authority as a component unit. Solano County includes the Solano County Housing Authority as a component unit in their Comprehensive Annual Financial Report. The Solano County Board of Supervisors is the governing body of the Solano County Housing Authority.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

**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 Position and a Statement of Activities and Changes in Net Position. 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 Position. The Statement of Activities presents changes in net position. 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. 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 Position 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 position as presented in these statements to the net position 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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

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. 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.

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 restricted grant funds received from the Federal Government for the purpose of correcting sub-standard and/or unsafe residences and eliminating building code deficiencies.

Successor Housing Special Revenue Fund – to account for the proceeds and dissolution of Redevelopment due to AB26x1. See further description at footnote 14.

Housing Assistance Special Revenue Fund – to account for restricted grant 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 for the rehabilitation for rental property. Funds are received from the U.S. Department of Housing and Urban Development's Section 8 Voucher Housing Programs and State Rehabilitation Programs.

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 for proceeds from bonds issued to fund City public facilities and infrastructure projects.

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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

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.

**Fiduciary funds**

**Agency Funds**

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 and Solano County Transit.

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

2000A Bond proceed funds – to account for 2000A bond proceeds held in trust. The City participated in the issuance of the 2000A bonds with Vacaville Community Housing. The proceeds were used by Vacaville Community Housing and the reserves are held in trust.

**Private-Purpose Trust Fund**

Successor Agency fund – to account for the proceeds and dissolution of the Redevelopment Agency due to AB26x1. See further description at footnote 14.

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

The City pools cash resources of its various funds to facilitate cash management. The cash pool functions as a demand deposit from the position of each individual fund. 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.

See further disclosures in Note 2 including use of certain methods to present deposits and investments, highly sensitive investments, and credit quality at year-end.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

---

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

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 position. 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.”

**E. Net Position**

In the government-wide and proprietary fund Financial statements, equity is displayed in three components as follows:

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. 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 position – 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 position – This category represents the net position of the City, which are not restricted or invested in capital assets net of related debt for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City’s policy is to apply restricted net position 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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

**F. Fund Balance**

Fund balances presented in the governmental fund financial statements represent the difference between assets and liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The City evaluated each of its funds at June 30, 2013 and classified fund balances into the following five categories:

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

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

Committed – includes fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the City Council. The City Council must approve an amendment to the Annual Appropriation resolution to allow for removal or change to the constraint. As of June 30, 2013 the City does not have any fund balances that have been committed.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City Council assigns fund balance.

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

The city reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The City reduced committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amount in any of those unrestricted fund balance classifications could be used. Additional information concerning the nature of the City's fund balances pursuant to GASB Statement No. 54 is provided in Note 12 – Fund Balance.

**G. 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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

**H. 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 the exception of water and sewer/wastewater system networks, which have a \$25,000 threshold. All other non-infrastructure capital assets have a capitalization threshold of \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and Improvements	10-40 years
Machinery and Equipment	5-20 years
Infrastructure	25-50 years
Software	10 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.

**I. 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. 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.

**J. 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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

***K. 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.

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.

***L. 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.

***M. Implementation of New GASB Pronouncements***

In 2013, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements – The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. There was no effect on net position by the City implementing this new accounting standard.

GASB Statement No. 61, The Financial Reporting Entity: Omnibus – The requirements of this statement result in financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements – The requirements of this statement improve financial reporting by contributing to the Governmental Accounting Standards Board's (GASB) efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. There was no effect on net position by the City implementing this new accounting standard.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position – The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosure.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities – The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City reclassified items previously reported assets and liabilities to deferred outflows of resources and deferred inflows of resources, and also restated beginning fiduciary net position to expense bonds issuance costs that were previously recorded as an asset prior to implementation of this standard.

**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 \$250,000 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, 2013**

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

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 93,967,308
Cash and Investments held by bond trustee	16,706,272
Fiduciary Funds:	
Cash and Investments	34,324,961
Cash and Investments held by bond trustee	10,050,187
Total Cash and Investments	<u>\$ 155,048,728</u>

Cash and Investments as of June 30, 2013 consist of the following:

Cash on hand	\$ 14,426
Deposits with financial institutions	(3,596,290)
Certificates of Deposit	4,000,000
Investments	154,630,592
Total Cash and Investments	<u>\$ 155,048,728</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
Negotiable Certificates of Deposit	N/A	30%	30%
Corporate Notes	5 years	30%	30%
U.S. Agency Discount Notes	None	100%	100%
Municipal Bonds	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, 2013**

**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%

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 loss in changes in fair value of investments	\$ (310,184)
Interest income	<u>1,354,176</u>
Total investment income - Governmental and Proprietary Funds	<u>\$ 825,130</u>
Total investment income - Fiduciary Funds	<u>\$ 218,862</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, 2013**

**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, 2013 by maturity:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Local Agency Investment Fund	\$ 53,981,964	\$ 53,981,964	\$ -	\$ -	\$ -
U.S. Agency Securities	20,637,687	3,001,770	17,635,917	-	-
Municipal Bonds	5,010,210	3,004,440	998,480	-	1,007,290
Corporate Notes	40,255,272	17,625,819	22,629,453	-	-
Commercial Paper	4,985,429	4,985,429	-	-	-
Negotiable Certificates of Deposit	1,246,826	-	1,246,826	-	-
Guarantee Investment Contract	1,889,334	1,236,689	-	652,645	-
Money Market Mutual Funds	26,623,870	26,623,870	-	-	-
Total	<u>\$ 154,630,592</u>	<u>\$ 110,459,981</u>	<u>\$ 42,510,676</u>	<u>\$ 652,645</u>	<u>\$ 1,007,290</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

**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, 2013 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	Minimum				FDIC Insured	Not Rated
			AAA	AA	A	A1/P1		
Local Agency Investment Fund	\$ 53,981,964	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$53,981,964
U.S. Agency Securities	20,637,687	N/A	-	20,637,687	-	-	-	-
Municipal Bonds	5,010,210	N/A	-	1,007,290	4,002,920	-	-	-
Corporate Notes	40,255,272	A	-	13,906,050	26,349,222	-	-	-
Commercial Paper	4,985,429	A1/P1	-	-	-	4,985,429	-	-
Negotiable Certificates of Deposit	1,246,826	N/A	-	-	-	-	1,246,826	-
Guarantee Investment Contract	1,889,334	N/A	1,889,334	-	-	-	-	-
Money Market Mutual Funds	26,623,870	AAA	26,623,870	-	-	-	-	-
Total	<u>\$ 154,630,592</u>		<u>\$28,513,204</u>	<u>\$35,551,027</u>	<u>\$30,352,142</u>	<u>\$4,985,429</u>	<u>\$1,246,826</u>	<u>\$53,981,964</u>

**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, 2013, 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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

As of June 30, 2013, the City had \$53,981,964 invested in LAIF, which has invested 1.96% 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, 2013 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 1.000273207.

**NOTE 3 – LOANS RECEIVABLE**

At June 30, 2013, the City's outstanding loans receivables were as follows:

\$ 8,835,282	City loans recorded in the Special Revenue Fund, Community Development, are 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.
\$ 7,813,364	Successor Housing 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 \$33,548.
\$ 14,351,542	The Successor Housing 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. The amount of loans in arrears is \$252,440.
\$ 1,064,017	The Successor Housing 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%. The amount of loans in arrears is \$23,555.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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**NOTE 3 – LOANS RECEIVABLE, continued**

\$ 98,808	City loans recorded in the Special Revenue Fund, Community Development, are for the 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.
\$ 2,685,084	The Successor Housing 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.
\$ 257,935	A loan receivable has been recorded in the Parks and Recreation Fund from an agreement reached with the Vacaville Unified School District to eliminate the repayment of a facilities use fee owed to the City in the form of a credit applied to back payment and future pass-through payments to the Vacaville Unified School District. The loan balance remaining after \$1,742,065 was settled in fiscal year 2010/11 will be paid to the City in fiscal year 2013/14.
\$ 920,307	City loans recorded in the Special Revenue Fund, Neighborhood Stabilization Program (NSP), are for a first time homebuyer loan program. The program is designed to provide assistance to eligible homebuyers in purchasing foreclosed homes located within the program's eligible area. The program provides this assistance in the form of a shared equity, deferred payment, second priority loan to reduce the gap between the purchase price and closing costs of affordable housing units that will be occupied by the homebuyers. The term of each loan shall be for a maximum of 15 years. If the borrower remains in the home for the full term of the affordability period the loan is forgiven.
\$ 8,631	Ten emergency interest-free loans recorded in the Special Revenue Fund 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. Payments of \$100 per month began in September 30, 2006.
\$ 300,000	A loan receivable has been recorded in the Special Revenue Fund for a loan provided to Vacaville Social Services Corporation, a nonprofit corporation, which operates the Opportunity House homeless shelter in Vacaville. The \$300,000 loan will be used for construction improvements at the site where the shelter will be relocated and expanded. The loan will carry a simple interest rate of 3% and will be repaid on the date on which the earlier of the following events occur: within 60 days of the borrower obtaining title to the property and replacing the loan with other approved financing, one year from the effective date, or upon a default.
<u>\$ 1,455,000</u>	A loan receivable was recorded in the former Successor Housing Special Revenue 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.
<u>\$ 39,290,022</u>	Total City loans receivable

Management has not recorded an allowance for uncollectible amounts for loan receivables as amounts are expected to be fully collectible based on collection history.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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**NOTE 3 – LOANS RECEIVABLE, continued**

At June 30, 2013, the Private Purpose Trust Fund Successor Agency's outstanding loans receivables were as follows:

\$ 2,364,740	A loan receivable was recorded in the former Redevelopment Agency 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.
\$ 1,761,921	In 2002, the former Vacaville Redevelopment 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 were recorded in the amount of \$3,895,000 in the former Redevelopment Agency Capital Projects Fund. Upon dissolution of Redevelopment Agency, the loan was transferred into the Successor Agency. The loan will be repaid by Fiscal Year 2031/2032 with interest rates ranging from 4% to 7%.
\$ 1,434,013	The former Redevelopment Agency 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. The amount of loans in arrears is \$2,985.
<hr/> <u>\$ 5,560,674</u>	Total Private Purpose Trust Fund Successor Agency loans receivable

**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 has been extended to December 2015. The lease may be renewed on a month-to-month basis upon termination of the lease. Annual minimum payments under the lease are \$197,366.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

**NOTE 5 - CAPITAL ASSETS**

**Government-Wide Financial Statements**

**A. Summary**

The following is a summary of capital assets as of June 30, 2013:

	<u>Government Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Non-Depreciable Assets:			
Land	\$ 197,012,703	\$ 9,742,477	\$ 206,755,180
Land held for development	990,186	-	990,186
Construction in progress	<u>4,441,849</u>	<u>78,948,143</u>	<u>83,389,992</u>
Total	<u>202,444,738</u>	<u>88,690,620</u>	<u>291,135,358</u>
Depreciable Assets:			
Buildings & improvements	54,300,118	242,142,360	296,442,478
Equipment	7,102,994	9,274,376	16,377,370
Vehicles	11,221,457	4,490,129	15,711,586
Software	110,778	-	110,778
Infrastructure	<u>370,836,808</u>	<u>97,654,285</u>	<u>468,491,093</u>
	443,572,155	353,561,150	797,133,305
Less accumulated depreciation	<u>(212,840,221)</u>	<u>(118,260,488)</u>	<u>(331,100,709)</u>
Total depreciable assets, net	<u>230,731,934</u>	<u>235,300,662</u>	<u>466,032,596</u>
Total capital assets, net	<u>\$ 433,176,672</u>	<u>\$ 323,991,282</u>	<u>\$ 757,167,954</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

**NOTE 5 – CAPITAL ASSETS, continued**

**B. Governmental Activities**

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

	Balance July 1, 2012	Additions	Disposals	Transfers	Balance June 30, 2013
<b>Non-Depreciable Assets:</b>					
Land	\$ 197,012,703	\$ -	\$ -	\$ -	\$ 197,012,703
Land held for development	990,186	-	-	-	990,186
Construction in progress	<u>5,078,872</u>	<u>1,579,836</u>	<u>(247,255)</u>	<u>(1,969,604)</u>	<u>4,441,849</u>
Total	<u>203,081,761</u>	<u>1,579,836</u>	<u>(247,255)</u>	<u>(1,969,604)</u>	<u>202,444,738</u>
<b>Depreciable Assets:</b>					
Buildings & improvements	54,130,824	40,428	-	128,866	54,300,118
Equipment	6,875,920	1,314,637	(896,977)	(190,586)	7,102,994
Vehicles	10,932,465	486,043	(325,761)	128,710	11,221,457
Software	-	110,778	-	-	110,778
Infrastructure	<u>367,174,788</u>	<u>1,692,416</u>	<u>-</u>	<u>1,969,604</u>	<u>370,836,808</u>
Total	<u>439,113,997</u>	<u>3,644,302</u>	<u>(1,222,738)</u>	<u>2,036,594</u>	<u>443,572,155</u>
<b>Less accumulated depreciation for:</b>					
Buildings & improvements	(17,815,625)	(1,339,194)	-	(3,222)	(19,158,041)
Equipment	(5,581,251)	(464,923)	886,014	34,081	(5,126,079)
Vehicles	(7,778,071)	(558,577)	325,761	(97,849)	(8,108,736)
Software	-	(5,539)	-	-	(5,539)
Infrastructure	<u>(171,671,865)</u>	<u>(8,769,961)</u>	<u>-</u>	<u>-</u>	<u>(180,441,826)</u>
Total	<u>(202,846,812)</u>	<u>(11,138,194)</u>	<u>1,211,775</u>	<u>(66,990)</u>	<u>(212,840,221)</u>
Total depreciable assets, net	<u>236,267,185</u>	<u>(7,493,892)</u>	<u>(10,963)</u>	<u>1,969,604</u>	<u>230,731,934</u>
Governmental activities capital assets, net	<u>\$ 439,348,946</u>	<u>\$ (5,914,056)</u>	<u>\$ (258,218)</u>	<u>\$ -</u>	<u>\$ 433,176,672</u>

Assets transferred between governmental and business-type activities were fully depreciated assets.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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**NOTE 5 – CAPITAL ASSETS, continued**

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	\$	492,668
Public safety		962,862
Public works		9,037,672
Community services		582,660
Housing		<u>62,332</u>
Total Government activities depreciation expense	\$	<u>11,138,194</u>

Internal service fixed assets included in general governmental activities at June 30, 2013 were \$1,253,688 (net depreciable value) with related depreciation expense of \$248,814.

**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 Position.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

**NOTE 5 – CAPITAL ASSETS, continued**

**C. Business-type Activities**

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

	Balance July 1, 2012 as restated	Additions	Disposals	Transfers	Balance June 30, 2013
<b>Non-Depreciable Assets:</b>					
Land	\$ 9,742,477	\$ -	\$ -	\$ -	\$ 9,742,477
Construction in progress	50,421,738	32,700,139	(258,780)	(3,914,954)	78,948,143
Total	<u>60,164,215</u>	<u>32,700,139</u>	<u>(258,780)</u>	<u>(3,914,954)</u>	<u>88,690,620</u>
<b>Depreciable Assets:</b>					
Buildings & improvements	239,706,603	1,163,159	-	1,272,598	242,142,360
Equipment	9,457,304	74,114	(270,942)	13,900	9,274,376
Vehicles	4,552,285	62,733	(44,000)	(80,889)	4,490,129
Infrastructure	91,956,914	3,055,015	-	2,642,356	97,654,285
Total	<u>345,673,106</u>	<u>4,355,021</u>	<u>(314,942)</u>	<u>3,847,965</u>	<u>353,561,150</u>
<b>Less accumulated depreciation for:</b>					
Buildings & improvements	(80,666,366)	(5,729,575)	-	-	(86,395,941)
Equipment	(3,407,240)	(729,467)	270,942	(13,900)	(3,879,665)
Vehicles	(3,294,995)	(247,450)	44,000	80,889	(3,417,556)
Infrastructure	(22,679,134)	(1,888,192)	-	-	(24,567,326)
Total	<u>(110,047,735)</u>	<u>(8,594,684)</u>	<u>314,942</u>	<u>66,989</u>	<u>(118,260,488)</u>
Total depreciable assets, net	<u>235,625,371</u>	<u>(4,239,663)</u>	<u>-</u>	<u>3,914,954</u>	<u>235,300,662</u>
Business-type activities capital assets, net	<u>\$ 295,789,586</u>	<u>\$ 28,460,476</u>	<u>\$ (258,780)</u>	<u>\$ -</u>	<u>\$ 323,991,282</u>

The July 1, 2012 balance for Construction in progress and Infrastructure accumulated depreciation have been restated. The Construction in progress has been decreased by \$1,698,992 and accumulated depreciation for infrastructure has been decreased by \$473,249. See footnote 18 – Prior Period Adjustment.

