

# City of Vacaville, California



DOWNTOWN VACAVILLE  
WELCOME

**Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2014**



# CITY OF VACAVILLE, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014



Prepared by: Department of Finance



**CITY OF VACAVILLE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

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

December 29, 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, 2014.

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, 2014. 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 28 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 95 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 93,600 residents (including 6,000 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 26 minutes to work, and earns \$73,000 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 (which is opening an additional plant in 2015), 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. In addition, in 2015 the City will be welcoming ICON Aircraft which will manufacture, sell and train customers to fly their aircraft at the Nut Tree Airport.

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 recently celebrated the opening of 220 units of new apartments. 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 2013/2014 totaled \$40.3 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.

**Relevant financial policies.** In 2011, the City Council established a policy of maintaining an operating reserve in the General Fund equal to at least 20% of ongoing operating expenditures. This policy has not been met in past years due to the severe recession; however, fiscal year 2013/2014 saw revenue growth due to a newly approved sales tax which added \$1.8 million to its fund reserves. This addition in reserves has brought the City closer to the General Fund reserve requirement which ended fiscal year 2013/14 at approximately 17.85%.

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 six 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 2013/2014, 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 2014/2015, 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 continue to closely monitor this new sales tax in 2014/2015 to ensure timely collection and gauge its impact on the City's overall financial health.

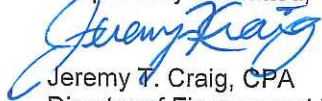
In Fiscal Year 2011/12, the State of California began its elimination of all Redevelopment Agencies in the State. The City has chosen to become the Successor Agency for the former Vacaville Redevelopment Agency and has begun the numerous steps necessary to complete the dissolution of the Agency. In Fiscal 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. The final audit related to winding down the former redevelopment agency occurred in Fiscal Year 2013/14 by the State Controller's Office. This audit resulted in the State "clawing back" a loan repayment the redevelopment agency made to the City in February of 2011. The result was the City losing \$3.8million from its fund reserve. In 2014/2015, the City will continue to address 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, 2013. This was the twenty-third (23<sup>rd</sup>) consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the city published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

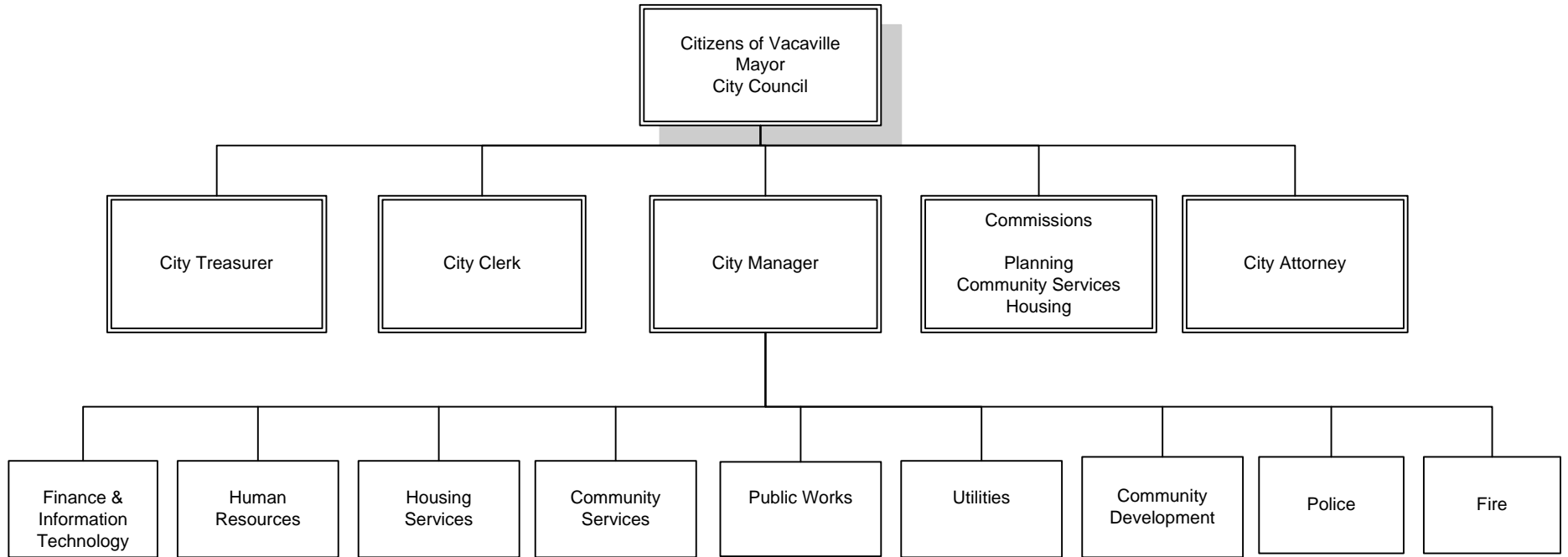
The preparation of this report would not have been possible without the highly professional and dedicated services of the entire staff of the Accounting Division, particularly the leadership of Davina Hatfield, Ken Matsumiya, Leslie Hoover and Doris Ayala. Credit must also be given to the Mayor, City Council, and City Manager for their unflinching 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, 2014**

Elected Officials

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

Steve Hardy  
Mitch Mashburn  
Ron Rowlett  
Curtis Hunt  
Dilenna Harris  
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  
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  
John Carli  
Steven Hartwig  
Barton Brierley  
Emily Cantu  
Kerry Walker  
Dawn Leonardini  
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, 2013**

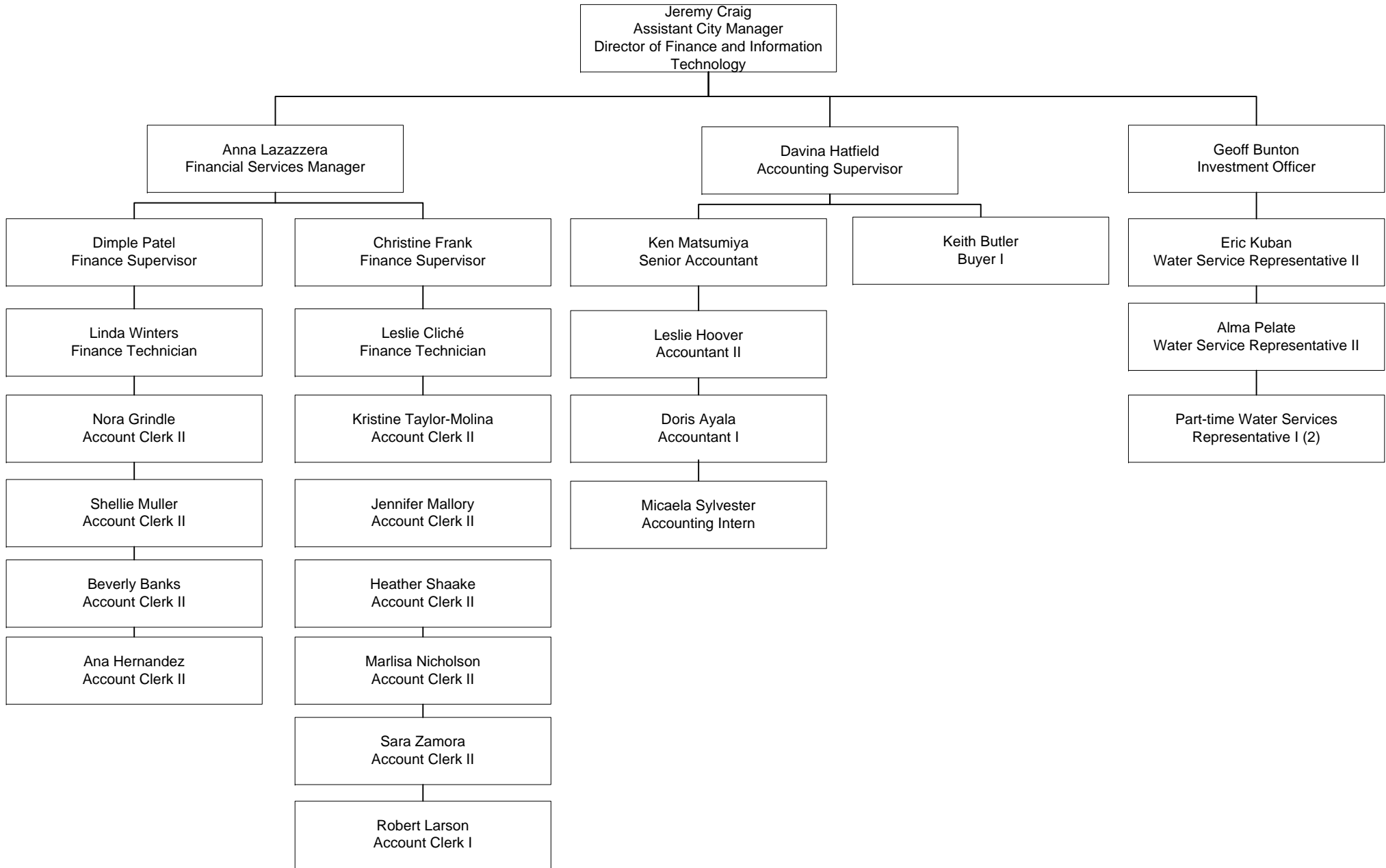
Executive Director/CEO

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, 2013. 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-three consecutive fiscal years ended June 30, 2013. 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, 2014, 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 16.9 percent, 19.9 percent, and 1.0 percent, respectively, of the assets, net position, and expenses of the Water Utility Fund, and 4.5 percent, 6.9 percent, and 0.4 percent, respectively, of the assets, net position, and expenses 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, 2014, 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 5-17 and 96-101 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  
Vacaville, California  
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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 108 to 111 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 108 to 111 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 108 to 111 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  
Vacaville, California  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 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  
December 29, 2014

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**  
(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, 2014. 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, 2014 by \$782,692 (*net position*). Of this amount, \$137,408 (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors. The remaining net position is *restricted* for specified purposes.
- Total net position increased by \$7,593 from the previous year. There was an increase in net position in governmental activities of \$1,098 related to the additional revenue from the ¼ percent Measure M sales tax offset by the amount clawed back by the State Controller's Office as an outcome the Asset Transfer review. 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 \$6,495 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 \$33,953, an increase of \$7,448 in comparison with the prior year. This increase in fund balance was mainly due to the increase in the General Fund and City Projects Fund. The additional sales tax revenue from Measure M along with an overall increase in revenues attribute to the increase in the General Fund. City Projects Fund saw an increase in fund balance as a result of new grants received for the purchase of buses in the current year. 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 1% categorized as Non-spendable, 64% as Restricted and 35% as Unrestricted (Committed, Assigned and Unassigned) fund balance.
- Total obligations for governmental activities increased by \$694 and total obligations for business-type activities increased by \$50,636.
- Total deferred inflows of resources increased by \$37 (14%) during the current fiscal year due to an increase in grants received in advance.

### **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, 2014**  
(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 unrestricted 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 thirteen 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 eight 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 106-107 of this report.

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**  
(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 24-27 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements (*business type activities*), only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Water, and Transit operations, all of which are considered to be major funds of the City. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* and can be found on pages 114-116 of this report.

The basic proprietary fund financial statements can be found on pages 30-33 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 36-37 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-94 of this report.

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**  
(Amounts expressed in thousands)

**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.

	GOVERNMENTAL ACTIVITIES		NET POSITION BUSINESS-TYPE ACTIVITIES		TOTAL	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 112,683	\$ 106,941	\$ 125,672	\$ 93,178	\$ 238,355	\$ 200,119
Capital assets	429,264	433,177	348,628	323,991	777,892	757,168
Total assets	541,947	540,118	474,300	417,169	1,016,247	957,287
Total liabilities	65,904	65,210	167,348	116,712	233,252	181,922
Deferred inflows of resources	303	266	-	-	303	266
Total liabilities and deferred inflows of resourc	66,207	65,476	167,348	116,712	233,555	182,188
Net position:						
Net investment in capital assets	418,360	420,604	204,329	227,804	622,689	648,408
Restricted	22,122	19,306	473	2,309	22,595	21,615
Unrestricted	35,258	34,732	102,150	70,344	137,408	105,076
Total Net Position	\$ 475,740	\$ 474,642	\$ 306,952	\$ 300,457	\$ 782,692	\$ 775,099

As noted earlier, the City's assets exceeded liabilities and deferred inflows of resources by \$782,692 at June 30, 2014, an increase of \$7,593 from June 30, 2013. By far the largest portion of net position (79%) 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 (18%) may be used to meet the City's ongoing obligations to its citizens and creditors.