Assets transferred between governmental and business-type activities were fully depreciated assets.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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**NOTE 5 – CAPITAL ASSETS, continued**

Depreciation expense was charged to functions as follows:

Business-type activities:		
Sewer	\$	5,051,694
Water		2,473,762
Transit		<u>1,069,228</u>
Total Business-type activities depreciation expense	\$	<u>8,594,684</u>

Vehicle and equipment replacement assets in the amount of \$921,166 (net depreciable value) are included in Business-type activities. At June 30, 2013 depreciation expense for these assets totaled \$211,690. The assets of the vehicle and equipment replacement fund are included in the Business-type activities because the enterprise funds are the predominant participants of the Internal service fund.

**NOTE 6 – LONG-TERM LIABILITIES**

**A. Long-Term Liabilities**

The following is a summary of long-term liabilities for the fiscal year ended June 30, 2013:

	Governmental Activities	Business Type Activities	Total
Long-term debt			
Loans Payable	\$ 877,500	\$ 88,894,322	\$ 89,771,822
Certificates of Participation	1,175,000	-	1,175,000
Capital Lease Obligations	<u>10,520,257</u>	<u>7,293,616</u>	<u>17,813,873</u>
Total	<u>\$ 12,572,757</u>	<u>\$ 96,187,938</u>	<u>\$ 108,760,695</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

**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, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Loans Payable:					
Brazelton Family Living Trust	\$ 270,000	\$ -	\$ 67,500	\$ 202,500	\$ 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	-	-
Dorthy Brown	589,005	-	589,005	-	-
Charles Rogers	742,800	-	742,800	-	-
Total Loans Payable	<u>2,776,805</u>	<u>-</u>	<u>1,899,305</u>	<u>877,500</u>	<u>67,500</u>
Certificates of Participation:					
1994 Certificates of Participation	<u>2,285,000</u>	<u>-</u>	<u>1,110,000</u>	<u>1,175,000</u>	<u>1,175,000</u>
Capital Lease Obligations:					
Vacaville Recreation Corporation	1,861,413	-	101,640	1,759,773	106,840
Westamerica Bank	234,522	-	75,389	159,133	78,141
Banc of America Leasing	582,211	-	136,718	445,493	142,446
Westamerica Bank	311,008	-	57,283	253,725	59,643
Westamerica Bank	150,633	-	22,567	128,066	23,526
Westamerica Bank	124,298	-	40,036	84,262	41,417
Holman Corporation	-	810,000	114,167	695,833	156,123
PNC, LLC	-	6,993,972	-	6,993,972	1,379
Total Capital Lease Obligations	<u>3,264,085</u>	<u>7,803,972</u>	<u>547,800</u>	<u>10,520,257</u>	<u>609,515</u>
Total long-term debt	<u>\$ 8,325,890</u>	<u>\$ 7,803,972</u>	<u>\$ 3,557,105</u>	<u>\$ 12,572,757</u>	<u>\$ 1,852,015</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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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, 2013</u>	
\$ 675,000	\$ 202,500	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	\$ -	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 were due annually at a rate of 5.0% (\$25,000) through January 2013 and principal of \$500,000 was paid January 2013. Payments of principal and interest were funded through the City's Drainage Detention Zone 2 Development Impact Fee Fund, former Redevelopment Agency loans and other grants as received.
\$ 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 were due annually at a rate of 5.0% (\$29,450) through January 2013 and principal of \$589,005 was paid January 2013. Payments of principal and interest were funded through the City's Drainage Detention Zone 2 Development Impact Fee Fund, former Redevelopment Agency loans and other grants as received.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

\$ 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 were due annually at a rate of 5.0% (\$37,140) through January 2013 and principal of \$742,800 was paid January 2013. Payments of principal and interest were funded through the City’s Drainage Detention Zone 2 Development Impact Fee Fund, former Redevelopment Agency loans and other grants as received.

The annual requirement to amortize debt outstanding as of June 30, 2013 for loans payable is as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 67,500	\$ 48,262	\$ 115,762
2015	67,500	44,549	112,049
2016	742,500	40,849	783,349
Total	\$ 877,500	\$ 133,660	\$ 1,011,160

**Certificates of Participation:**

Original Debt <u>Amount</u>	Outstanding <u>June 30, 2013</u>
\$15,170,000	\$ 1,175,000

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 \$1,205,847. For the current year, principal and interest paid were \$1,200,547.

The annual requirement to amortize debt outstanding as of June 30, 2013 for certificates of participation is as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 1,175,000	\$ 30,847	\$ 1,205,847
Total	\$ 1,175,000	\$ 30,847	\$ 1,205,847

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

**Capital Lease Obligations:**

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2013</u>	
\$ 2,626,700	\$ 1,759,773	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	\$ 159,133	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	\$ 445,493	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	\$ 253,725	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	\$ 128,066	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, 2013**

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

\$ 163,000	\$ 84,262	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for the purchase of 5 police patrol cars at an estimated cost of \$163,000 with an interest rate of 3.45%. 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 September 2014. Lease payments are funded through the City's Government Vehicle Replacement Fund.
\$ 810,000	\$ 695,833	Lease agreement between the City and Holman Corporation for telecommunication equipment installed throughout the City at an estimated cost of \$810,000 with an interest rate of 2.90%. Lease payment will be paid quarterly through August 2017. Lease payments are funded through the Technology Replacement Internal Service Fund.
\$ 6,993,972	\$ 6,993,972	Lease agreement between the City and PNC, LLC for facility improvement projects in progress throughout the City at an estimated cost of \$6,993,972 with an interest rate of 3.10%. Lease payment will be paid semi-annually beginning February 2014 through August 2026. Lease payments are funded through the General Fund and Maintenance Districts.

The annual requirement to amortize debt outstanding as of June 30, 2013 for capital lease obligations is as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 609,515	\$ 395,952	\$ 1,005,467
2015	1,014,759	329,928	1,344,687
2016	863,510	294,818	1,158,328
2017	775,364	263,266	1,038,630
2018	644,002	236,953	880,955
2019-2023	3,616,352	838,096	4,454,448
2024-2027	2,996,755	183,811	3,180,566
Total	<u>\$ 10,520,257</u>	<u>\$ 2,542,824</u>	<u>\$ 13,063,081</u>

The assets acquired through capital leases are as follows:

Asset:	
Buildings & Improvements	\$ 2,626,700
Equipment	4,042,826
Less: Accumulated depreciation	<u>(2,370,055)</u>
Total	<u>\$ 4,299,471</u>

Individual assets purchased for the Energy Efficiency project were below the City's capitalization threshold, therefore were not included in this calculation.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

**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, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Easterly Wastewater Treatment Plant					
Line of Credit	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -	\$ -
State Revolving Loans Payable:					
Interim Renovation	571,519	-	56,717	514,802	58,305
Tertiary Project	27,152,006	12,547,419	-	39,699,425	-
Plant Expansion	<u>52,077,342</u>	<u>-</u>	<u>3,397,247</u>	<u>48,680,095</u>	<u>3,488,973</u>
Total Easterly Wastewater Treatment Plant	<u>81,800,867</u>	<u>12,547,419</u>	<u>5,453,964</u>	<u>88,894,322</u>	<u>3,547,278</u>
Capital Lease Obligations:					
Equipment-2006 Acquisition	30,641	-	7,196	23,445	7,497
Equipment-2007 Acquisition	185,541	-	34,173	151,368	35,582
Equipment-2009 Acquisition	146,829	-	21,998	124,831	22,932
Energy Efficiency Project	<u>-</u>	<u>6,993,972</u>	<u>-</u>	<u>6,993,972</u>	<u>1,379</u>
Total Capital Lease Obligations	<u>363,011</u>	<u>6,993,972</u>	<u>63,367</u>	<u>7,293,616</u>	<u>67,390</u>
 Total	 <u>\$ 82,163,878</u>	 <u>\$ 19,541,391</u>	 <u>\$ 5,517,331</u>	 <u>\$ 96,187,938</u>	 <u>\$ 3,614,668</u>

**Loans Payable:**

**Line of Credit**

The City entered into an agreement with Chase Bank on July 27, 2011 for a \$20,000,000 line of credit which expires July 1, 2014. The purpose of the loan was to bridge the funding gap between expenses on the Tertiary Project and disbursements from the State Revolving Fund loan. The line of credit loan is for a term of three years with interest tied to the LIBOR rate.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

**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 \$72,720. Principal and interest at 2.8% are paid annually each September through 2021.

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

Year Ending June 30	Proprietary Fund		Total
	Principal	Interest	
2014	\$ 58,305	\$ 14,414	\$ 72,719
2015	59,938	12,782	72,720
2016	61,616	11,104	72,720
2017	63,341	9,378	72,719
2018	65,115	7,605	72,720
2019-2021	206,487	11,670	218,157
Total	<u>\$ 514,802</u>	<u>\$ 66,953</u>	<u>\$ 581,755</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 \$4,803,335 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	
2014	\$ 3,488,973	\$ 1,314,363	\$ 4,803,336
2015	3,583,175	1,220,160	4,803,335
2016	3,679,921	1,123,415	4,803,336
2017	3,779,278	1,024,057	4,803,335
2018	3,881,319	922,016	4,803,335
2019-2023	21,036,279	2,980,398	24,016,677
2024-2025	9,231,150	375,521	9,606,671
Total	<u>\$ 48,680,095</u>	<u>\$ 8,959,930</u>	<u>\$ 57,640,025</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

**State Water Resources Control Board Loan for the Easterly Wastewater Treatment Plant Tertiary Project – Original Issue \$118,808,496**

This loan is a State Revolving Loan Fund Program contract between the State Water Quality Control Board and the City with a maximum loan amount of \$118,808,496 to fund the Easterly Wastewater Treatment Plant Tertiary Project. The project consists of four construction phases. There are four separate financial agreements for each phase as follows:

- Phase 1 – Denitrification Improvements; financial agreement executed on August 23, 2011 for \$32,313,355
- Phase 2 – Laboratory Expansion Improvements; financial agreement executed on October 12, 2011 for \$3,497,000
- Phase 3 – Filtration Improvements; financial agreement executed on October 21, 2011 for \$68,918,141
- Phase 4 – Completion Improvements; financial agreement executed on October 12, 2011 for \$14,080,000

The term of the loan is 20 years with an interest rate of 2.6%. Annual payments will begin following the agreed upon completion date for each individual phase. The City has a contract with C. Overaa & Company for \$22,630,000 to construct the Denitrification Improvements, Phase 1 of the SRF loan. The Denitrification Improvements are required by the Central Valley Regional Water Quality Control Board of the City's National Pollutant Discharge Elminiaton System Discharge Permit for the Easterly Wastewater Treatment Plant, and by the Time Scheduled Order issued by the same board. The City anticipates phase 1 of the project to be completed in fiscal year 2013-14. The first annual payment of \$2,025,259 including principal and interest on phase 1 is due August 31, 2014.

The City currently draws on the SRF loan as work is performed. The City has drawn the following amounts through June 30, 2013 for each phase:

	<u>Available Loan</u>	<u>Amount Drawn</u>	<u>Remaining Loan To Be Drawn</u>
Phase 1 - Denitrification	\$ 32,313,355	\$ (30,164,507)	\$ 2,148,848
Phase 2 - Lab Expansion	3,497,000	(53,897)	3,443,103
Phase 3 - Filtration Improvements	68,918,141	(9,406,021)	59,512,120
Phase 4 - Completion	14,080,000	(75,000)	14,005,000
	<u>\$ 118,808,496</u>	<u>\$ (39,699,425)</u>	<u>\$ 79,109,071</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

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

Year Ending June 30	Proprietary Fund		Total
	Principal	Interest	
2014	\$ -	\$ -	\$ -
2015	1,323,992	930,174	2,254,166
2016	4,357,509	2,510,471	6,867,980
2017	4,802,430	2,912,617	7,715,047
2018	4,898,608	2,816,438	7,715,046
2019-2023	26,471,033	12,104,200	38,575,233
2024-2028	30,095,924	8,479,308	38,575,232
2029-2033	34,217,199	4,358,031	38,575,230
2034-2035	12,641,799	465,329	13,107,128
Total	<u>\$ 118,808,494</u>	<u>\$ 34,576,568</u>	<u>\$ 153,385,062</u>

The debt service requirement includes scheduled principal and interest payments for the total amount of the loans although the entire loan amount has not been drawn upon.

***Capital Lease Obligations:***

Original Debt Amount	Outstanding June 30, 2013	
\$ 70,000	\$ 23,445	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	\$ 151,368	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	\$ 124,831	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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

\$ 6,993,972      \$6,993,972      Lease agreement between the City and PNC, LLC for facility improvement projects in progress throughout the City at an estimated cost of \$6,993,972 with an interest rate of 3.10%. Lease payment will be paid semi-annually beginning February 2014 through August 2026. Lease payments are funded through the City’s water fund.

The annual requirement to amortize debt outstanding as of June 30, 2013 for capital lease obligations is as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 67,390	\$ 261,144	\$ 328,534
2015	451,641	216,115	667,756
2016	406,821	202,848	609,669
2017	453,180	189,423	642,603
2018	469,520	174,648	644,168
2019-2023	2,856,950	635,488	3,492,438
2024-2027	2,588,114	159,543	2,747,657
Total	\$ 7,293,616	\$ 1,839,209	\$ 9,132,825

The assets acquired through capital leases are as follows:

Asset:	
Equipment	\$ 656,640
Less: Accumulated depreciation	(232,487)
Total	\$ 424,153

Individual assets purchased for the Energy Efficiency project were below the City’s capitalization threshold, therefore were not included in this calculation.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

**C. *Compensated Absences***

Compensated absences are due to employees for earned but unused leave balances, including vacation, sick, and compensated time off. Compensated absences are generally liquidated by the City's General Fund, internal service funds and enterprise funds in each fiscal year.. The following is a summary of the compensated absences liability at the fiscal year ended June 30, 2013:

	Beginning			Ending	Due within
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Governmental Activities	\$ 7,778,498	\$ 7,263,736	\$ 6,823,688	\$ 8,218,546	\$ 772,107
Business Activities	<u>1,082,539</u>	<u>978,016</u>	<u>1,002,058</u>	<u>1,058,497</u>	<u>195,829</u>
Total	<u>\$ 8,861,037</u>	<u>\$ 8,241,752</u>	<u>\$ 7,825,746</u>	<u>\$ 9,277,043</u>	<u>\$ 967,936</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, 2013 is as follows:

<u>Description</u>	<u>Original Bond Amount</u>	<u>June 30, 2013</u>
1997 Green Tree	4,505,000	\$ 385,000
1990 Eubanks Drive/Midway Road	3,660,000	705,000
1997 Allison/Ulatis Phase 2	1,140,739	245,000
1997 Northeast Sector	8,434,307	4,550,000
2002-A Consolidated Refunding	18,365,000	4,955,000
2005-Nut Tree Assessment Dist	7,275,000	<u>6,200,000</u>
Total 1915 Act Limited Obligation Bonds		<u>\$ 17,040,000</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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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, 2013 is \$1,420,000.

**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, 2013 is \$2,875,000.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

**Private Purpose Trust Fund - Successor Agency Activity**

**Activity**  
The following is a summary of changes in long-term liabilities for Private Purpose Trust Fund Successor Agency (Agency) activities. Activity for the Successor Agency's fiscal year ended June 30, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
Loans Payable:					
Beck & Clark Family Trust	\$ 269,008	\$ -	\$ 26,104	\$ 242,904	\$ 27,964
Klotz, Albert & Marita Family Trust	248,012	-	85,716	162,296	90,751
Babington, Richard & Carol	<u>227,774</u>	<u>-</u>	<u>40,608</u>	<u>187,166</u>	<u>42,943</u>
Total Loans Payable	<u>744,794</u>	<u>-</u>	<u>152,428</u>	<u>592,366</u>	<u>161,658</u>
Bonds Payable:					
1996 Tax Allocation Bonds	4,130,000	-	285,000	3,845,000	300,000
2000 Tax Allocation Bonds	7,600,000	-	1,395,000	6,205,000	1,640,000
2001 Tax Allocation Bonds	25,930,000	-	825,000	25,105,000	860,000
2000A Multifamily Mortgage	1,633,220	-	87,630	1,545,590	92,710
2006 Taxable Housing Bonds	17,270,000	-	415,000	16,855,000	445,000
2006 ABAG Tax Allocation Bonds	<u>2,170,000</u>	<u>-</u>	<u>110,000</u>	<u>2,060,000</u>	<u>115,000</u>
Total Bonds	<u>58,733,220</u>	<u>-</u>	<u>3,117,630</u>	<u>55,615,590</u>	<u>3,452,710</u>
Total Long-Term Debt	<u>\$ 59,478,014</u>	<u>\$ -</u>	<u>\$ 3,270,058</u>	<u>\$ 56,207,956</u>	<u>\$ 3,614,368</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

**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, 2013</u>	
\$ 475,000	\$ 242,904	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.
\$ 742,500	\$ 162,296	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	\$ 187,166	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.

The annual requirement to amortize debt outstanding as of June 30, 2013 for loans payable is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 161,658	\$ 34,682	\$ 196,340
2015	146,913	24,891	171,804
2016	80,113	18,079	98,192
2017	85,160	13,032	98,192
2018	36,823	7,663	44,486
2019-2020	81,699	7,275	88,974
Total	<u>\$ 592,366</u>	<u>\$ 105,622</u>	<u>\$ 697,988</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

**Bonds Payable:**

There are six Bonds payable secured by property tax increments: Series 1996, 2000, 2001, 2000A, 2006 ABAG and 2006 Taxable. Annual principal and interest payments on the four bonds are expected to require 25% of net revenues. Due to the dissolution of the Redevelopment Agency, these bonds have been transferred to the Successor Agency and we received \$7,002,686 in Redevelopment Property Tax Trust Funds to fund enforceable obligations. Series 2000A and 2006 Taxable are paid by the Low and Moderate Housing fund and therefore not included in the net revenue calculation.

	Principal and Interest	
	Paid	Remaining
1996 Tax Allocation	\$ 498,465	\$ 4,970,930
2000 Tax Allocation	2,804,403	9,117,290
2000A Multifamily Mortgage Revenue	180,377	2,165,765
2001 Tax Allocation	2,080,649	38,519,264
2006 ABAG Tax Allocation	198,338	2,743,812
2006 Taxable Housing	1,480,391	29,311,076
	\$ 7,242,623	\$ 86,828,137

Original Debt Amount	Outstanding June 30, 2013	
\$ 9,250,000	\$ 3,845,000	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	\$ 6,205,000	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	\$25,105,000	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.
\$18,875,000	\$16,855,000	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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

\$ 2,364,740	\$ 1,545,590	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.
\$ 2,660,000	\$ 2,060,000	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, 2013 for bonds payable is as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 3,452,710	\$ 2,971,421	\$ 6,424,131
2015	2,207,790	2,859,286	5,067,076
2016	2,317,870	2,740,059	5,057,929
2017	2,449,220	2,612,176	5,061,396
2018	2,580,570	2,477,351	5,057,921
2019-2023	15,119,610	10,086,628	25,206,238
2024-2028	14,402,820	5,797,145	20,199,965
2029-2033	13,085,000	1,668,481	14,753,481
Total	\$ 55,615,590	\$ 31,212,547	\$ 86,828,137

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

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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**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 2012-2013 was 16.440% for miscellaneous employees and 37.985% for safety employees. The contribution requirements of plan members and the City are established and may be amended by PERS.

**Annual Pension Cost**

For 2013, the City's annual PERS pension cost of \$11,039,816, was equal to the City's required and actual contributions. Employees contributed \$3.7 million as part of bargaining union concessions on behalf of the City. The required contribution was determined as part of the June 30, 2010 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 3.55% to 14.45% for miscellaneous employees and from 3.55% 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 fifteen-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2010, was 20 years for prior and current service unfunded liability.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

**Three-Year Trend Information**

**Miscellaneous**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 3,968,760	100%	\$ -
6/30/2012	\$ 4,463,936	100%	\$ -
6/30/2013	\$ 3,972,975	100%	\$ -

**Safety**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 6,069,297	100%	\$ -
6/30/2012	\$ 7,982,906	100%	\$ -
6/30/2013	\$ 7,066,841	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>						
6/30/2012	\$ 140,476,644	\$ 181,520,801	\$ 41,044,157	77.4%	\$25,199,192	162.9%
<b>Safety</b>						
6/30/2012	\$ 149,382,149	\$ 212,451,292	\$ 63,069,143	70.3%	\$18,276,631	345.1%

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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**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 2013 was 11.42% of covered payroll during the year. See excess benefit plan funding policy for additional information.

**Annual Pension Cost**

For 2013, the City's annual pension cost of \$2,029,838 was equal to the required and actual contributions. The required contribution was determined as part of a July 1, 2010 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
6/30/2011	\$ 1,665,870	100%	\$ -
6/30/2012	\$ 1,536,200	100%	\$ -
6/30/2013	\$ 2,029,838	100%	\$ -

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

**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 2013, the City’s annual pension cost of \$751,190 was equal to the required and actual contributions. The required contribution was determined as part of a July 1, 2010 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
6/30/2011	\$ 598,290	100%	\$ -
6/30/2012	\$ 657,165	100%	\$ -
6/30/2013	\$ 751,190	100%	\$ -

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

The PARS Supplemental and Excess plans funding progress is reported together in the actuary.

**Funding Progress**

Valuation Date	Actuarial Liability	Value of Assets	Unfunded Liability (UL)	Funded Status	Valuation Payroll	UL as a % of Payroll
7/1/2011	\$ 38,183,442	\$ 10,168,080	\$ 28,015,362	26.6%	\$24,361,270	115.0%

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

In addition to the pension benefits described in Note 7, the City provides other 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 2013, 334 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. The post-retirement health care employer contributions range from \$261 to \$1,599 per month per participant, which covers between 77% and 100% of the benefit costs, depending on the choice of plan and number of dependents. The post employment health care contributions are defined by labor agreements and resolutions approved by the City Council.

In 2010, 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 2010, 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, 2013 was 17.64% of total payroll.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

**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, 2013, are as follows:

Annual required contribution	\$ 7,546,544
Interest on net OPEB obligation	430,643
Adjustment to annual required contribution	<u>(375,644)</u>
Annual OPEB expense (income)	7,601,543
Contribution made	<u>(5,092,983)</u>
Increase in net OPEB obligation	2,508,560
Net OPEB obligation - beginning of year	<u>5,741,913</u>
Net OPEB obligation - end of year	<u><u>\$ 8,250,473</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, were as follows:

Fiscal Year	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	OPEB (Asset) Liability
6/30/2011	\$ 6,445,050	\$ 4,039,824	62.68%	\$ 2,985,375
6/30/2012	\$ 7,085,839	\$ 4,375,316	61.75%	\$ 5,741,913
6/30/2013	\$ 7,601,543	\$ 5,092,983	67.00%	\$ 8,250,473

**Funded Status and Funding Progress**

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.

Valuation Date	Actuarial Liability	Value of Assets	Unfunded Liability (UL)	Funded Status	Valuation Payroll	UL as a % of Payroll
7/1/2011	\$ 80,254,313	\$ 8,707,156	\$ 71,547,157	10.85%	\$ 47,313,037	151.2%

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

In the July 1, 2011 actuarial valuation, the entry age normal cost method was used. The actuarial assumption included a 7.50% investment rate of return, an annual healthcare cost trend rate of 8.50% initially and declining to 5.0% by 2018, and an inflation factor of 3.00%. The OPEB unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed 27-year period.

**NOTE 9 – FUND EQUITY**

***Deficit Fund Balances***

The following fund had a deficit as of June 30, 2013:

City Projects Fund

The City Projects Fund has a deficit of (\$1,115,105) at June 30, 2013. The City has delayed several capital improvement projects until the building-related revenue improves.

***Deficit Net Assets***

Insurance Fund

The Insurance Internal Service fund has a deficit of (\$984,842) at June 30, 2013. The City's policy has been to record the insurance liability at 100%. This has resulted in the fund going into a deficit position, because claims expenses have exceeded revenues charged over the past three years. Charges in future periods will be increased over time to recover the current deficit.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

**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 \$1,134,507 to the Debt Service Fund to cover the City's Measure I debt obligation; 2) Community Facility Districts transferred \$1,723,519 in property tax to the General Fund to cover costs to maintain the districts; 3) Capital Project Funds transferred \$750,000 to the General Fund to cover operating street maintenance costs; 4) General Fund transferred \$1,209,885 to Building & Street Development for general operations and the purchase of a new permit system.

The following schedule briefly summarizes the City's transfer activity for the fiscal year ended June 30, 2013:

<b>Transfers Out (fund making transfer):</b>	<b>Transfers In (fund receiving transfer):</b>							<b>Totals</b>
	<b>Special Revenue Fund</b>		<b>Capital Projects Fund</b>		<b>Enterprise Funds</b>		<b>Internal Service Fund</b>	
	General Fund	Successor Housing	City Projects	Other Governmental Funds	Sewer Utility	Water Utility	Central Services	
<b>General Fund</b>	\$ -	\$ -	\$ 319,936	\$ 2,691,375	\$ -	\$ -	\$ 50,000	\$ 3,061,311
<b>Special Revenue Funds:</b>								
Community Development	-	107,252	-	-	-	-	-	107,252
<b>Capital Projects Funds:</b>								
City Projects	750,000	-	-	53	93	185	5,000	755,331
<b>Other Governmental Funds:</b>	1,921,719	-	-	-	-	-	-	1,921,719
<b>Enterprise Funds:</b>								
Sewer Utility	-	-	7,897	-	-	265,564	7,500	280,961
Water Utility	-	-	8,594	-	163,000	-	7,500	179,094
<b>Internal Service Funds:</b>								
Vehicle Replacement	-	-	-	-	41,179	33,431	879	75,489
Technology Replacement	12,124	-	-	-	-	-	-	12,124
<b>Totals</b>	<b>\$2,683,843</b>	<b>\$ 107,252</b>	<b>\$ 336,427</b>	<b>\$ 2,691,428</b>	<b>\$ 204,272</b>	<b>\$ 299,180</b>	<b>\$ 70,879</b>	<b>\$ 6,393,281</b>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

**NOTE 10 – INTERFUND TRANSACTIONS, continued**

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

<b>Due From Other Funds (fund making loan):</b>	<b>Successor Housing Capital Project</b>	<b>Due to Other Funds (fund receiving loan):</b>	
		<b>Transit</b>	<b>Total</b>
General	\$ 340	\$ -	\$ 340
Sewer Utility	-	245,661	245,661
	<u>\$ 340</u>	<u>\$ 245,661</u>	<u>\$ 246,001</u>

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

<b>Advances To Other Funds (fund making loan):</b>	<b>City Projects Capital</b>				<b>Total</b>
	<b>General Fund</b>	<b>Projects Fund</b>	<b>Sewer Utility</b>	<b>Water Utility</b>	
<b>General Fund:</b>					
General Fund	\$ -	\$ -	\$ 234,407	\$ -	\$ 234,407
Total General Fund	<u>-</u>	<u>-</u>	<u>234,407</u>	<u>-</u>	<u>234,407</u>
<b>Enterprise Funds:</b>					
Sewer Utility	329,395	638,274	-	100,000	1,067,669
Water Utility	-	1,276,550	-	-	1,276,550
Total Enterprise	<u>329,395</u>	<u>1,914,824</u>	<u>-</u>	<u>100,000</u>	<u>2,344,219</u>
Total	<u>\$ 329,395</u>	<u>\$ 1,914,824</u>	<u>\$ 234,407</u>	<u>\$ 100,000</u>	<u>\$ 2,578,626</u>

The advances to/from consists of the following: The City Capital Projects Fund loaned Water and Sewer Utility Enterprise loans were for: 1) Parks and Recreation infrastructure in the amount of \$1,026,583; 2) Construction of a fire station in the amount of \$896,652, and 3) the purchase of 2 two ambulances in the amount of \$449,482. The General fund loaned the Sewer fund \$282,833 for the purchase of a vactor truck.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

**NOTE 11 – UNEARNED REVENUE**

Unearned revenues in the government-wide financial statements as of June 30, 2013 were as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Community Development Block Grant	\$ 50,713	\$ -	\$ -	\$ 50,713
General services and recreation revenue	243,994	-	-	243,994
Public safety grant	2,450	-	-	2,450
Building permit revenue	258,496	-	-	258,496
Community Facilities District	1,678,000	-	-	1,678,000
GWTP Closure	-	36,995	-	36,995
Water utility revenue	-	70,537	-	70,537
Harbison maintenance reserve	-	-	134,160	134,160
Total	<u>\$ 2,233,653</u>	<u>\$ 107,532</u>	<u>\$ 134,160</u>	<u>\$ 2,475,345</u>

Unearned revenues in the fund financial statements as of June 30, 2013 were as follows:

	<u>Major Governmental Funds</u>			<u>Proprietary Funds</u>		<u>Fiduciary Funds</u>	Total
	<u>General</u>	<u>Community Development</u>	<u>Other Governmental Funds</u>	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Successor Agency</u>	
General services and recreation revenue	\$ 243,994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 243,994
CDBG maintenance reserve	-	50,713	-	-	-	-	50,713
Public safety grant	-	-	2,450	-	-	-	2,450
VUSD facility license agreement	-	-	-	-	-	-	-
Community Facilities District	-	-	1,678,000	-	-	-	1,678,000
Building permit revenue	-	-	258,496	-	-	-	258,496
Mariani GWTP closure	-	-	-	36,995	-	-	36,995
Water utility revenue	-	-	-	-	70,537	-	70,537
Harbison maintenance reserve	-	-	-	-	-	134,160	134,160
	<u>\$ 243,994</u>	<u>\$ 50,713</u>	<u>\$ 1,938,946</u>	<u>\$ 36,995</u>	<u>\$ 70,537</u>	<u>\$ 134,160</u>	<u>\$ 2,475,345</u>

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

\$ 258,496	Building permits revenues in excess of expenses recorded in Other Governmental Special Revenue Fund.
\$ 1,678,000	Community Facilities District Fees for the Opportunity Hill project for the next 23 years.
\$ 404,689	Various grants and fees for governmental and business type funds.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

**NOTE 12 – CLASSIFICATION OF FUND BALANCES**

As of June 30, 2013, classifications of fund balance are as follows:

Fund Balance:	General	Community Development	Sucessor Housing	Housing Assistance	City Projects	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>							
Loans and long-term receivables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advances to other funds	234,407	-	-	-	-	-	234,407
Due from RDA Successor Agency	-	-	-	-	193,922	-	193,922
Subtotal	<u>234,407</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,922</u>	<u>-</u>	<u>428,329</u>
<b>Restricted</b>							
Grants	-	486,968	-	-	-	233,350	720,318
Donor specified use	142,841	-	-	-	-	-	142,841
Highway and streets	-	-	-	-	-	1,720,259	1,720,259
Park maintenance	-	-	-	-	-	1,057,215	1,057,215
Community facility district	-	-	-	-	-	104,524	104,524
Housing	-	-	3,550,711	2,104,831	-	-	5,655,542
Debt service	-	-	-	-	-	1,245,099	1,245,099
Capital projects	-	-	-	-	-	7,252,550	7,252,550
Subtotal	<u>142,841</u>	<u>486,968</u>	<u>3,550,711</u>	<u>2,104,831</u>	<u>-</u>	<u>11,612,997</u>	<u>17,898,348</u>
<b>Assigned</b>							
Technology	141,989	-	-	-	-	-	141,989
Capital projects	863,784	-	-	-	-	-	863,784
General government	176,912	-	-	-	-	-	176,912
Community services	37,181	-	-	-	-	-	37,181
Public safety	152,210	-	-	-	-	-	152,210
Public works	47,135	-	-	-	-	-	47,135
Housing	-	-	-	-	-	-	-
Subtotal	<u>1,419,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,419,211</u>
Unassigned	<u>8,068,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,309,027)</u>	<u>-</u>	<u>6,759,013</u>
Total Fund Balances	<u>\$ 9,864,499</u>	<u>\$ 486,968</u>	<u>\$ 3,550,711</u>	<u>\$ 2,104,831</u>	<u>\$ (1,115,105)</u>	<u>\$ 11,612,997</u>	<u>\$ 26,504,901</u>

The City did not have any significant encumbrances at June 30, 2013.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

**NOTE 13 – RISK MANAGEMENT**

The City is exposed to various risks of loss including government tort claims (general and automobile liability), employment practices liability, employee work related injuries and illnesses, public officials errors and omissions, natural disasters, and theft of or damage to property. The City protects its financial resources and assets through insurance programs managed and administered by the Risk Management Office within the Human Resources Department.

The Human Resources Department is responsible for managing the City's General Liability and Workers' Compensation Internal Service Funds to account for and finance the City's risk of loss. Under these programs, the City is self insured for the first \$500,000 per occurrence for general, auto, and employment liability and is self insured for the first \$350,000 for workers' compensation claims. All City operating funds and departments participate in the self insurance programs and make payments to the General Liability and Workers' Compensation Internal Service Funds based on size of payroll, risk, and actuarial estimates of the amounts needed to pay for both prior and current year claims. The total actuarial estimated claims liability at June 30, 2013 is \$5,894,000, consisting of \$991,000 general liability and \$4,903,000 worker's compensation liability. These amounts include allocated expenses and a provision for the incurred but not reported claims. Of this balance, \$1837,000 has been recorded as a current liability on the City's balance sheet.