Total net position increased by \$7,593 during the current fiscal year, which reflects a \$1,098 increase in governmental activities and a \$6,495 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, 2014, 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**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**  
(Amounts expressed in thousands)

<b>CITY OF VACAVILLE'S CHANGES IN NET POSITION</b>							
(Expressed in Thousands of Dollars)							
	<b>GOVERNMENTAL ACTIVITIES</b>		<b>BUSINESS-TYPE ACTIVITIES</b>		<b>TOTAL</b>		
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	
<b>REVENUES:</b>							
Program Revenues:							
Charges for services	\$ 16,761	\$ 14,340	\$ 49,192	\$ 45,530	\$ 65,953	\$ 59,870	
Operating grants & contributions	13,831	14,339	1,865	2,247	15,696	16,586	
Capital grants & contributions	13,672	5,947	2,593	6,468	16,265	12,415	
General Revenues:							
Taxes:							
Property taxes	32,855	31,805	92	91	32,947	31,896	
Sales taxes	22,215	17,595	-	-	22,215	17,595	
Franchise taxes	3,578	3,471	-	-	3,578	3,471	
Transient lodging tax	1,194	1,067	-	-	1,194	1,067	
Business license tax	325	315	-	-	325	315	
Excise tax	2,431	2,322	-	-	2,431	2,322	
Gasoline tax	3,050	2,211	-	-	3,050	2,211	
Vehicle license taxes	-	41	-	-	-	41	
Unrestricted capital contributions	898	1,165	2,540	1,045	3,438	2,210	
Interest and other	1,815	11,853	331	1,373	2,146	13,226	
Total revenues	<u>112,625</u>	<u>106,471</u>	<u>56,613</u>	<u>56,754</u>	<u>169,238</u>	<u>163,225</u>	
<b>EXPENSES:</b>							
Governmental activities:							
General government	10,446	8,439	-	-	10,446	8,439	
Public safety	49,612	46,731	-	-	49,612	46,731	
Public works	21,135	23,099	-	-	21,135	23,099	
Community services	12,118	11,602	-	-	12,118	11,602	
Housing	13,805	14,424	-	-	13,805	14,424	
Interest on long-term debt	521	231	-	-	521	231	
Business-type activities:							
Sewer	-	-	26,659	23,502	26,659	23,502	
Water	-	-	20,063	21,731	20,063	21,731	
Transit	-	-	3,471	4,058	3,471	4,058	
Total expenses	<u>107,637</u>	<u>104,526</u>	<u>50,193</u>	<u>49,291</u>	<u>157,830</u>	<u>153,817</u>	
Increase in net position before transfers	4,988	1,945	6,420	7,463	11,408	9,408	
Transfers	(75)	32	75	(32)	-	-	
Increase in net position	4,913	1,977	6,495	7,431	11,408	9,408	
Prior period adjustment	-	(668)	-	(1,226)	-	(1,894)	
Extraordinary item	(3,815)	-	-	-	(3,815)	-	
Net position - July 1, 2013	<u>474,642</u>	<u>473,333</u>	<u>300,457</u>	<u>294,252</u>	<u>775,099</u>	<u>767,585</u>	
Net position - June 30, 2014	<u>\$ 475,740</u>	<u>\$ 474,642</u>	<u>\$ 306,952</u>	<u>\$ 300,457</u>	<u>\$ 782,692</u>	<u>\$ 775,099</u>	

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**  
(Amounts expressed in thousands)

**Governmental activities.** Governmental activities increased the City's net position by \$1,098. Net position increased by \$1,977 during the previous fiscal year. Key elements of this year's activity in relation to the prior year are as follows:

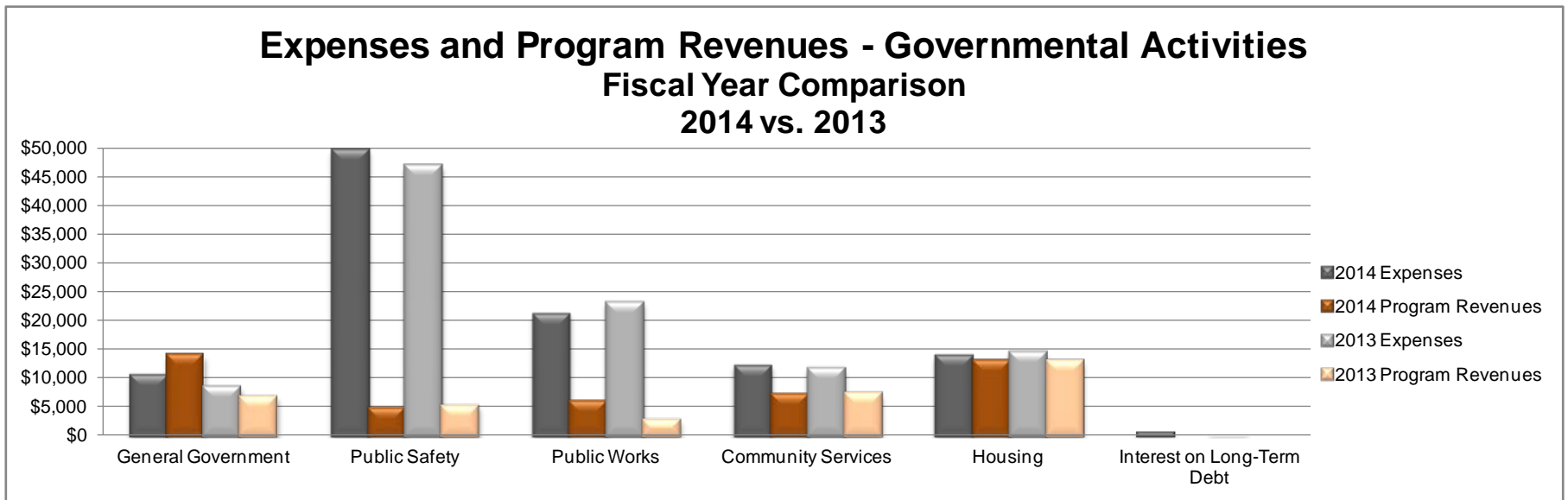
**Revenues:**

Overall, revenues in 2014 were \$6,154 (5.6%) higher as compared with 2013 primarily due to the one-quarter cent sales tax increase of Measure M.

- Property taxes increased \$1,050 in 2014, principally due to increased assessed property values as the economy slowly recovers.
- Sales tax revenue was up 26.2% from the previous year. The City 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 \$61 due to historically low investment yields.