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA) self insurance pool. Through CJPRMA, the City has an additional \$39,500,000 in comprehensive liability coverage over and above our self-insured retention of \$500,000 per occurrence. The City is also a member of the Local Agency Workers' Compensation Excess (LAWCX) Joint Powers Authority self insurance pool which provides excess workers compensation coverage up to \$50,000,000 per occurrence. The purpose of CJPRMA and LAWCX is to spread the adverse effects of losses among the member public agencies and to purchase excess insurance as a group, thereby reducing its expense. The City contributes its pro rata share of expected losses to these self insurance pools administered by CJPRMA and LAWCX. Should the pool's actual losses among participating agencies be greater than the anticipated losses, the City may be assessed its pro rata share of that deficiency. Conversely, if the actual losses for the pool are less than anticipated, the City may from time to time be refunded a pro rata share of the excess.

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, automobile, and public officials errors and omissions limits of \$20,000,000 per occurrence, subject to a \$25,000 self-insured retention. In addition, the City participates in CalTIP's Physical Damage Program, protecting the transit vehicle fleet with a \$5,000 deductible per accident.

The City also maintains separate policies for property coverage, boiler and machinery, automobile physical damage for vehicles valued over \$20,000 and employee crime and fidelity insurance.

The following claim 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, 2013. Changes in the Insurance Fund claims liability during the fiscal year July 1, 2012 through June 30, 2013 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
2012-2013	\$ 6,246,000	\$ 799,947	\$ (1,151,947)	\$ 5,894,000	\$ 1,837,000
2011-2012	\$ 6,039,000	\$ 1,007,982	\$ (800,982)	\$ 6,246,000	\$ 1,780,000
2010-2011	\$ 5,698,000	\$ 1,226,363	\$ (885,363)	\$ 6,039,000	\$ 1,716,000

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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**NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Vacaville that previously reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of the redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-10.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installments payments on enforceable of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfer of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure of encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

After the date of the dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

As a result of the dissolution of the redevelopment agency, the City received a one-time settlement of \$4,482,226 during the fiscal year.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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**NOTE 15 – POLLUTION REMEDIATION**

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 estimate based on engineering cost estimates for closure of projects of \$1,355,000 for the Closure Plan work with no estimated recoveries to reduce the liability. There is no risk of an increase or decrease of the estimate since it is continuously monitored.

**NOTE 16 – COMMITMENTS AND CONTINGENCIES**

***A. COMMITMENTS***

The City has entered into an agreement with CRW Systems, Inc. for the procurement of new building permit and planning entitlement project management software. The original contract for software and implementation was \$182,250 and the balance on the contract as of June 30, 2013 equals \$112,250. The contract is expected to be completed in the fourth quarter of fiscal year 2014.

The City has a contract with New Flyer of America, Inc. for the procurement of three additional 35 ft. low-floor CNG buses for the City's growing public transit system. The balance on the contract as of June 30, 2013 equals approximately \$1,873,789. The delivery of all three vehicles is anticipated in December 2013.

The City has awarded the construction contract for the filtration improvement phase of the Easterly Wastewater Treatment Plant to C. Overaa and Co. The construction and improvement of facilities is needed to meet the requirements of the National Pollutant Discharge Elimination System permit program. The original contract was in the amount of \$50,197,200 and the balance as of June 30, 2013 was approximately \$33,355,007. The contract is expected to be completed in December 2014.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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**NOTE 16 – COMMITMENTS AND CONTINGENCIES, continued**

***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 Successor Agency has certain contingent payments in connection with the purchase and sale of land held for development by the former redevelopment agency. The Successor Agency has retained responsibility for paying a portion of assessments assigned to each property if certain criteria are met. There are currently three areas in which the Agency could be contingently liable for paying the assessments:

Special Assessments		
Auto Mall	\$	106,647
Cultrual Center		29,909
East Monte Vista		<u>4,718</u>
Total contingent liability	\$	<u><u>141,274</u></u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

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**NOTE 17 - 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.

The following unaudited information for the Water Authority is presented as of, and for the year ended June 30, 2013:

Current assets	\$ 456,964
Property, plant and equipment, net	<u>954,067</u>
Total assets	<u>\$ 1,411,031</u>
Net assets	<u>\$ 1,411,031</u>
Other revenues (expenses), net	<u>(11,697)</u>
Decrease in retained earnings	<u>\$ (11,697)</u>

As of June 30, 2013 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 Utilities 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 \$21,310,086 which represents a 37.3% equity interest. The City's contribution to the operations of the North Bay Treatment Plant for the fiscal year was \$3,173,774. This amount is included in the total operating revenues stated in the following financial information. 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, 2013**

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**NOTE 17 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS, continued**

Summarized audited financial information for the North Bay Treatment Plant as of June 30, 2013 is shown below.

NORTH BAY TREATMENT PLANT

Current assets	\$ 4,401,455
Property, plant and equipment, net	<u>53,013,095</u>
Total assets	<u>57,414,550</u>
Current liabilities	<u>287,198</u>
Total liabilities	<u>287,198</u>
Net investment in Capital Assets	38,064,327
Restricted for major maintenance	12,479,053
Restricted for minority interest	2,779,755
Unrestricted	<u>3,804,217</u>
Total Net Position	<u>\$ 57,127,352</u>
Total operating revenues	\$ 11,359,519
Total operating expenses	<u>7,254,180</u>
Operating loss	4,105,339
Total non-operating revenues	<u>52,081</u>
Income before transfers	<u>4,157,420</u>
Transfers	<u>(91,245)</u>
Total transfers	<u>(91,245)</u>
Increase in Net Position	<u>4,066,175</u>
Net Position	
Beginning of Year	<u>32,599,281</u>
Prior Period Adjustment (restatement of joint operation payable)	<u>20,461,896</u>
Beginning of year Net Position, as restated	<u>53,061,177</u>
End of Year	<u>\$ 57,127,352</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

**NOTE 17 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS, continued**

The City of Fairfield changed the presentation of the North Bay Treatment Plant financial statements from showing the City of Vacaville's minority interest as a liability, *Noncurrent liabilities – Minority interest in Joint Agencies*, to restricting net position for the minority interest. A summary of the City's equity in the joint venture is presented below:

Net Position	City of Vacaville	City of Fairfield	Total
Net investment in capital assets	\$ 13,468,635	\$ 24,595,692	\$ 38,064,327
Restricted for major maintenance	5,061,696	7,417,357	12,479,053
Restricted for minority interest	2,779,755	-	2,779,755
Unrestricted	-	3,804,217	3,804,217
Total net position	\$ 21,310,086	\$ 35,817,266	\$ 57,127,352

The prior period adjustment on the previous page does not affect the City's investment in the joint venture.

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. During the fiscal year ended June 30, 2013 the City did not make any contributions to the VDGA.

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. During the fiscal year ended June 30, 2013 the City contributed \$279,300 to the SACA. 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 paid a membership fee of approximately \$91,672 through the Local Transportation Fund and \$78,757 from gas tax revenues to STA for fiscal year 2013. The City has no equity interest in STA.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

**NOTE 18 – PRIOR PERIOD ADJUSTMENT**

The beginning net position for Governmental Activities on the Government-Wide Financial Statements has been decreased by \$668,141. Implementation of GASB Statement No. 62 requires deferred charges of bond issuance costs to be expensed.

The beginning net position for Business-Type Activities on the Government-Wide Financial Statements and the beginning net position for the Water Utility funds on the Proprietary Fund Financial Statements have been increased by \$473,249. A capital asset purchased in a prior year was fully depreciated in the year of acquisition resulting in a decreased net position. Net position was increased to correct the misstatement.

The beginning net position for Business-Type Activities on the Government-Wide Financial Statements and the beginning net position for the Water Utility funds were decreased by \$1,698,992. In a prior year, expenses paid by the City for the North Bay Treatment Plant were also factored into the calculation of the City's investment in the joint venture.

A summary of the prior period adjustments is shown below and on the next page:

	Net Position as Previously Reported	Prior Period Adjustments			Capital Assets North Bay Treatment Plant Costs	Net Position as Restated
		Deferred Revenue for Long-term loans Receivable	Expense Bond Issuance Costs	Capital asset fully depreciated in acquisition year		
<b>Government-Wide Financial Statements</b>						
Governmental Activities						
Net Position	\$ 473,332,699	\$ -	\$ (668,141)	\$ -	\$ -	\$ 472,664,558
Business Type Activities						
Net Position	294,252,273	-	-	473,249	(1,698,992)	293,026,530
Total	<u>\$ 767,584,972</u>	<u>\$ -</u>	<u>\$ (668,141)</u>	<u>\$ 473,249</u>	<u>\$ (1,698,992)</u>	<u>\$ 765,691,088</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2013**

**NOTE 18 – PRIOR PERIOD ADJUSTMENT, continued**

The beginning fund balance for Community Development, Successor Housing and Housing Assistance on the Governmental Fund Financial Statements have been decreased by \$28,582,022. Loans receivables reported in the funds should have been offset by deferred revenues as they are not expected to be collected within 60 days after the end of the fiscal year and are not considered available resources available for current year obligations.

	Fund Balance as Previously Reported	Prior Period Adjustments			Capital Assets North Bay Treatment Plant Costs	Fund Balance as Restated
		Deferred Revenue for Long-term loans Receivable	Expense Bond Issuance Costs	Capital asset fully depreciated in acquisition year		
<b><i>Fund Financial Statements</i></b>						
<b>Governmental Funds</b>						
General Fund	\$ 1,561,546	\$ -	\$ -	\$ -	\$ -	\$ 1,561,546
Community Development	925,811	(331,166)	-	-	-	594,645
Successor Housing	31,580,322	(27,950,856)	-	-	-	3,629,466
Housing Assistance	3,299,695	(300,000)	-	-	-	2,999,695
Capital Projects - City	(3,601,257)	-	-	-	-	(3,601,257)
Building & Street Development	988,683	-	-	-	-	988,683
Maintenance Districts	963,126	-	-	-	-	963,126
Community Facilities	93,524	-	-	-	-	93,524
Special Programs	215,939	-	-	-	-	215,939
Measure I	1,237,667	-	-	-	-	1,237,667
Assessment & Improvement Districts	1,039,713	-	-	-	-	1,039,713
Successor Housing Capital Project	6,219,943	-	-	-	-	6,219,943
Total Governmental Funds	<u>\$ 44,524,712</u>	<u>\$ (28,582,022)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,942,690</u>
<b>Enterprise Funds</b>						
Sewer Utility	154,139,917	-	-	-	-	154,139,917
Water Utility	112,156,983	-	-	473,249	(1,698,992)	110,931,240
Transit	24,624,902	-	-	-	-	24,624,902
Total Enterprise Funds	<u>\$ 290,921,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473,249</u>	<u>\$ (1,698,992)</u>	<u>\$ 289,696,059</u>



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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the year ended June 30, 2013**

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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 \$192,603 for the City operating budget was made by the City Council action during the year. Appropriations were also increased due to grant and operating carryovers by \$538,762, new grant awards of \$798,954, and \$4,482,226 from the dissolution of RDA. The net increase to appropriations is \$5,627,339.

**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, 2013**

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

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>Revenues:</b>				
Taxes and fees	\$ 50,035,267	\$ 50,035,267	\$ 54,918,347	\$ 4,883,080
Licenses and permits	204,526	204,526	209,761	5,235
Investment income	791,972	791,972	965,799	173,827
Intergovernmental	147,737	147,737	157,087	9,350
Charges for services	7,226,312	7,226,312	7,360,342	134,030
Fines, forfeitures and penalties	104,005	104,005	136,965	32,960
AB 1484 County distribution	-	4,482,226	4,482,226	-
Other	30,050	830,050	976,634	146,584
<b>Total revenues</b>	<b>58,539,869</b>	<b>63,822,095</b>	<b>69,207,161</b>	<b>5,385,066</b>
<b>Expenditures:</b>				
Current:				
General government	6,006,458	6,133,265	5,048,598	1,084,667
Public safety	43,948,079	44,244,909	43,402,418	842,491
Public works	4,749,087	4,806,104	4,525,427	280,677
Community services	7,741,095	7,791,095	7,249,483	541,612
Debt service:				
Principal	322,945	322,945	262,907	60,038
Interest	50,622	50,622	40,663	9,959
<b>Total expenditures</b>	<b>62,818,286</b>	<b>63,348,940</b>	<b>60,529,496</b>	<b>2,819,444</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,278,417)</b>	<b>473,155</b>	<b>8,677,665</b>	<b>8,204,510</b>
<b>Other financing sources (uses):</b>				
Transfers in	2,495,451	1,995,451	2,683,843	688,392
Transfers out	(3,500,238)	(3,500,238)	(3,061,311)	438,927
Sale of capital assets	-	-	2,756	2,756
<b>Total other financing sources (uses)</b>	<b>(1,004,787)</b>	<b>(1,504,787)</b>	<b>(374,712)</b>	<b>1,130,075</b>
<b>Net change in fund balance</b>	<b>\$ (5,283,204)</b>	<b>\$ (1,031,632)</b>	<b>8,302,953</b>	<b>\$ 9,334,585</b>
Fund balances, beginning of year			1,561,546	
Fund balances, end of year			<b>\$ 9,864,499</b>	

**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Investment income	\$ 15,000	\$ 15,000	\$ 308	\$ (14,692)
Intergovernmental	812,726	812,726	620,743	(191,983)
Other	-	-	10,990	10,990
<b>Total revenues</b>	<u>827,726</u>	<u>827,726</u>	<u>632,041</u>	<u>(195,685)</u>
<b>Expenditures:</b>				
Current:				
Community services	826,030	826,030	632,466	193,564
<b>Total expenditures</b>	<u>826,030</u>	<u>826,030</u>	<u>632,466</u>	<u>193,564</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	1,696	1,696	(425)	(2,121)
<b>Other financing sources (uses):</b>				
Transfers out	-	-	(107,252)	(107,252)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(107,252)</u>	<u>(107,252)</u>
<b>Net change in fund balance</b>	<u>\$ 1,696</u>	<u>\$ 1,696</u>	<u>(107,677)</u>	<u>\$ (109,373)</u>
Fund balances, beginning of year			925,811	
Prior period adjustment			(331,166)	
Fund balances, end of year			<u>\$ 486,968</u>	

**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 54,955	\$ 54,955
Other	-	-	308,944	308,944
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>363,899</u>	<u>363,899</u>
<b>Expenditures:</b>				
Current:				
Housing	772,077	772,077	547,423	224,654
Interest and fiscal charges	-	-	2,483	(2,483)
<b>Total expenditures</b>	<u>772,077</u>	<u>772,077</u>	<u>549,906</u>	<u>222,171</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(772,077)</u>	<u>(772,077)</u>	<u>(186,007)</u>	<u>586,070</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	107,252	107,252
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>107,252</u>	<u>107,252</u>
<b>Net change in fund balance</b>	<u>\$ (772,077)</u>	<u>\$ (772,077)</u>	<u>(78,755)</u>	<u>\$ 693,322</u>
Fund balances, beginning of year			31,580,322	
Prior period adjustment			(27,950,856)	
Fund balances, end of year			<u>\$ 3,550,711</u>	

**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 4,104	\$ 4,104
Intergovernmental	13,335,502	13,335,502	12,908,892	(426,610)
Charges for services	45,000	45,000	49,837	4,837
Other	70,339	70,339	129,079	58,740
<b>Total revenues</b>	<u>13,450,841</u>	<u>13,450,841</u>	<u>13,091,912</u>	<u>(358,929)</u>
<b>Expenditures:</b>				
Current:				
Community services	22,000	-	21,443	(21,443)
Housing	13,932,883	13,932,883	13,965,333	(32,450)
<b>Total expenditures</b>	<u>13,954,883</u>	<u>13,932,883</u>	<u>13,986,776</u>	<u>(53,893)</u>
<b>Net change in fund balance</b>	<u>\$ (504,042)</u>	<u>\$ (482,042)</u>	<u>(894,864)</u>	<u>\$ (412,822)</u>
Fund balance, beginning of year			3,299,695	
Prior period adjustment			<u>(300,000)</u>	
Fund balance, end of year			<u>\$ 2,104,831</u>	

**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**EMPLOYEE RETIREMENT PLANS**

**SCHEDULE OF FUNDING PROGRESS- PERS**

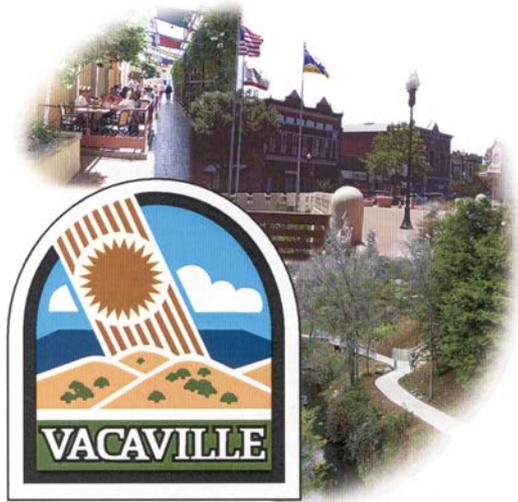
Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (UAL)	Funded Status	Annual Covered Payroll	AUL as % of Payroll
<b>Miscellaneous</b>						
6/30/2010	\$ 160,884,879	\$ 125,418,311	\$ (35,466,568)	78.0%	\$ 26,304,950	134.8%
6/30/2011	172,996,776	133,227,261	(39,769,515)	77.0%	27,312,768	145.6%
6/30/2012	181,520,801	140,476,644	(41,044,157)	77.4%	25,199,192	162.9%
<b>Safety</b>						
6/30/2010	183,828,966	128,282,450	(55,546,516)	69.8%	20,159,546	275.5%
6/30/2011	199,208,500	138,736,613	(60,471,887)	69.6%	19,426,826	311.3%
6/30/2012	212,451,292	149,382,149	(63,069,143)	70.3%	18,276,631	345.1%

**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>						
7/1/2008	\$ 24,481,039	\$ 7,593,684	\$ (16,887,355)	31.0%	\$ 27,602,940	61.2%
7/1/2010	\$ 35,685,109	\$ 8,120,448	\$ (27,564,661)	22.8%	26,487,589	104.1%
7/1/2011	\$ 38,183,442	\$ 10,168,080	\$ (28,015,362)	26.6%	24,361,270	115.0%

**SCHEDULE OF FUNDING PROGRESS- OPEB**

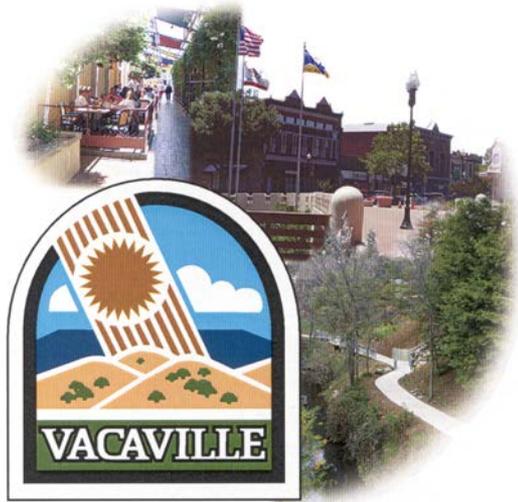
Valuation Date	Actuarial Liability	Value of Assets	Unfunded Liability (UAL)	Funded Ratio	Valuation Payroll	UAL as % of Payroll
7/1/2008	\$ 57,555,169	\$ 2,489,911	\$ (55,065,258)	4.33%	\$ 45,670,482	120.6%
7/1/2010	69,954,229	6,050,369	(63,903,860)	8.65%	46,819,164	136.5%
7/1/2011	80,254,313	8,707,156	(71,547,157)	10.85%	47,313,037	151.2%



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## SUPPLEMENTARY INFORMATION

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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

### **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.

#### **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.

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

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

#### **SUCCESSOR HOUSING CAPITAL PROJECTS**

To account for proceeds from bonds used to construct housing related projects.

**CITY OF VACAVILLE**  
**COMBINING BALANCE SHEET**  
**OTHER GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	SPECIAL REVENUE				DEBT SERVICE	CAPITAL PROJECTS			TOTAL OTHER GOVERNMENTAL FUNDS
	BUILDING & STREET DEVELOPMENT	MAINTENANCE DISTRICTS	COMMUNITY FACILITIES	SPECIAL PROGRAMS	MEASURE I	ASSESSMENT & IMPROVEMENT DISTRICTS	SUCCESSOR HOUSING CAPITAL PROJECTS		
<b>Assets</b>									
Cash and investments	\$ 2,593,078	\$ 4,901,236	\$ 1,782,524	\$ 532,728	\$ -	\$ -	\$ -	\$ 9,809,566	
Receivables:									
Interest	-	-	-	-	978	-	-	978	
Taxes	47,263	-	-	-	-	-	-	47,263	
Accounts	28,867	-	-	272,023	-	-	-	300,890	
Restricted cash and investments	-	-	-	-	1,244,121	1,039,766	6,220,284	8,504,171	
<b>Total assets</b>	<b>\$ 2,669,208</b>	<b>\$ 4,901,236</b>	<b>\$ 1,782,524</b>	<b>\$ 804,751</b>	<b>\$ 1,245,099</b>	<b>\$ 1,039,766</b>	<b>\$ 6,220,284</b>	<b>\$ 18,662,868</b>	
<b>Liabilities, Deferred Outflows of Resources and Fund Balances</b>									
<b>Liabilities:</b>									
Accounts and contract payable	\$ 88,384	\$ 45,125	\$ -	\$ 31,932	\$ -	\$ -	\$ 7,158	\$ 172,599	
Accrued payroll	84,081	46,995	-	30,866	-	-	-	161,942	
Due to other funds	-	-	-	-	-	-	340	340	
Deposits payable	517,988	3,751,902	-	295,584	-	-	-	4,565,474	
Deferred revenue	258,496	-	1,678,000	2,450	-	-	-	1,938,946	
<b>Total liabilities</b>	<b>948,949</b>	<b>3,844,022</b>	<b>1,678,000</b>	<b>360,832</b>	<b>-</b>	<b>-</b>	<b>7,498</b>	<b>6,839,301</b>	
<b>Deferred inflows of resources</b>									
Grants received in advance	-	-	-	210,570	-	-	-	210,570	
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>210,570</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>210,570</b>	
<b>Fund balances:</b>									
Restricted	1,720,259	1,057,214	104,524	233,349	1,245,099	1,039,766	6,212,786	11,612,997	
<b>Total fund balances</b>	<b>1,720,259</b>	<b>1,057,214</b>	<b>104,524</b>	<b>233,349</b>	<b>1,245,099</b>	<b>1,039,766</b>	<b>6,212,786</b>	<b>11,612,997</b>	
<b>Total liabilities, deferred outflows of resources and fund balances</b>	<b>\$ 2,669,208</b>	<b>\$ 4,901,236</b>	<b>\$ 1,782,524</b>	<b>\$ 804,751</b>	<b>\$ 1,245,099</b>	<b>\$ 1,039,766</b>	<b>\$ 6,220,284</b>	<b>\$ 18,662,868</b>	

**CITY OF VACAVILLE**  
**OTHER GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	SPECIAL REVENUE				DEBT SERVICE	CAPITAL PROJECTS		TOTAL OTHER GOVERNMENTAL FUNDS
	BUILDING & STREET DEVELOPMENT	MAINTENANCE DISTRICTS	COMMUNITY FACILITIES	SPECIAL PROGRAMS	MEASURE I	ASSESSMENT & IMPROVEMENT DISTRICTS	SUCCESSOR HOUSING CAPITAL PROJECTS	
<b>Revenues:</b>								
Taxes and fees	\$ -	\$ 2,571,414	\$ 1,760,713	\$ -	\$ -	\$ -	\$ -	\$ 4,332,127
Licenses and permits	1,002,559	-	-	-	-	-	-	1,002,559
Investment income	5,391	-	-	571	76,552	-	-	82,514
Intergovernmental	697,387	-	-	1,688,380	-	-	-	2,385,767
Charges for services	1,318,155	-	-	105,376	-	-	-	1,423,531
Fines, forfeitures and penalties	215,502	-	-	-	-	-	-	215,502
Other	257,806	-	-	-	-	-	-	257,806
<b>Total revenues</b>	<b>3,496,800</b>	<b>2,571,414</b>	<b>1,760,713</b>	<b>1,794,327</b>	<b>76,552</b>	<b>-</b>	<b>-</b>	<b>9,699,806</b>
<b>Expenditures:</b>								
Current:								
General government	2,531,862	-	-	-	-	-	-	2,531,862
Public safety	500	-	1,678	1,463,464	-	-	-	1,465,642
Public works	1,244,547	-	-	19	-	-	-	1,244,566
Community services	-	2,819,309	24,516	318,434	-	-	-	3,162,259
Capital Outlay	-	-	-	-	-	-	7,157	7,157
Debt service:								
Principal	-	-	-	-	1,110,000	-	-	1,110,000
Interest and fiscal charges	-	-	-	-	93,627	-	-	93,627
<b>Total expenditures</b>	<b>3,776,909</b>	<b>2,819,309</b>	<b>26,194</b>	<b>1,781,917</b>	<b>1,203,627</b>	<b>-</b>	<b>7,157</b>	<b>9,615,113</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(280,109)</b>	<b>(247,895)</b>	<b>1,734,519</b>	<b>12,410</b>	<b>(1,127,075)</b>	<b>-</b>	<b>(7,157)</b>	<b>84,693</b>
<b>Other financing sources (uses):</b>								
Transfers in	1,209,885	341,983	-	5,000	1,134,507	53	-	2,691,428
Transfers out	(198,200)	-	(1,723,519)	-	-	-	-	(1,921,719)
<b>Total other financing sources (uses)</b>	<b>1,011,685</b>	<b>341,983</b>	<b>(1,723,519)</b>	<b>5,000</b>	<b>1,134,507</b>	<b>53</b>	<b>-</b>	<b>769,709</b>
<b>Net change in fund balance</b>	<b>731,576</b>	<b>94,088</b>	<b>11,000</b>	<b>17,410</b>	<b>7,432</b>	<b>53</b>	<b>(7,157)</b>	<b>854,402</b>
Fund balances, beginning of year	988,683	963,126	93,524	215,939	1,237,667	1,039,713	6,219,943	10,758,595
Fund balances, end of year	\$ 1,720,259	\$ 1,057,214	\$ 104,524	\$ 233,349	\$ 1,245,099	\$ 1,039,766	\$ 6,212,786	\$ 11,612,997

**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, 2013**

	BUILDING & STREET DEVELOPMENT			VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Licenses and permits	\$ 500,000	\$ 500,000	\$ 1,002,559	\$ 502,559
Investment income	7,000	7,000	5,391	(1,609)
Intergovernmental	682,474	682,474	697,387	14,913
Charges for services	748,000	748,000	1,318,155	570,155
Fines, forfeitures and penalties	-	-	215,502	215,502
Other	900	900	257,806	256,906
<b>Total revenues</b>	<b>1,938,374</b>	<b>1,938,374</b>	<b>3,496,800</b>	<b>1,558,426</b>
<b>Expenditures:</b>				
Current:				
General government	3,061,372	3,061,372	2,531,862	529,510
Public safety	-	-	500	(500)
Public works	931,839	931,839	1,244,547	(312,708)
<b>Total expenditures</b>	<b>3,993,211</b>	<b>3,993,211</b>	<b>3,776,909</b>	<b>216,302</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,054,837)</b>	<b>(2,054,837)</b>	<b>(280,109)</b>	<b>1,774,728</b>
<b>Other financing sources (uses):</b>				
Transfers in	930,000	930,000	1,209,885	279,885
Transfers out	-	(386,373)	(198,200)	188,173
<b>Total other financing sources (uses)</b>	<b>930,000</b>	<b>543,627</b>	<b>1,011,685</b>	<b>468,058</b>
<b>Net change in fund balance</b>	<b>\$ (1,124,837)</b>	<b>\$ (1,511,210)</b>	<b>731,576</b>	<b>\$ 2,242,786</b>
Fund balance, beginning of year			988,683	
Fund balance, end of year			<b>\$ 1,720,259</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, 2013**

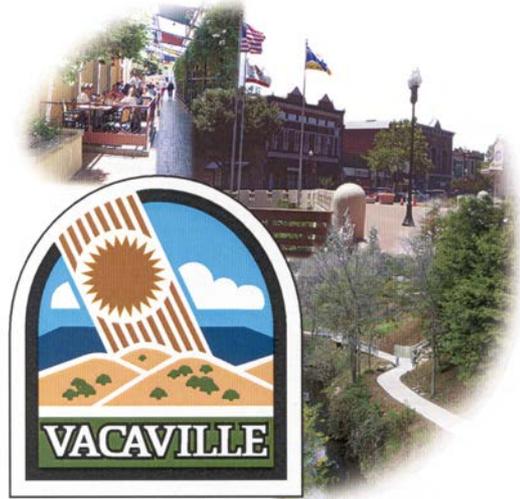
	MAINTENANCE DISTRICTS			VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Taxes and fees	\$ 2,568,097	\$ 2,568,097	\$ 2,571,414	\$ 3,317
<b>Total revenues</b>	<u>2,568,097</u>	<u>2,568,097</u>	<u>2,571,414</u>	<u>3,317</u>
<b>Expenditures:</b>				
Current:				
Community services	3,345,856	3,345,856	2,819,309	526,547
<b>Total expenditures</b>	<u>3,345,856</u>	<u>3,345,856</u>	<u>2,819,309</u>	<u>526,547</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(777,759)</u>	<u>(777,759)</u>	<u>(247,895)</u>	<u>529,864</u>
<b>Other financing sources (uses):</b>				
Transfers in	341,983	341,983	341,983	-
<b>Total other financing sources (uses)</b>	<u>341,983</u>	<u>341,983</u>	<u>341,983</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (435,776)</u>	<u>\$ (435,776)</u>	94,088	<u>\$ 529,864</u>
Fund balance, beginning of year			963,126	
Fund balance, end of year			<u>\$ 1,057,214</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, 2013**

	COMMUNITY FACILITIES			VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Taxes and fees	\$ 1,609,078	\$ 1,609,078	\$ 1,760,713	\$ 151,635
<b>Total revenues</b>	<u>1,609,078</u>	<u>1,609,078</u>	<u>1,760,713</u>	<u>151,635</u>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	1,678	(1,678)
Community services	-	-	24,516	(24,516)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>26,194</u>	<u>(26,194)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,609,078</u>	<u>1,609,078</u>	<u>1,734,519</u>	<u>125,441</u>
<b>Other financing sources (uses):</b>				
Transfers out	(2,109,078)	(1,609,078)	(1,723,519)	(114,441)
<b>Total other financing sources (uses)</b>	<u>(2,109,078)</u>	<u>(1,609,078)</u>	<u>(1,723,519)</u>	<u>(114,441)</u>
<b>Net change in fund balance</b>	<u>\$ (500,000)</u>	<u>\$ -</u>	<u>11,000</u>	<u>\$ 11,000</u>
Fund balance, beginning of year			<u>93,524</u>	
Fund balance, end of year			<u>\$ 104,524</u>	

**CITY OF VACAVILLE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - ALL SPECIAL PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	SPECIAL PROGRAMS			VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 571	\$ 571
Intergovernmental	-	1,290,993	1,688,380	397,387
Charges for services	-	-	105,376	105,376
<b>Total revenues</b>	<b>-</b>	<b>1,290,993</b>	<b>1,794,327</b>	<b>503,334</b>
<b>Expenditures:</b>				
Current:				
Public safety	135,269	1,553,326	1,463,464	89,862
Public works	-	-	19	(19)
Community services	-	-	318,434	(318,434)
<b>Total expenditures</b>	<b>135,269</b>	<b>1,553,326</b>	<b>1,781,917</b>	<b>(228,591)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(135,269)</b>	<b>(262,333)</b>	<b>12,410</b>	<b>274,743</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	5,000	5,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>5,000</b>
<b>Net change in fund balance</b>	<b>\$ (135,269)</b>	<b>\$ (262,333)</b>	<b>17,410</b>	<b>\$ 279,743</b>
Fund balance, beginning of year			215,939	
Fund balance, end of year			<b>\$ 233,349</b>	



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## **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 Position.