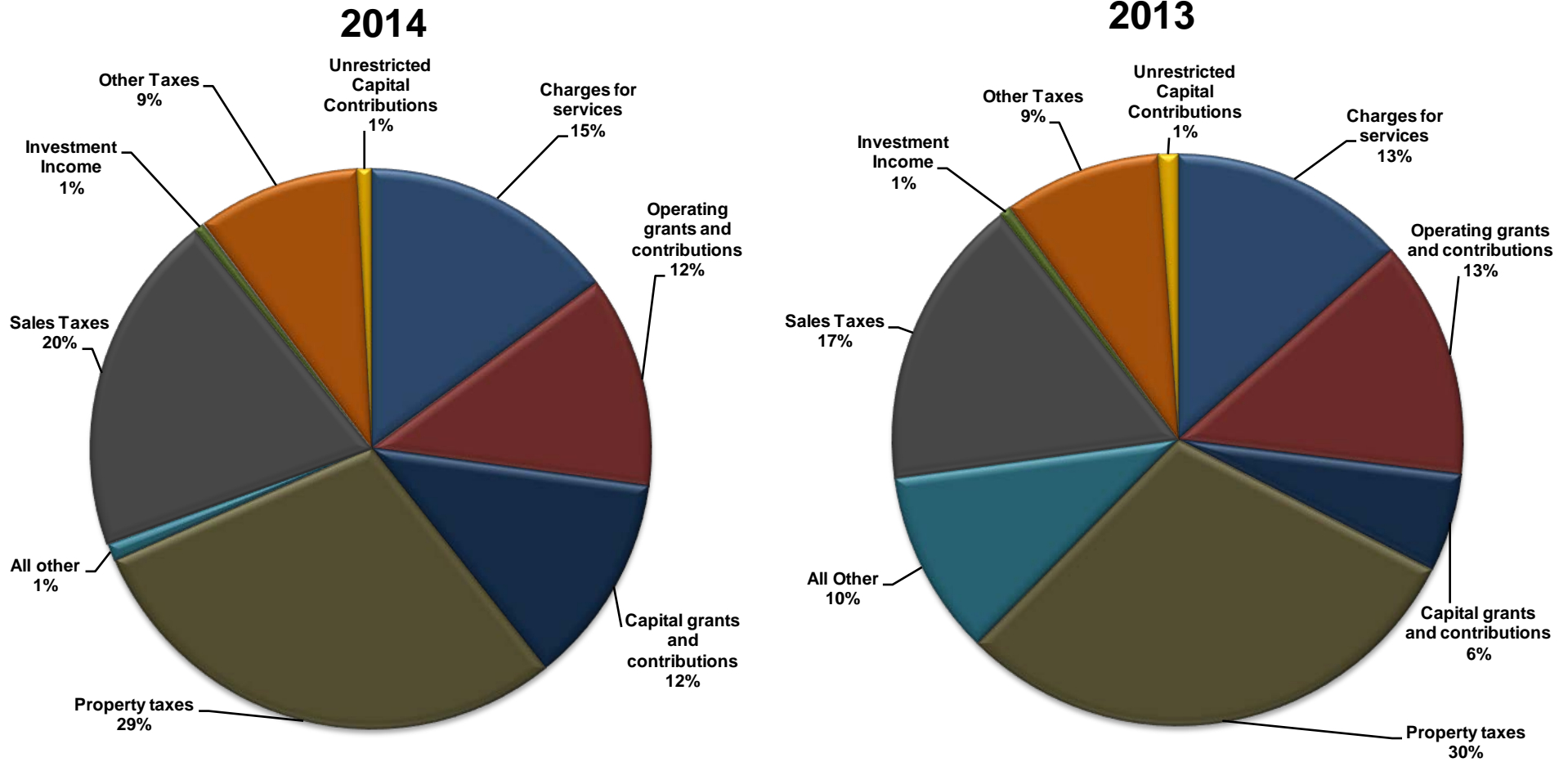
**Expenses:**

- While significant variances between years exist for the various expense functions, the total net increase was approximately \$3.1 million. The net increase in the current year reflects reduction in employee concessions paid and the filling of vacant and budgeted positions.



**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**  
 (Amounts expressed in thousands)

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

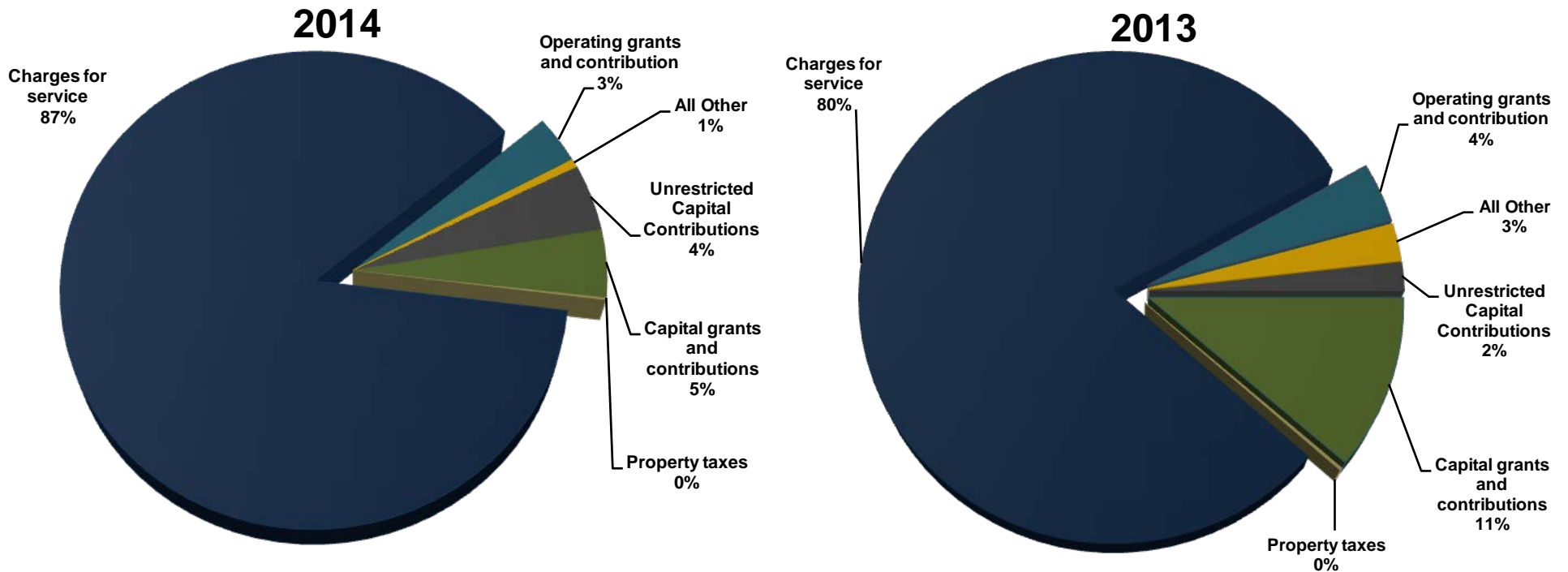


**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**  
(Amounts expressed in thousands)

**Business-type activities.** Business-type activities increased the City's net position by \$6,495. By way of comparison, the net position of business type activities increased by \$7,431 in 2013. Key elements of 2014 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) decreased \$2,380 in the current year to \$5,133.
- The total increase in expenses for business-type activities was \$902. 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**