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 POSITION**  
**JUNE 30, 2013**

	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHNOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
<b>Assets</b>						
Cash and investments	\$ 191,814	\$ 2,405,207	\$ 790,474	\$ 4,767,737	\$ 208,596	\$ 8,363,828
Receivables:						
Accounts	-	4,248	-	-	-	4,248
Inventories - supplies	129,289	-	-	-	-	129,289
Restricted cash and investments	-	-	29,053	-	-	29,053
Deposits	-	-	-	168,711	-	168,711
Capital assets - net of accumulated depreciation	80,762	921,167	1,172,926	-	-	2,174,855
<b>Total assets</b>	<b>401,865</b>	<b>3,330,622</b>	<b>1,992,453</b>	<b>4,936,448</b>	<b>208,596</b>	<b>10,869,984</b>
<b>Liabilities</b>						
Accounts and contract payable	103,570	-	13,539	6,723	-	123,832
Accrued payroll	64,975	-	-	18,732	3,389	87,096
Employee benefits payable	-	-	-	-	205,207	205,207
Deposits payable	-	-	-	1,835	-	1,835
Claims payable - due within one year	-	-	-	1,837,000	-	1,837,000
Claims payable - due in more than a year	-	-	-	4,057,000	-	4,057,000
Lease payable - due within one year	-	-	156,123	-	-	156,123
Lease payable - due in more than a year	-	-	539,710	-	-	539,710
<b>Total liabilities</b>	<b>168,545</b>	<b>-</b>	<b>709,372</b>	<b>5,921,290</b>	<b>208,596</b>	<b>7,007,803</b>
<b>Net Position</b>						
Net investment in capital assets	80,762	921,167	477,093	-	-	1,479,022
Restricted for capital projects	-	-	29,053	-	-	29,053
Unrestricted	152,558	2,409,455	776,935	(984,842)	-	2,354,106
<b>Total net position</b>	<b>\$ 233,320</b>	<b>\$ 3,330,622</b>	<b>\$ 1,283,081</b>	<b>\$ (984,842)</b>	<b>\$ -</b>	<b>\$ 3,862,181</b>

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

	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHNOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
<b>Operating revenues:</b>						
Internal service charges	\$ 2,705,500	\$ 295,127	\$ 1,359,601	\$ 3,243,311	\$ 4,553,627	\$ 12,157,166
<b>Operating expenses:</b>						
Internal service expenses	2,858,493	7,797	804,469	3,421,681	4,553,627	11,646,067
Depreciation	3,047	211,690	245,767	-	-	460,504
<b>Total operating expenses</b>	<b>2,861,540</b>	<b>219,487</b>	<b>1,050,236</b>	<b>3,421,681</b>	<b>4,553,627</b>	<b>12,106,571</b>
<b>Operating income (loss)</b>	<b>(156,040)</b>	<b>75,640</b>	<b>309,365</b>	<b>(178,370)</b>	<b>-</b>	<b>50,595</b>
<b>Non-operating revenues (expenses):</b>						
Interest revenue	-	-	26	-	-	26
Interest expense	-	-	(16,794)	-	-	(16,794)
Other	127,666	-	-	-	-	127,666
<b>Total non-operating revenues (expenses)</b>	<b>127,666</b>	<b>-</b>	<b>(16,768)</b>	<b>-</b>	<b>-</b>	<b>110,898</b>
<b>Income (loss) before operating transfers</b>	<b>(28,374)</b>	<b>75,640</b>	<b>292,597</b>	<b>(178,370)</b>	<b>-</b>	<b>161,493</b>
<b>Transfers:</b>						
Transfers in	70,879	-	-	-	-	70,879
Transfers out	-	(75,489)	(12,124)	-	-	(87,613)
<b>Total transfers</b>	<b>70,879</b>	<b>(75,489)</b>	<b>(12,124)</b>	<b>-</b>	<b>-</b>	<b>(16,734)</b>
Net income (loss)	42,505	151	280,473	(178,370)	-	144,759
Net position, beginning of year	190,815	3,330,471	1,002,608	(806,472)	-	3,717,422
Net position, end of year	<b>\$ 233,320</b>	<b>\$ 3,330,622</b>	<b>\$ 1,283,081</b>	<b>\$ (984,842)</b>	<b>\$ -</b>	<b>\$ 3,862,181</b>

**CITY OF VACAVILLE**  
**INTERNAL SERVICE FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHNOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$2,768,024	\$ 290,879	\$ 1,359,601	\$3,243,311	\$ 4,553,627	\$ 12,215,442
Payments to suppliers	(2,108,379)	(7,797)	(742,739)	(1,770,053)	(4,553,627)	(9,182,595)
Payments to employees	(831,659)	-	-	(927,130)	902,518	(856,271)
Claims paid	-	-	-	(1,151,947)	-	(1,151,947)
<b>Net cash provided by (used in) operating activities</b>	<u>(172,014)</u>	<u>283,082</u>	<u>616,862</u>	<u>(605,819)</u>	<u>902,518</u>	<u>1,024,629</u>
<b>Cash flows from noncapital financing activities:</b>						
Transfers in	70,879	-	-	-	-	70,879
Transfers out	-	(75,489)	(12,124)	-	-	(87,613)
Settlement	127,666	-	-	-	-	127,666
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>198,545</u>	<u>(75,489)</u>	<u>(12,124)</u>	<u>-</u>	<u>-</u>	<u>110,932</u>
<b>Cash flows from capital and related financing activities:</b>						
Net proceeds from issuance of long-term debt	-	-	810,000	-	-	810,000
Acquisition of capital assets	-	(110,033)	(914,981)	-	-	(1,025,014)
Principal paid on capital debt	-	-	(114,167)	-	-	(114,167)
Interest paid	-	-	(16,794)	-	-	(16,794)
<b>Net cash used in capital and related financing activities</b>	<u>-</u>	<u>(110,033)</u>	<u>(235,942)</u>	<u>-</u>	<u>-</u>	<u>(345,975)</u>
Interest revenue	-	-	26	-	-	26
<b>Net cash provided by investing activities</b>	<u>-</u>	<u>-</u>	<u>26</u>	<u>-</u>	<u>-</u>	<u>26</u>
<b>Net increase in cash and cash equivalents</b>	<u>26,531</u>	<u>97,560</u>	<u>368,822</u>	<u>(605,819)</u>	<u>902,518</u>	<u>789,612</u>
Cash and cash equivalents, beginning of year	165,283	2,307,647	450,705	5,373,556	(693,922)	7,603,269
Cash and cash equivalents, end of year	<u>\$ 191,814</u>	<u>\$ 2,405,207</u>	<u>\$ 819,527</u>	<u>\$4,767,737</u>	<u>\$ 208,596</u>	<u>\$ 8,392,881</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:</b>						
Operating income (loss)	\$ (156,040)	\$ 75,640	\$ 309,365	\$ (178,370)	\$ -	\$ 50,595
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	3,047	211,690	245,767	-	-	460,504
(Gain) Loss on disposal of assets	-	-	60,496	-	-	60,496
Changes in assets and liabilities:						
Decrease (increase) in accounts receivable	62,524	(4,248)	-	-	-	58,276
Decrease in inventories-supplies	37,144	-	-	-	-	37,144
Increase in deposits	-	-	-	(59,320)	-	(59,320)
Increase (decrease) in accounts and contracts payable	(116,810)	-	1,234	(15,994)	-	(131,570)
Decrease in accrued payroll	(1,879)	-	-	(135)	(14,704)	(16,718)
Increase in employee benefits payable	-	-	-	-	917,222	917,222
Decrease in claims payable	-	-	-	(352,000)	-	(352,000)
Total adjustments	<u>(15,974)</u>	<u>207,442</u>	<u>307,497</u>	<u>(427,449)</u>	<u>902,518</u>	<u>974,034</u>
<b>Net cash provided by (used for) operating activities</b>	<u>\$ (172,014)</u>	<u>\$ 283,082</u>	<u>\$ 616,862</u>	<u>\$ (605,819)</u>	<u>\$ 902,518</u>	<u>\$ 1,024,629</u>

## **FIDUCIARY FUND FINANCIAL STATEMENTS**

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### **OTHER DEPOSITS**

To account for deposits received from outside parties. Some of the large items include amounts on deposit from Solano Transportation Authority, Solano County Transit, 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.

### **2000A BOND PROCEEDS**

The City participated in the issuance of the 2000A bonds with Vacaville Community Housing. The proceeds were used by Vacaville Community Housing and the reserves are held in trust.

**CITY OF VACAVILLE**  
**COMBING STATEMENT OF AGENCY FUNDS**  
**JUNE 30, 2013**

	OTHER DEPOSITS	SPECIAL ASSESSMENTS	2000A BOND PROCEEDS	TOTAL AGENCY
<b>Assets</b>				
Cash and investments	\$ 13,750,352	\$ 8,820,382	\$ 1,824,958	\$ 24,395,692
<b>Total Assets</b>	<b>\$ 13,750,352</b>	<b>\$ 8,820,382</b>	<b>\$ 1,824,958</b>	<b>\$ 24,395,692</b>
<b>Liabilities</b>				
Accounts and contract payable	\$ 15,141	\$ -	\$ -	\$ 15,141
Deposits payable	13,735,211	-	-	13,735,211
Due to bondholders	-	8,820,382	1,824,958	10,645,340
<b>Total Liabilities</b>	<b>\$ 13,750,352</b>	<b>\$ 8,820,382</b>	<b>\$ 1,824,958</b>	<b>\$ 24,395,692</b>

**CITY OF VACAVILLE**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

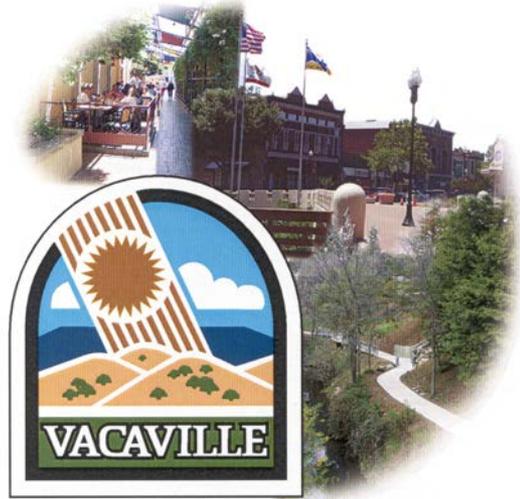
	<u>BALANCES</u> <u>JULY 1, 2012</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCES</u> <u>JUNE 30, 2013</u>
<b>OTHER DEPOSITS</b>				
<b>Assets</b>				
Cash and investments	\$ 9,656,470	\$ 5,173,277	\$ 1,079,395	\$ 13,750,352
<b>Liabilities</b>				
Accounts and contract payable	\$ -	\$ 393,620	\$ 378,479	\$ 15,141
Deposits payable	9,656,470	4,789,597	710,856	13,735,211
Total Liabilities	\$ 9,656,470	\$ 5,183,217	\$ 1,089,335	\$ 13,750,352

**CITY OF VACAVILLE**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>BALANCES</u> <u>JULY 1, 2012</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCES</u> <u>JUNE 30, 2013</u>
<b><u>SPECIAL ASSESSMENTS</u></b>				
<b><u>Assets</u></b>				
Cash and investments	\$ 9,321,818	\$ 5,910,410	\$ 6,411,846	\$ 8,820,382
<b><u>Liabilities</u></b>				
Due to bondholders	\$ 9,321,818	\$ 5,910,410	\$ 6,411,846	\$ 8,820,382

**CITY OF VACAVILLE**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>BALANCES</u> <u>JULY 1, 2012</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCES</u> <u>JUNE 30, 2013</u>
<b><u>2000A BOND PROCEEDS</u></b>				
<b><u>Assets</u></b>				
Cash and investments	\$ -	\$ 1,824,958	\$ -	\$ 1,824,958
<b><u>Liabilities</u></b>				
Due to bondholders	\$ -	\$ 1,824,958	\$ -	\$ 1,824,958



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## STATISTICAL SECTION

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This part of the City of Vacaville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	128
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	134
<b>Debt Capacity</b> 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.	138
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	142
<b>Operating Information</b> 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.	144

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 Position by Component,**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)  
 (expressed in thousands of dollars)

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>Fiscal Year</b>		<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
					<b>2009</b>	<b>2008</b>				
Governmental activities										
Net investment in capital assets	\$ 420,604	\$ 431,692	\$ 407,621	\$ 422,965	\$ 406,869	\$ 388,546	\$ 375,201	\$ 362,498	\$ 340,941	\$ 310,054
Restricted	19,306	27,189	27,685	15,519	28,588	38,832	36,382	33,683	43,971	55,790
Unrestricted	34,732	14,452	70,762	68,304	71,554	80,491	83,305	74,486	65,885	62,397
Total governmental activities net position	<u>474,642</u>	<u>473,333</u>	<u>506,068</u>	<u>506,788</u>	<u>507,011</u>	<u>507,869</u>	<u>494,888</u>	<u>470,666</u>	<u>450,798</u>	<u>428,240</u>
Business-type activities										
Net investment in capital assets	227,804	214,851	216,439	213,956	194,484	187,090	180,813	159,094	146,253	150,320
Restricted	2,309	-	-	-	-	-	-	-	-	-
Unrestricted	70,344	79,401	75,025	78,818	88,016	91,178	88,653	94,960	100,600	95,617
Total business-type activities net position	<u>300,457</u>	<u>294,252</u>	<u>291,464</u>	<u>292,774</u>	<u>282,500</u>	<u>278,268</u>	<u>269,466</u>	<u>254,053</u>	<u>246,853</u>	<u>245,937</u>
Primary government										
Net investment in capital assets	648,408	646,543	624,060	636,921	601,353	575,636	556,014	521,591	487,194	460,374
Restricted	21,615	27,189	27,685	15,519	28,588	38,832	36,382	33,683	43,971	55,790
Unrestricted	105,076	93,853	145,787	147,122	159,570	171,669	171,958	169,446	166,485	158,014
Total primary government net position	<u>\$ 775,099</u>	<u>\$ 767,585</u>	<u>\$ 797,532</u>	<u>\$ 799,562</u>	<u>\$ 789,511</u>	<u>\$ 786,137</u>	<u>\$ 764,354</u>	<u>\$ 724,720</u>	<u>\$ 697,650</u>	<u>\$ 674,177</u>

*The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.*

Schedule 2

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
Governmental activities	\$ 104,526	\$ 113,843	\$ 133,834	\$ 143,389	\$ 134,012	\$ 130,966	\$ 123,762	\$ 106,922	\$ 97,954	\$ 96,879
Business-type	49,291	44,493	44,388	41,401	38,950	36,251	37,360	34,338	28,151	26,528
Total primary government expenses	<u>153,817</u>	<u>158,336</u>	<u>178,222</u>	<u>184,790</u>	<u>172,962</u>	<u>167,217</u>	<u>161,122</u>	<u>141,261</u>	<u>126,104</u>	<u>123,408</u>
<b>Program Revenues</b>										
Governmental activities	34,627	33,006	41,311	45,251	39,990	40,817	52,432	46,169	36,647	35,877
Business-type	54,245	46,024	43,063	40,443	37,150	37,443	43,791	36,621	32,362	44,351
Total primary government program revenues	<u>88,872</u>	<u>79,030</u>	<u>84,374</u>	<u>85,694</u>	<u>77,140</u>	<u>78,260</u>	<u>96,223</u>	<u>82,790</u>	<u>69,009</u>	<u>80,229</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(69,899)	(80,837)	(92,523)	(98,138)	(94,022)	(90,149)	(71,330)	(60,753)	(61,307)	(61,002)
Business-type	4,954	1,531	(1,325)	(958)	(1,800)	1,192	6,431	2,282	4,211	17,823
Total primary government net expense	<u>(64,945)</u>	<u>(79,306)</u>	<u>(93,848)</u>	<u>(99,096)</u>	<u>(95,822)</u>	<u>(88,957)</u>	<u>(64,899)</u>	<u>(58,471)</u>	<u>(57,096)</u>	<u>(43,179)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities	71,877	50,213	91,803	97,915	93,164	103,130	95,189	80,620	84,847	68,072
Business-type	2,477	554	8,245	11,232	6,032	8,802	9,344	4,918	88	(1,285)
Total primary government	<u>74,354</u>	<u>50,767</u>	<u>100,048</u>	<u>109,147</u>	<u>99,196</u>	<u>111,932</u>	<u>104,533</u>	<u>85,539</u>	<u>84,935</u>	<u>66,787</u>
<b>Changes in Net Position</b>										
Governmental activities	1,978	(30,624)	(720)	(223)	(858)	12,981	23,859	19,867	23,540	7,070
Business-type	7,431	2,085	6,920	10,274	4,232	9,994	15,775	7,201	4,299	16,538
Total primary government	<u>\$ 9,409</u>	<u>\$ (28,539)</u>	<u>\$ 6,200</u>	<u>\$ 10,051</u>	<u>\$ 3,374</u>	<u>\$ 22,975</u>	<u>\$ 39,634</u>	<u>\$ 27,068</u>	<u>\$ 27,840</u>	<u>\$ 23,608</u>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.