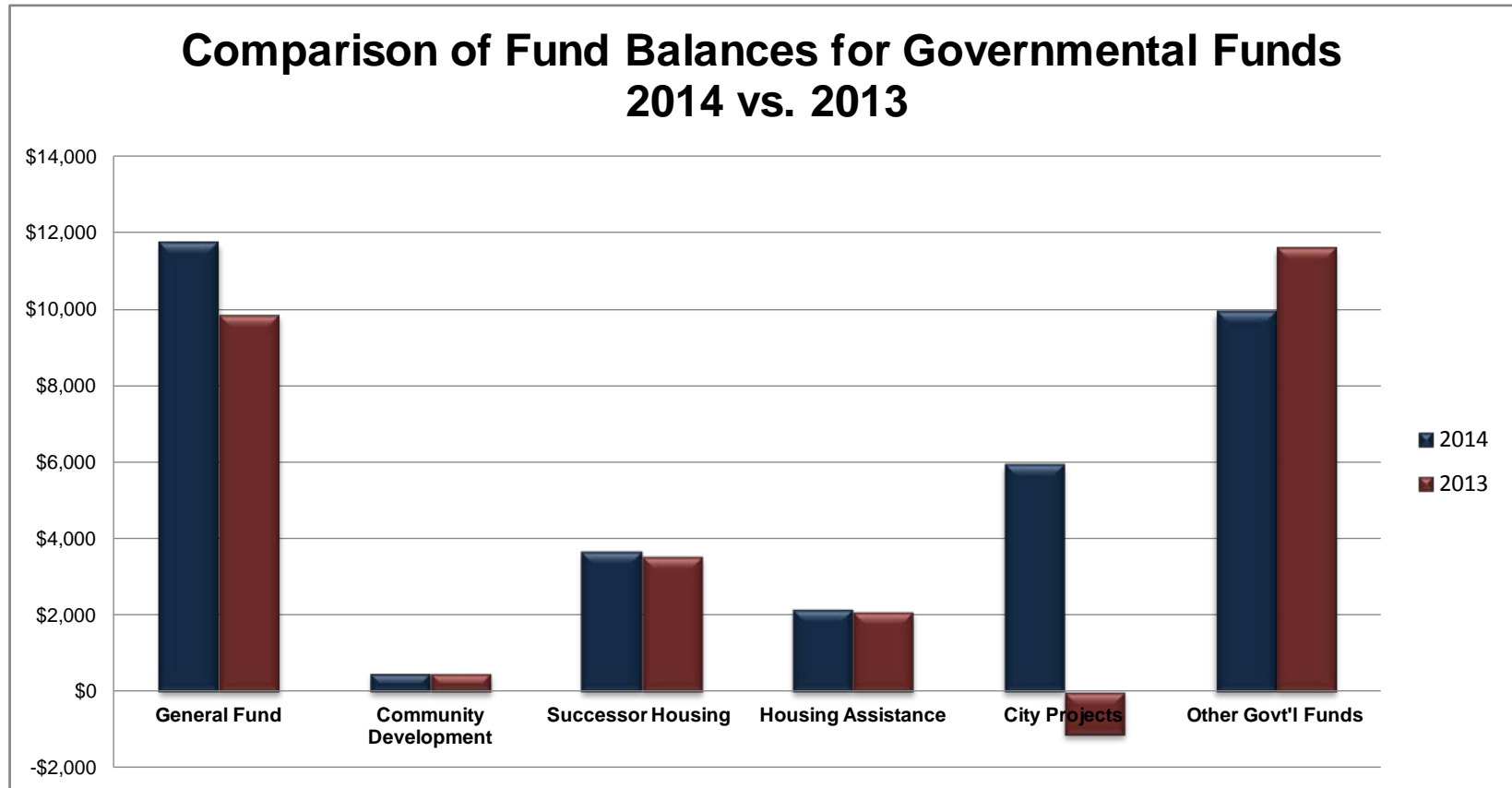


**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**  
(Amounts expressed in thousands)

**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 2014 and 2013 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, 2014**  
(Amounts expressed in thousands)