Schedule 2a

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
General Government	\$ 8,439	\$ 6,803	\$ 4,633	\$ 7,540	\$ 8,594	\$ 10,388	\$ 12,627	\$ 11,034	\$ 7,878	\$ 9,488
Public Safety	46,731	46,439	45,563	46,573	46,837	45,705	40,606	36,498	34,717	32,370
Public Works	23,099	19,978	26,091	25,464	25,069	21,328	22,432	18,313	14,585	16,810
Community Services	11,601	12,423	12,467	13,490	12,578	12,856	12,128	11,964	11,368	11,605
Housing	14,425	14,637	15,209	14,567	16,189	13,795	13,013	15,348	11,290	11,600
Redevelopment	-	11,982	25,720	31,596	19,671	21,500	17,753	8,684	13,666	10,718
Interest on long-term debt	231	1,581	4,151	4,159	5,074	5,394	5,203	5,082	4,451	4,290
<b>Total governmental activities expenses</b>	<b>104,526</b>	<b>113,843</b>	<b>133,834</b>	<b>143,389</b>	<b>134,012</b>	<b>130,966</b>	<b>123,762</b>	<b>106,922</b>	<b>97,954</b>	<b>96,879</b>
<b>Program Revenues</b>										
Charges for services:										
General Government	3,026	2,866	4,359	2,737	3,266	3,827	5,147	4,215	3,892	3,197
Public Safety	3,673	3,497	3,457	4,204	4,658	4,498	4,280	4,014	3,552	2,945
Public Works	486	125	288	594	870	311	545	2,531	441	693
Community Services	6,226	6,007	5,863	5,829	5,687	5,984	5,494	5,330	5,265	5,074
Housing	929	975	855	661	387	397	479	761	58	57
Redevelopment	-	-	103	103	103	103	159	245	380	217
Operating grants and contributions	14,339	15,330	16,360	15,718	14,338	17,386	14,651	16,011	14,161	13,227
Capital grants and contributions	5,948	4,206	10,026	15,405	10,681	8,311	21,677	13,063	8,897	10,469
<b>Total governmental activities program revenues</b>	<b>34,627</b>	<b>33,006</b>	<b>41,311</b>	<b>45,251</b>	<b>39,990</b>	<b>40,817</b>	<b>52,432</b>	<b>46,169</b>	<b>36,647</b>	<b>35,877</b>
<b>Net (Expense)/Revenue</b>	<b>(69,899)</b>	<b>(80,837)</b>	<b>(92,523)</b>	<b>(98,138)</b>	<b>(94,022)</b>	<b>(90,149)</b>	<b>(71,330)</b>	<b>(60,753)</b>	<b>(61,307)</b>	<b>(61,002)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Taxes										
Property taxes	31,805	43,463	61,385	64,348	65,731	63,793	55,145	48,450	40,044	32,370
Sales taxes	17,596	15,766	15,218	13,787	14,077	14,984	16,474	16,116	14,357	13,432
Franchise taxes	3,471	2,461	2,441	2,383	2,352	2,248	2,643	2,004	-	-
Transient lodging tax	1,067	986	955	929	930	1,005	1,048	942	-	-
Business license tax	315	291	290	281	298	306	319	290	-	-
Excise tax	2,322	2,302	2,262	2,258	2,169	2,234	2,217	2,251	-	-
Gasoline tax	2,211	2,717	2,426	1,596	1,564	1,719	1,772	1,776	-	-
Other taxes	-	-	-	-	-	-	-	-	6,241	7,574
Vehicle license taxes	41	-	569	290	283	417	595	596	2,105	4,278
Fines, penalties and forfeitures	-	-	-	-	-	-	-	-	-	452
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Payments in lieu of services	-	-	-	-	-	-	-	-	-	967
Investment income	728	437	1,145	2,112	2,998	13,957	6,279	4,320	4,768	2,755
Developer contributions	-	-	-	-	-	-	-	-	-	-
Unrestricted capital contributions	1,165	2,271	3,856	7,592	431	2,861	6,863	3,785	9,283	378
Loss on sale of property	-	-	-	-	-	-	-	-	-	-
Special Item - gain on dissolution of Redevelopment	4,482	(22,403)	-	-	-	-	-	-	-	-
Miscellaneous	6,642	827	667	1,724	1,990	1,331	1,791	58	5,347	2,294
Transfers	32	1,095	589	615	341	(1,725)	43	31	2,703	3,572
<b>Total governmental activities</b>	<b>71,877</b>	<b>50,213</b>	<b>91,803</b>	<b>97,915</b>	<b>93,164</b>	<b>103,130</b>	<b>95,189</b>	<b>80,620</b>	<b>84,847</b>	<b>68,072</b>
<b>Changes in Net Position</b>	<b>\$ 1,978</b>	<b>\$ (30,624)</b>	<b>\$ (720)</b>	<b>\$ (223)</b>	<b>\$ (858)</b>	<b>\$ 12,981</b>	<b>\$ 23,859</b>	<b>\$ 19,867</b>	<b>\$ 23,540</b>	<b>\$ 7,070</b>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.

Schedule 2b

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
Sewer	\$ 23,502	\$ 23,792	\$ 23,464	\$ 22,611	\$ 21,284	\$ 18,710	\$ 19,800	\$ 18,230	\$ 13,831	\$ 12,683
Water	21,731	16,637	16,601	16,124	15,282	14,976	15,059	13,135	11,672	11,267
Transit	4,058	4,064	4,323	2,666	2,384	2,565	2,501	2,974	2,648	2,578
Total business-type activities expenses	<u>49,291</u>	<u>44,493</u>	<u>44,388</u>	<u>41,401</u>	<u>38,950</u>	<u>36,251</u>	<u>37,360</u>	<u>34,338</u>	<u>28,151</u>	<u>26,528</u>
<b>Program Revenues</b>										
Charges for services:										
Sewer	29,017	25,340	22,793	19,478	18,071	18,269	18,322	17,193	16,285	15,026
Water	16,010	14,665	14,071	13,412	12,608	12,323	11,463	10,109	10,106	10,009
Transit	502	503	406	377	359	411	356	363	374	343
Operating grants and contributions	2,248	2,109	1,696	1,674	1,675	1,812	1,810	2,090	1,947	1,568
Capital grants and contributions	6,468	3,407	4,097	5,502	4,437	4,628	11,840	6,866	3,650	17,406
Total business-type activities program revenues	<u>54,245</u>	<u>46,024</u>	<u>43,063</u>	<u>40,443</u>	<u>37,150</u>	<u>37,443</u>	<u>43,791</u>	<u>36,621</u>	<u>32,362</u>	<u>44,351</u>
<b>Net (Expense)/Revenue</b>	<u>4,954</u>	<u>1,531</u>	<u>(1,325)</u>	<u>(958)</u>	<u>(1,800)</u>	<u>1,192</u>	<u>6,431</u>	<u>2,282</u>	<u>4,211</u>	<u>17,823</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Taxes										
Property taxes	91	91	84	83	81	90	89	87	86	92
Investment income	97	375	946	517	(85)	2,237	1,795	(195)	965	624
Unrestricted capital contributions	1,045	1,173	7,439	10,070	4,700	1,769	5,887	2,234	1,332	1,301
Miscellaneous	1,276	10	365	1,177	3,032	2,981	1,616	2,823	408	270
Special item	-	-	-	-	(1,355)					
Transfers	(32)	(1,095)	(589)	(615)	(341)	1,725	(43)	(31)	(2,703)	(3,572)
Total business-type activities	<u>2,477</u>	<u>554</u>	<u>8,245</u>	<u>11,232</u>	<u>6,032</u>	<u>8,802</u>	<u>9,344</u>	<u>4,918</u>	<u>88</u>	<u>(1,285)</u>
<b>Changes in Net Assets</b>	<u>\$ 7,431</u>	<u>\$ 2,085</u>	<u>\$ 6,920</u>	<u>\$ 10,274</u>	<u>\$ 4,232</u>	<u>\$ 9,994</u>	<u>\$ 15,775</u>	<u>\$ 7,201</u>	<u>\$ 4,299</u>	<u>\$ 16,538</u>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.

**Schedule 3**

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

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

	<b>Fiscal Year</b>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ 1,278	\$ 513	\$ 938	\$ 541	\$ 899	\$ 1,101	\$ 815
Unreserved	-	-	-	3,149	5,370	10,664	13,518	14,139	14,355	12,322
Nonspendable	234	767	2,635	-	-	-	-	-	-	-
Restricted	143	128	115	-	-	-	-	-	-	-
Committed	-	-	1,012	-	-	-	-	-	-	-
Assigned	1,419	667	251	-	-	-	-	-	-	-
Unassigned	8,068	-	(89)	-	-	-	-	-	-	-
Total general fund	<u>\$ 9,864</u>	<u>\$ 1,562</u>	<u>\$ 3,924</u>	<u>\$ 4,427</u>	<u>\$ 5,883</u>	<u>\$ 11,602</u>	<u>\$ 14,059</u>	<u>\$ 15,038</u>	<u>\$ 15,456</u>	<u>\$ 13,137</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ 66,921	\$ 77,773	\$ 81,231	\$ 71,750	\$ 67,158	\$ 88,567	\$ 80,957
Unreserved, reported in:										
Special revenue funds	-	-	-	16,898	17,388	15,256	17,108	16,977	2,079	3,055
Capital projects funds	-	-	-	9,452	(1,931)	9,782	12,674	1,343	2,918	16,193
Debt service funds	-	-	-	353	498	601	708	2,319	2,521	6,988
Nonspendable	194	1,003	2,556	-	-	-	-	-	-	-
Restricted	17,755	45,540	83,046	-	-	-	-	-	-	-
Committed	-	-	13,198	-	-	-	-	-	-	-
Assigned	-	21	94	-	-	-	-	-	-	-
Unassigned	(1,309)	(3,601)	(4,285)	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 16,640</u>	<u>\$ 42,963</u>	<u>\$ 94,609</u>	<u>\$ 93,624</u>	<u>\$ 93,728</u>	<u>\$ 106,870</u>	<u>\$ 102,240</u>	<u>\$ 87,797</u>	<u>\$ 96,085</u>	<u>\$ 107,192</u>

*The City of Vacaville implemented GASB 54 for the fiscal year ended June 30, 2011, which has revised classifications of fund balances.*

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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>										
Taxes and fees	\$ 62,910	\$ 69,404	\$ 87,292	\$ 90,971	\$ 91,125	\$ 91,052	\$ 88,262	\$ 80,627	\$ 66,741	\$ 59,541
Licenses and permits	1,212	1,403	1,022	877	1,498	1,596	2,496	708	1,628	1,524
Investment income	1,108	898	3,464	2,955	3,499	15,026	7,058	5,104	5,433	3,246
Intergovernmental	19,752	21,586	27,950	29,010	24,052	24,265	30,958	23,487	22,337	23,700
Charges for services	8,834	7,793	7,908	9,200	9,733	9,664	9,906	12,566	9,041	9,290
Fines, penalties and forfeitures	352	430	409	514	494	471	491	460	503	452
AB 1484 County distribution	4,482	-	-	-	-	-	-	-	-	-
Other	2,665	764	977	966	2,047	992	3,613	704	3,590	1,448
<b>Total revenues</b>	<b>101,315</b>	<b>102,278</b>	<b>129,022</b>	<b>134,493</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>Expenditures</b>										
General government	7,580	6,105	6,087	6,321	8,333	9,390	11,788	10,493	7,912	8,430
Public Safety	44,868	45,161	43,849	45,130	46,224	44,560	41,657	36,851	34,501	31,759
Public Works	5,993	5,851	6,020	6,136	6,786	7,566	7,076	6,224	6,040	5,080
Community Services	11,066	11,810	11,787	12,889	11,974	12,159	11,506	11,367	10,905	10,689
Housing	14,520	14,928	15,152	14,545	16,215	13,787	13,018	15,363	11,292	11,585
Redevelopment	-	11,818	24,598	30,789	23,868	21,533	17,531	18,042	13,354	10,270
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Shared Revenues	-	-	-	-	-	-	-	-	-	-
Capital Outlay	9,712	8,423	13,012	13,378	21,071	25,755	35,607	38,123	35,542	18,673
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	3,443	3,712	4,511	3,749	15,677	3,456	4,932	2,816	2,622	2,448
Interest and fiscal charges	541	2,284	4,142	4,365	5,088	5,313	5,874	5,572	4,670	4,301
<b>Total expenditures</b>	<b>97,723</b>	<b>110,092</b>	<b>129,158</b>	<b>137,302</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>
Excess (deficiency) of revenues over (under) expenditures	3,592	(7,814)	(136)	(2,809)	(22,788)	(453)	(6,205)	(21,194)	(17,564)	(4,034)
<b>Other Financing Sources (uses)</b>										
Transfers in	5,819	48,953	17,610	15,008	13,888	15,171	18,144	23,976	12,288	17,096
Transfers out	(5,846)	(47,983)	(17,185)	(13,963)	(13,224)	(15,476)	(18,161)	(25,275)	(9,734)	(13,604)
Sale of capital assets	3	1,270	31	203	3,024	70	361	8,497	-	269
Issuance of debt and loans	6,994	-	163	-	239	2,860	19,325	5,290	1,475	449
Unrestricted capital contributions	-	-	-	-	-	-	-	-	5,800	-
Proceeds of refunding bonds and certificates of participation	-	-	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>6,970</b>	<b>2,240</b>	<b>619</b>	<b>1,248</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>
Extraordinary gain/(loss)	-	(45,641)	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 10,562</b>	<b>\$ (51,215)</b>	<b>\$ 483</b>	<b>\$ (1,561)</b>	<b>\$ (18,861)</b>	<b>\$ 2,172</b>	<b>\$ 13,464</b>	<b>\$ (8,706)</b>	<b>\$ (7,735)</b>	<b>\$ 176</b>
Debt services as a percentage of noncapital expenditures	4.2%	5.8%	7.0%	6.0%	14.8%	9.3%	14.0%	12.4%	13.2%	9.7%

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.

**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	Nonunitary Utilities	Unsecured	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value		
2013	\$ 9,430,496	\$ 240	\$ 388,656	\$ (767,410)	9,051,982	\$ -	\$ -	\$ -	-	0.516%	
2012	9,683,084	234	366,082	(686,886)	9,362,514	3,348,177	234,200	(12,817)	3,569,560	0.518%	
2011	9,925,910	234	383,112	(718,975)	9,590,281	3,509,267	228,673	(13,111)	3,724,829	0.526%	
2010	10,289,741	234	363,728	(715,811)	9,937,892	3,631,032	230,204	(13,071)	3,848,165	0.527%	
2009	10,812,536	234	290,993	(508,057)	10,595,706	3,597,849	178,363	(13,122)	3,763,090	0.513%	
2008	10,510,630	223	283,351	(403,014)	10,391,190	2,960,637	172,093	(13,243)	3,119,487	0.493%	
2007	9,011,342	231	259,110	(246,012)	9,024,671	2,514,697	167,430	(13,280)	2,668,847	0.465%	
2006	7,862,754	231	241,095	(221,247)	7,882,833	2,360,718	149,711	(13,476)	2,496,952	0.455%	
2005	7,086,149	231	219,210	(221,559)	7,084,031	2,230,342	149,188	(13,464)	2,366,066	0.460%	
2004	6,461,795	231	206,005	(193,433)	6,474,598	2,041,732	137,780	(13,520)	2,165,993	0.479%	

*The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.*

Source: HDL Coren & Cone, Solano County Assessor 2003/04 - 2012/13 Combined Tax Rolls

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**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>Fiscal Year</u>		<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
					<u>2009</u>	<u>2008</u>				
<b>City Direct Rates:</b>										
City basic rate	0.27352%	0.27354%	0.27350%	0.27350%	0.27343%	0.27352%	0.27362%	0.27370%	0.27381%	0.27395%
Redevelopment agency	0.00000%	1.03087%	1.03084%	1.03083%	1.03076%	1.03085%	1.03095%	1.03103%	1.03114%	1.03128%
Total City Direct Rate	0.51629%	0.51806%	0.52590%	0.52677%	0.51289%	0.49309%	0.46522%	0.45536%	0.45973%	0.47914%
<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%
Davis Unified	0.05487%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Dixon Unified School Bonds	0.00000%	0.06717%	0.05170%	0.05456%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Dixon USD GOB Series 2005					0.02131%	0.01958%	0.02335%	0.02902%	0.00000%	0.00000%
Dixon USD GOB Series 2006					0.00844%	0.00898%	0.00829%	0.00000%	0.00000%	0.00000%
Dixon USD State Repay					0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
DUSD GOB Series 2003					0.01724%	0.01808%	0.01760%	0.01440%	0.04387%	0.05227%
Fairfield/Suisun USD GOB 2002S	0.05547%	0.05313%	0.05206%	0.05071%	0.01894%	0.01852%	0.02066%	0.02252%	0.02351%	0.04918%
Fairfield/Suisun USD GOB 2004S					0.02152%	0.02005%	0.02097%	0.02345%	0.02770%	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	0.02060%	0.02016%	0.01945%	0.01846%	0.01240%	0.01189%	0.01211%	0.01643%	0.01532%	0.01432%
Solano Community College Gob Series 2006B					0.00258%	0.00269%	0.00336%	0.00000%	0.00000%	0.00000%
City of Vacaville	0.03085%	0.03087%	0.03084%	0.03083%	0.03076%	0.03085%	0.03095%	0.03103%	0.03114%	0.03128%
Vacaville Unified School Bonds	0.06550%	0.06941%	0.06315%	0.05906%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
VV USD GOB Refunding Ser 2005					0.02109%	0.02256%	0.02293%	0.02388%	0.00000%	0.00000%
VV USD GOB Series 2005					0.01107%	0.01095%	0.02617%	0.02602%	0.00000%	0.00000%
VV USD Meas V GOB Series 2007					0.01590%	0.02055%	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%
VV USD Meas V GOB Series 2003					0.00000%	0.00000%	0.00000%	0.00000%	0.02379%	0.03001%
	<u>1.24729%</u>	<u>1.26074%</u>	<u>1.23720%</u>	<u>1.23362%</u>	<u>1.20125%</u>	<u>1.20470%</u>	<u>1.20639%</u>	<u>1.20675%</u>	<u>1.20822%</u>	<u>1.22067%</u>

**NOTES**

Because basic and debt rates vary by tax rate area individual rates cannot be summed. Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

Redevelopment agency (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. The approval of California Assembly Bill ABX1 26 eliminated RDA from the State of California for the fiscal year 2012/13 and years thereafter.

\*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.

Starting 2010, tax rates are reported by agency not by bond.

Source: HDL Coren & Cone, Solano County Assessor 2003/04 - 2012/13 Tax Rate Table

**Schedule 7**

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

Taxpayer	2013			2004		
	Taxable	Rank	Percentage of	Taxable	Rank	Percentage of
	Assessed Value		Total City	Assessed Value		Total City
Genentech Inc.	\$ 1,034,005,902	1	11.423%	\$ 361,147,548	1	5.578%
Alza Corporation	114,585,633	2	1.266%	109,960,922	2	1.698%
CPG Finance II LLC	97,720,710	3	1.080%	50,466,474	3	0.779%
Nut Tree Retail LLC	73,891,921	4	0.816%			
Novartis Pharmaceuticals	66,739,540	5	0.737%			
Sequoia Equities-River Oaks	50,628,586	6	0.559%			
State Compensation Insurance Fund	47,434,093	7	0.524%			
Lucky Fla NoCal Investor LLC	44,477,309	8	0.491%			
6801 Leisure Town Road	44,169,671	9	0.488%			
Walmart Real Estate Bus Trust/Sams	40,476,424	10	0.447%			
Chiron Corporation				38,855,879	4	0.600%
Glacier River Oaks Corporation				34,914,364	5	0.539%
Knickerbocker Prop Inc XXXVIII				30,826,869	6	0.476%
RM Vacaville Limited				30,474,343	7	0.471%
Travis Credit Union				30,319,174	8	0.468%
Lucky Stores Inc				28,847,066	9	0.446%
Anthony A. Batarse Jr. Trust				20,547,493	10	0.317%

Source: HDL Coren & Cone, Solano County 2003/04 & 2012/2013 Combined Tax Rolls and the SBE Non Unitary Tax Roll.

**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>	
2013	\$ 12,809,959	\$ 12,809,959	100.00%	\$ 76,530	\$ 12,886,489	100.60%	
2012	11,259,697	11,259,697	100.00%	84,765	11,344,462	100.75%	
2011	10,140,845	10,140,845	100.00%	215,790	10,356,635	102.13%	
2010	10,344,568	10,344,568	100.00%	(50,956)	10,293,612	99.51%	
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%	

**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 Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita	Special Assessment Bonds
	City Loans	Redevelopment Loans	Certificates of Participation	Redevelopment Bonds	Capital Leases	Total Governmental Activities	State Revolving Loan	Capital Leases	City Loans	Total Business-type Activities				
2013	\$ 877,500	\$ -	\$ 1,175,000	\$ -	\$ 10,520,257	\$ 12,572,757	\$ 88,894,322	\$ 7,293,616	\$ -	\$ 96,187,938	\$ 108,760,695	3.97%	1,174	\$17,040,000
2012 *	2,776,805	-	2,285,000	-	3,264,085	8,325,890	81,800,867	363,011	-	82,163,878	90,489,768	3.45%	983	19,305,000
2011	2,844,305	1,063,120	3,335,000	60,630,770	3,680,095	71,553,290	56,011,966	423,840	104,956	56,540,762	128,094,052	5.21%	1,377	22,325,000
2010	3,353,055	1,202,228	4,330,000	63,144,510	3,878,801	75,908,594	59,286,601	482,232	204,956	59,973,789	135,882,383	4.85%	1,396	31,740,000
2009	3,420,555	1,412,320	5,270,000	65,329,440	4,225,557	79,657,872	62,475,097	538,283	304,956	63,318,336	142,976,208	5.30%	1,482	36,440,000
2008	3,620,769	1,616,772	17,375,000	68,095,560	4,386,742	95,094,843	65,579,716	365,883	404,956	66,350,555	161,445,398	6.14%	1,666	38,910,000
2007	1,587,485	1,809,596	18,540,000	69,572,870	4,180,923	95,690,874	65,621,100	62,507	-	65,683,607	161,374,481	6.19%	1,672	42,625,000
2006	2,007,430	1,792,420	19,645,000	53,386,370	4,466,613	81,297,833	68,437,147	120,000	-	68,557,147	149,854,980	5.87%	1,555	46,130,000
2005	810,607	2,073,587	20,695,000	51,862,330	3,382,546	78,824,070	71,179,114	-	-	71,179,114	150,003,184	5.97%	1,557	11,913,650
2004	955,046	1,586,616	21,700,000	52,930,750	2,798,023	79,970,435	61,980,796	-	-	61,980,796	141,951,231	5.77%	1,493	47,145,000
2003	1,337,052	1,450,328	22,026,539	50,669,473	2,580,129	78,063,521	54,307,953	-	-	54,307,953	132,371,474	5.62%	1,409	51,450,000

\*On February 1, 2012 the Redevelopment Agency was dissolved under state law. See Footnote 14 for further discussion.

**Schedule 10**

**CITY OF VACAVILLE  
Direct and Overlapping Debt  
As of June 30, 2013**

City Assessed Valuation		\$ 9,051,982,013	
	<b>Percentage</b>		<b>Estimated Share</b>
	<b>Applicable</b>	<b>Outstanding Debt</b>	<b>of Overlapping</b>
			<b>Debt</b>
	(1)		
<b>Overlapping Debt Repaid with Property Taxes:</b>			
Solano County Community College District	25.311%	\$ 219,921,989	\$ 55,664,455
Dixon Unified School District	0.471%	27,872,935	131,282
Fairfield-Suisun Joint Unified School District	0.070%	82,395,000	57,677
Vacaville Unified School District	90.876%	85,510,957	77,708,937
City of Vacaville Community Facilities District No. 2	100.000%	1,420,000	1,420,000
City of Vacaville 1915 Act Bonds	100.000%	<u>19,915,000</u>	<u>19,915,000</u>
Total overlapping debt repaid with property taxes		<u>437,035,881</u>	<u>154,897,351</u>
<b>Overlapping Other Debt:</b>			
Solano County Certificates of Participation	24.322%	111,720,000	27,172,538
Solano County Pension Obligations	24.322%	74,285,000	18,067,598
Solano County Board of Education Certificates of Participation	24.322%	1,955,000	475,495
Dixon Unified School District Certificates of Participation	0.471%	9,960,000	46,912
Fairfield-Suisun Joint Unified School District Certificates of Participation	0.070%	1,571,820	1,100
Travis Unified School District Certificates of Participation	60.043%	34,470,000	20,696,822
Vacaville Unified School District Certificates of Participation	90.876%	<u>12,780,059</u>	<u>11,614,006</u>
Total Overlapping other debt		<u>246,741,879</u>	<u>78,074,471</u>
<b>Overlapping Tax Increment Debt (Successor Agency):</b>	100.000%	<u>58,545,000</u>	<u>58,545,000</u>
Total Overlapping debt		<u>\$ 742,322,760</u>	291,516,822
City direct debt			<u>12,572,757</u>
Total direct and overlapping debt			<u>\$ 304,089,579</u> (2)

**NOTES**

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the districts's total taxable assessed value

(2) Excludes tax and revenue anticipation notes, enterprise revenue, and mortgage revenue and tax allocation bonds.

**Schedule 11**

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

	<b>Fiscal Year</b>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assessed value	\$ 9,051,982	\$ 9,362,514	\$ 9,590,281	\$ 9,937,892	\$ 10,595,706	\$ 10,391,190	\$ 9,024,671	\$ 7,882,834	\$ 7,084,031	\$ 6,474,598
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,262,996	2,340,629	2,397,570	2,484,473	2,648,927	2,597,798	2,256,168	1,970,708	1,771,008	1,618,650
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	339,449	351,094	359,636	372,671	397,339	389,670	338,425	295,606	265,651	242,797
Total net debt applicable to limit:	-	-	-	-	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 339,449</u>	<u>\$ 351,094</u>	<u>\$ 359,636</u>	<u>\$ 372,671</u>	<u>\$ 397,339</u>	<u>\$ 389,670</u>	<u>\$ 338,425</u>	<u>\$ 295,606</u>	<u>\$ 265,651</u>	<u>\$ 242,797</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 Coren & Cone, Solano County 2003/2004 - 2012/2013 Combined Tax Rolls.

**Schedule 12**

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

Fiscal Year	Water Revenue Bonds						Tax Allocation Bonds				
	Water Revenue	Less Operating Expenses (1)	Net Available Revenue	Debt Service			Tax Increment (2)	Debt Service			
				Principal	Interest	Coverage		Principal	Interest	Coverage	
2013	\$ 16,010	\$ 19,391	(3,381)	-	-	-	\$ -	\$ 1,998	\$ 3,108	-	
2012	15,976	14,070	1,906	-	-	-	-	1,898	3,241	-	
2011	15,712	14,464	1,248	-	-	-	33,824	2,514	4,125	5.09	
2010	15,386	14,127	1,259	-	-	-	37,108	2,185	3,475	6.56	
2009	14,797	13,327	1,470	-	-	-	37,083	2,766	3,337	6.08	
2008	13,650	13,048	602	-	-	-	30,339	1,477	3,715	5.84	
2007	16,975	13,189	3,786	-	-	-	28,911	2,688	3,308	4.82	
2006	12,696	10,879	1,817	-	-	-	24,817	1,136	2,614	6.62	
2005	11,503	10,300	1,203	-	-	-	23,463	1,068	2,674	6.27	
2004	12,424	9,488	2,936	-	-	-	21,794	1,011	2,736	5.82	

**NOTE**

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

(1) Expenses-exclude depreciation and debt service.

(2) Due to the dissolution of the redevelopment agency in 2012, the tax allocation bonds secured by property tax increments will now be repaid from the Redevelopment Property Tax Trust Fund of the successor agency.

**Schedule 13**

**CITY OF VACAVILLE  
Demographic and Economic Statistics  
Last Ten 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>
2013	92,677	2,737,586	\$ 29,539	7.5%
2012	92,092	2,621,030	28,461	8.1%
2011	93,011	2,460,792	26,457	9.2%
2010	97,305	2,800,924	28,785	9.1%
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%

Sources: (1) State of California Department of Finance  
(2) HDL Coren & Cone  
(3) State of California Employment Development Department

**Schedule 14**

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

<b>Employer</b>	<b>2013</b>			<b>2004</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	2,092	1	4.87%	2,600	1	6.18%
Kaiser Permanente	1,412	2	3.28%	500	4	1.19%
Vacaville Unified School District	1,207	3	2.81%			
City of Vacaville	771	4	1.79%			
State Compensation Insurance Co.	671	5	1.56%			
NorthBay VacaValley Hospital	429	6	1.00%	340	6	0.81%
Alza Corporation	412	7	0.96%	800	2	1.90%
Wal-Mart Stores, Inc.	300	8	0.70%	300	8	0.71%
Costco	193	9	0.45%			
Simonton Windows	164	10	0.38%			
Genentech, Inc				600	3	1.43%
Albertsons				500	4	1.19%
Simpson Dura-Vent				500	4	1.19%
Hines Nursery, Inc.				400	5	0.95%
Travis Credit Union				320	7	0.76%
Mariani Packing Company				255	9	0.61%
Sam's Club				210	10	0.50%

**NOTES**

For Fiscal Year 2003/2004 the City of Vacaville did not include Vacaville Unified School District or itself as a major employer.

Number of Employees data is obtained from area businesses. Businesses that did not respond to annual inquiry are excluded from schedule.

Source: State of California Employment Development Department & City survey of area businesses

**Schedule 15**

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

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of June 30,</u>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government										
City Attorney	4	4	4	4	4	4	4	4	4	4
City Manager	6	6	9	9	10	11	12	11	5	5
Finance	24	23	22	23	27	27	26	26	24	27
Human Resources	9	9	8	10	10	11	10	9	14	14
Information Technology	7	7	7	7	12	14	14	16	15	16
Community Development	13	12	15	14	14	21	22	26	22	24
Police Department	143	143	151	161	170	171	171	158	156	159
Fire Department	76	69	74	75	85	82	84	73	76	77
Community Services	15	14	16	16	16	20	20	20	17	20
Housing and Successor Agency	14	18	29	29	35	31	28	30	28	30
Utilities	68	-	-	-	-	-	-	-	-	-
Public Works	<u>83</u>	<u>152</u>	<u>168</u>	<u>161</u>	<u>174</u>	<u>177</u>	<u>174</u>	<u>160</u>	<u>162</u>	<u>161</u>
<b>Total</b>	<u>462</u>	<u>457</u>	<u>503</u>	<u>509</u>	<u>557</u>	<u>569</u>	<u>565</u>	<u>533</u>	<u>523</u>	<u>537</u>

Starting fiscal year 2013, Sewer and Water Operations employees are reported in the Utilities function. In previous years, employees were included with Public Works.

**Schedule 16**

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

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Fire</b>										
Emergency responses	7,642	7,758	7,874	8,020	8,360	8,155	7,812	7,554	6,677	6,445
Inspections	903	1,152	1,035	1,296	1,698	1,464	792	1,172	634	971
<b>Parks and Recreation</b>										
Number of recreation registrants	32,744	33,533	34,915	33,884	32,706	29,895	31,662	32,805	35,263	35,887
Number of facility rentals	557	568	609	611	780	910	852	733	759	677
<b>Police Department</b>										
Physical arrests	2,977	2,966	3,504	3,874	4,051	4,303	4,264	4,133	2,877	3,024
Parking citations issued	3,983	4,184	5,193	6,582	6,359	8,090	12,649	12,114	12,574	16,767
<b>Public Works</b>										
Street resurfacing (miles)	-	4	-	-	31	28	26	N/A	38	29
Potholes repaired	586	545	758	420	336	277	98	130	104	66
<b>Transit</b>										
Total revenue route miles	584,797	587,521	353,354	423,357	406,916	401,288	394,636	402,164	392,119	384,806
Passengers	521,248	459,816	386,624	350,410	302,461	280,691	222,367	211,280	211,609	241,522
<b>Wastewater</b>										
Average daily sewage treatment (million gallons per day)	8	8	9	8	8	8	8	10	9	9
<b>Water</b>										
New Connections (meter sets)	145	84	214	325	188	166	277	290	249	202
Average daily consumption (thousands gallons per day)	14,498	13,398	13,847	13,913	15,571	16,386	16,495	15,319	13,879	17,841

**NOTES**

N/A-Not available

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

<u>Function/Program</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>Fiscal Year</u>		<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
					<u>2009</u>	<u>2008</u>				
Fire										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Fire Engines	12	12	11	11	11	11	9	8	8	8
Parks and Recreation										
Parks	30	30	30	30	30	30	30	30	33	33
Park Acres	513	513	513	513	513	513	513	513	568	568
Special Community Facilities	6	6	6	6	6	6	6	6	6	6
Neighborhood Centers	11	11	11	11	11	11	11	11	11	9
Police Department										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	109	110	111	104	114	122	123	103	103	100
Police Motorcycles	9	9	9	9	9	9	9	9	9	9
Public Works										
Streets (centerline miles)	264	264	264	238	238	237	237	231	230	227
Traffic Signals	69	69	69	69	69	69	69	67	64	64
Transit Buses										
Fixed Route	15	15	15	12	12	12	12	12	12	12
Special Services	6	6	6	6	6	6	6	6	5	5
Wastewater										
Sewers (miles)	244	242	241	238	233	232	231	226	224	221
Storm Drain (miles)	145	144	143	140	134	134	132	128	127	125
Treatment Plants	1	1	1	1	1	1	1	3	2	2
Water										
Water Mains (miles)	289	288	286	283	278	277	276	269	267	265
Fire hydrants	3,478	3,467	3,453	3,413	3,348	3,338	3,320	3,231	3,207	3,166
Reservoirs	8	9	9	8	8	8	8	8	8	7
Wells	12	13	13	13	13	13	13	12	12	11