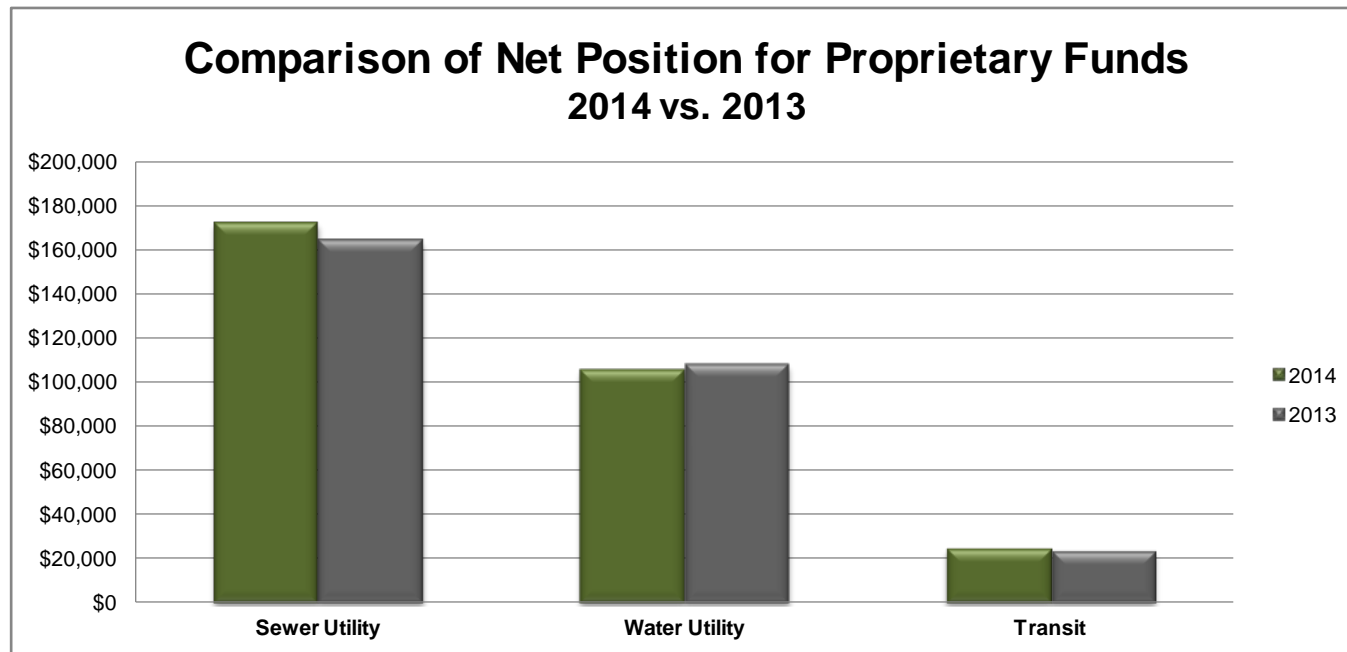
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As of June 30, 2014, the City's governmental funds reported combined ending fund balances of \$33,953 an increase of \$7,448 in comparison with the prior year. The majority of fund balance is either *Non-spendable* to indicate that it is not available 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, 2014, fund balance, the Assigned and Unassigned fund balance, of the General Fund was \$11,443. 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 \$1,881 during the current fiscal year. The increase in fund balance was related to increased sales tax revenues from Measure M, offset by the "clawback" from the State Controller's Office audit and an overall increase in expenditures.

The City Projects fund has a total fund balance of \$5,939. 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 2014 and 2013 net position balances for the City's Sewer, Water and Transit Funds.



Unrestricted net position at the end of the year amounted to \$61,919 for the sewer utility and \$38,343 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 \$7,963 and the decrease in water operations was \$2,456, respectively. The increase in total net position for transit operations was \$972. 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**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**  
(Amounts expressed in thousands)

**General Fund Budgetary Highlights**

	Original Budget	Final Budget	Actual Amounts	Variance from Final Budget
Total revenues	\$ 65,599	\$ 65,599	\$ 70,352	\$ 4,753
Expenditures:				
General government	6,221	7,696	6,538	1,158
Public safety	44,701	44,693	46,026	(1,333)
Public Works	4,864	4,897	4,830	67
Community services	7,821	7,805	7,667	138
Debt service	<u>355</u>	<u>355</u>	<u>355</u>	<u>-</u>
Total expenditures	63,962	65,446	65,416	30
Revenue over (under) expenditures	1,637	153	4,936	4,783
Other financing sources (uses)	<u>29</u>	<u>91</u>	<u>760</u>	<u>669</u>
Net change in fund balance	<u>\$ 1,666</u>	<u>\$ 244</u>	5,696	<u>\$ 5,452</u>
Beginning fund balance			<u>9,864</u>	
Ending fund balance			<u>\$ 15,560</u>	

Final budgeted expenditures were more than the original budgeted expenditures by \$1,422. 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 7.25% more than the budget. This was primarily due to higher than anticipated property tax revenues, the first full year of the additional ¼ cent sales tax, and continued strong sales tax growth.
- Actual expenditures were \$30 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 \$1,637.

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**  
(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, 2014, amounted to \$777,892 (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 \$20,724, (\$3,913) for governmental activities, including internal service funds and an increase of \$24,637 for business type activities).

**CAPITAL ASSETS**  
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 200,146	\$ 198,003	\$ 10,607	\$ 9,742	\$ 210,753	\$ 207,745
Buildings and improvements	34,084	35,142	182,823	155,746	216,907	190,888
Equipment	2,070	1,977	6,570	5,395	8,640	7,372
Vehicles	2,846	3,113	1,326	1,073	4,172	4,186
Infrastructure	182,442	190,395	71,554	73,087	253,996	263,482
Software	333	105	-	-	333	105
Construction in progress	<u>7,343</u>	<u>4,442</u>	<u>75,748</u>	<u>78,948</u>	<u>83,091</u>	<u>83,390</u>
Total	<u>\$ 429,264</u>	<u>\$ 433,177</u>	<u>\$ 348,628</u>	<u>\$ 323,991</u>	<u>\$ 777,892</u>	<u>\$ 757,168</u>

Major capital asset events during the current fiscal year included completion of the 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.

Additional information on the City's capital assets can be found in Note 5 on pages 55-59.

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$155,201. Of this amount, \$155,201 comprises debt backed by the full faith and credit of the government.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Capital lease obligations	\$ 10,093	\$ 10,520	\$ 7,226	\$ 7,294	\$ 17,319	\$ 17,814
Certificates of participation	-	1,175	-	-	-	1,175
Loans payable	<u>810</u>	<u>878</u>	<u>137,072</u>	<u>88,894</u>	<u>137,882</u>	<u>89,772</u>
Total	<u>\$ 10,903</u>	<u>\$ 12,573</u>	<u>\$ 144,298</u>	<u>\$ 96,188</u>	<u>\$ 155,201</u>	<u>\$ 108,761</u>



**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2014**  
(Amounts expressed in thousands)

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The City's total debt increased by \$46,440 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.

Additional information on the City's long-term debt can be found in Note 6 on pages 60-76 of this report.

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

The end of fiscal 2013-14 saw the return of steady economic growth to the City. In the coming year, the City will be reviewing spending priorities as revenues return to more historical norms. The City has taken several reductions during the severe economic downturn such as; reduction in personnel, employee concessions, deferment of capital and equipment repair and replacement and funding unfunded liabilities in pension, retiree healthcare and compensated absences. In the coming year the focus will be prioritizing which of these areas begins receiving new resources as they become available.

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 8.3% in FY 2014-2015, while sales tax (including Measure M) is projected to grow by about 2.5%. (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 2014-2015, serious threats remain:

- 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
- Measure M is closing operating deficit, but sunsets in 2018.

#### **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.



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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**CITY OF VACAVILLE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

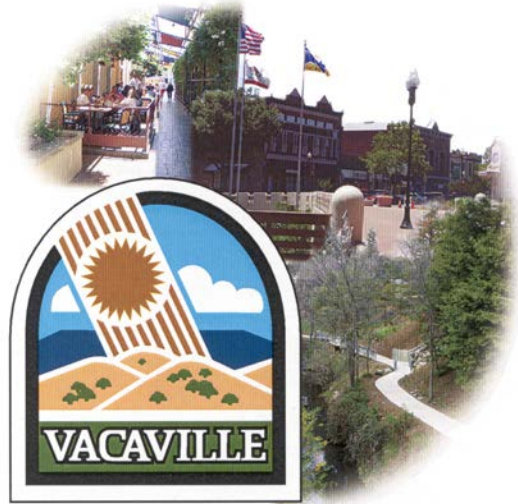
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and investments	\$ 51,201,442	\$ 93,729,441	\$ 144,930,883
Receivables, net of allowance for uncollectibles:			
Interest	244,352	-	244,352
Taxes	5,269,355	-	5,269,355
Accounts	3,669,059	8,378,334	12,047,393
Loans	42,549,180	-	42,549,180
Inventories	135,636	-	135,636
Prepaid Items	470,067	403	470,470
Internal balances	(1,977,960)	1,977,960	-
Restricted cash and investments	7,485,443	472,872	7,958,315
Deposits	420,938	-	420,938
Investment in joint venture	-	21,113,275	21,113,275
Due from RDA Successor Agency	3,215,704	-	3,215,704
Capital assets:			
Capital assets, non-depreciable	207,489,120	86,354,715	293,843,835
Capital assets, net of accumulated depreciation	221,774,519	262,272,869	484,047,388
Total capital assets	<u>429,263,639</u>	<u>348,627,584</u>	<u>777,891,223</u>
Total assets	<u>541,946,855</u>	<u>474,299,869</u>	<u>1,016,246,724</u>
<b>LIABILITIES</b>			
Accounts payable and contract payable	1,786,738	6,058,072	7,844,810
Accrued payroll	2,618,705	488,668	3,107,373
Interest payable	98,650	1,989,993	2,088,643
Employee benefits payable	458,332	-	458,332
Deposits payable	9,176,672	8,999,340	18,176,012
Due to other governments	3,865,509	372,857	4,238,366
Unearned revenue	1,946,489	131,593	2,078,082
Long-term payable to trust fund	9,587,269	-	9,587,269
Remediation liability-due in more than a year	-	1,355,000	1,355,000
Net OPEB obligation	9,972,841	2,710,683	12,683,524
Compensated absences			
Due within one year	869,016	196,753	1,065,769
Due in more than one year	8,393,354	746,435	9,139,789
Claims payable			
Due within one year	1,916,000	-	1,916,000
Due in more than one year	4,311,000	-	4,311,000
Long-term liabilities			
Due within one year	1,135,533	8,973,675	10,109,208
Due in more than one year	9,767,632	135,325,016	145,092,648
Total liabilities	<u>65,903,740</u>	<u>167,348,085</u>	<u>233,251,825</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Grants received in advance	303,005	-	303,005
Total deferred inflows of resources	<u>303,005</u>	<u>-</u>	<u>303,005</u>
<b>NET POSITION</b>			
Net investment in capital assets	418,360,474	204,328,893	622,689,367
Restricted for:			
Capital projects	5,208,895	472,872	5,681,767
Highway and streets	9,285,058	-	9,285,058
Housing	5,845,882	-	5,845,882
Special programs	1,781,740	-	1,781,740
Total restricted	<u>22,121,575</u>	<u>472,872</u>	<u>22,594,447</u>
Unrestricted	35,258,061	102,150,019	137,408,080
Total net position	<u>\$ 475,740,110</u>	<u>\$ 306,951,784</u>	<u>\$ 782,691,894</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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
Governmental activities:								
General government	\$ 10,445,799	\$ 3,476,146	\$ 21,333	\$ 10,281,309	\$ 13,778,788	\$ 3,332,989	\$ -	\$ 3,332,989
Public safety	49,612,298	3,502,578	1,168,239	2,362	4,673,179	(44,939,119)	-	(44,939,119)
Public works	21,134,692	2,428,826	18,555	3,388,772	5,836,153	(15,298,539)	-	(15,298,539)
Community services	12,117,019	6,425,851	713,177	-	7,139,028	(4,977,991)	-	(4,977,991)
Housing	13,805,499	927,821	11,909,664	-	12,837,485	(968,014)	-	(968,014)
Interest on long-term debt	520,519	-	-	-	-	(520,519)	-	(520,519)
Total governmental activities	107,635,826	16,761,222	13,830,968	13,672,443	44,264,633	(63,371,193)	-	(63,371,193)
Business-type activities:								
Sewer	26,659,151	32,221,757	-	1,814,433	34,036,190	-	7,377,039	7,377,039
Water	20,062,857	16,514,127	-	778,563	17,292,690	-	(2,770,167)	(2,770,167)
Transit	3,471,007	456,025	1,864,639	-	2,320,664	-	(1,150,343)	(1,150,343)
Total business-type activities	50,193,015	49,191,909	1,864,639	2,592,996	53,649,544	-	3,456,529	3,456,529
<b>Total primary government</b>	<b>\$ 157,828,841</b>	<b>\$ 65,953,131</b>	<b>\$ 15,695,607</b>	<b>\$ 16,265,439</b>	<b>\$ 97,914,177</b>	<b>(63,371,193)</b>	<b>3,456,529</b>	<b>(59,914,664)</b>
<b>General revenues:</b>								
Taxes:								
Property taxes						32,855,297	91,744	32,947,041
Sales taxes						22,214,611	-	22,214,611
Franchise taxes						3,578,494	-	3,578,494
Transient lodging tax						1,193,945	-	1,193,945
Business license tax						325,123	-	325,123
Excise tax						2,431,002	-	2,431,002
Gasoline tax						3,049,911	-	3,049,911
Subtotal taxes						65,648,383	91,744	65,740,127
Investment income						667,522	202,132	869,654
Unrestricted capital contributions						898,031	2,539,732	3,437,763
Miscellaneous						1,145,248	129,211	1,274,459
<b>Extraordinary Item - AB 1x26 payment to County</b>						(3,814,709)	-	(3,814,709)
<b>Transfers</b>						(75,223)	75,223	-
<b>Total general revenues and transfers</b>						<b>64,469,252</b>	<b>3,038,042</b>	<b>67,507,294</b>
<b>Change in net position</b>						<b>1,098,059</b>	<b>6,494,571</b>	<b>7,592,630</b>
<b>Net position, beginning of year</b>						<b>474,642,051</b>	<b>300,457,213</b>	<b>775,099,264</b>
<b>Net position, end of year</b>						<b>\$ 475,740,110</b>	<b>\$ 306,951,784</b>	<b>\$ 782,691,894</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, 2014**

	MAJOR FUNDS						
	GENERAL	COMMUNITY DEVELOPMENT	SUCCESSOR HOUSING	HOUSING ASSISTANCE	CITY PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>							
Cash and investments	\$ 13,817,693	\$ 531,249	\$ 611,633	\$ 1,193,855	\$ 17,746,352	\$ 11,339,314	\$ 45,240,096
Receivables:							
Interest	244,307	-	-	-	45	-	244,352
Taxes	4,983,681	-	-	-	209,944	75,730	5,269,355
Accounts	2,325,239	97,823	15,316	96,770	866,508	267,403	3,669,059
Loans	-	11,042,944	30,898,342	349,959	257,935	-	42,549,180
Restricted cash and investments held by fiscal agent	-	-	-	1,374,864	1,337,326	4,759,197	7,471,387
Due from other funds	125,000	-	-	-	-	125,000	250,000
Deposits	254,129	-	-	-	-	-	254,129
Advances to other funds	184,690	-	-	-	-	-	184,690
Due from RDA Successor Agency	-	-	3,118,743	-	96,961	-	3,215,704
<b>Total assets</b>	<b>\$ 21,934,739</b>	<b>\$ 11,672,016</b>	<b>\$ 34,644,034</b>	<b>\$ 3,015,448</b>	<b>\$ 20,515,071</b>	<b>\$ 16,566,644</b>	<b>\$ 108,347,952</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts and contract payable	\$ 919,679	\$ 47,729	\$ 6,562	\$ 5,978	\$ 525,134	\$ 135,080	\$ 1,640,162
Accrued payroll	2,240,029	1,970	10,040	45,413	51,150	167,852	2,516,454
Due to other funds	-	-	-	-	-	250,000	250,000
Deposits payable	2,662,210	898	46,403	250,819	1,860,085	4,354,422	9,174,837
Unearned revenue	209,074	40,218	-	-	-	1,697,197	1,946,489
Due to RDA Successor Agency	-	-	-	-	9,587,269	-	9,587,269
Due to other governments	3,814,709	50,800	-	-	-	-	3,865,509
Advances from other funds	266,938	-	-	-	1,895,712	-	2,162,650
<b>Total liabilities</b>	<b>10,112,639</b>	<b>141,615</b>	<b>63,005</b>	<b>302,210</b>	<b>13,919,350</b>	<b>6,604,551</b>	<b>31,143,370</b>
<b>Deferred Inflows of Resources:</b>							
Grants received in advance	76,539	-	-	200,083	-	26,383	303,005
Deferred development impact fees	-	-	-	-	399,024	-	399,024
Unavailable revenue - loans	-	11,042,944	30,898,343	349,959	257,935	-	42,549,181
<b>Total deferred inflows of resources</b>	<b>76,539</b>	<b>11,042,944</b>	<b>30,898,343</b>	<b>550,042</b>	<b>656,959</b>	<b>26,383</b>	<b>43,251,210</b>
<b>Fund Balances:</b>							
Nonspendable	184,690	-	-	-	96,961	-	281,651
Restricted	118,338	487,457	3,682,686	2,163,196	5,233,574	10,185,710	21,870,961
Assigned	2,855,217	-	-	-	608,227	-	3,463,444
Unassigned	8,587,316	-	-	-	-	(250,000)	8,337,316
<b>Total fund balances</b>	<b>11,745,561</b>	<b>487,457</b>	<b>3,682,686</b>	<b>2,163,196</b>	<b>5,938,762</b>	<b>9,935,710</b>	<b>33,953,372</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 21,934,739</b>	<b>\$ 11,672,016</b>	<b>\$ 34,644,034</b>	<b>\$ 3,015,448</b>	<b>\$ 20,515,071</b>	<b>\$ 16,566,644</b>	<b>\$ 108,347,952</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, 2014

**TOTAL FUND BALANCES- TOTAL GOVERNMENTAL FUNDS** \$ 33,953,372

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 \$1,510,806. 427,752,833

### **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. 265,114

### **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:

Prepaid items	454,848
OPEB trust liability	(9,972,841)
Long-term debt	(10,300,401)
Compensated absences	(9,262,370)
Interest payable	(98,650)

### **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. 42,948,205

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 475,740,110

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, 2014**

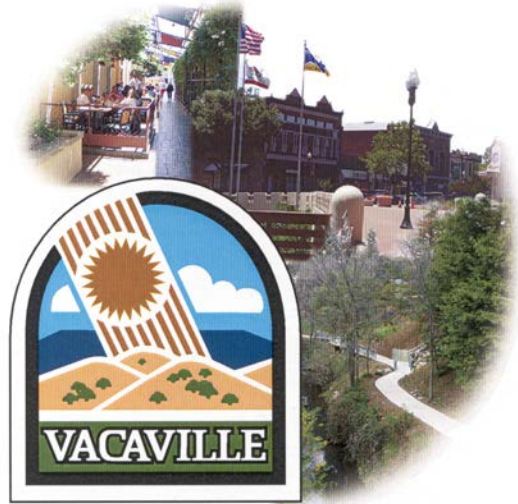
	GENERAL	COMMUNITY DEVELOPMENT	SUCCESSOR HOUSING	HOUSING ASSISTANCE	CITY PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>							
Taxes and fees	\$ 60,814,371	\$ -	\$ -	\$ -	\$ 10,281,309	\$ 4,354,639	\$ 75,450,319
Licenses and permits	208,207	-	-	-	-	1,055,823	1,264,030
Investment income	1,048,974	500	46,313	1,466	16,313	43,127	1,156,693
Intergovernmental	389,710	388,240	-	12,781,459	5,722,145	1,862,254	21,143,808
Charges for services	7,635,421	-	-	50,018	-	3,670,214	11,355,653
Fines, forfeitures, and penalties	226,893	-	-	-	-	60,513	287,406
Other	28,268	100	462,802	106,361	141,059	28,982	767,572
<b>Total revenues</b>	<b>70,351,844</b>	<b>388,840</b>	<b>509,115</b>	<b>12,939,304</b>	<b>16,160,826</b>	<b>11,075,552</b>	<b>111,425,481</b>
<b>EXPENDITURES:</b>							
Current:							
General government	6,538,303	-	-	-	-	2,555,121	9,093,424
Public safety	46,026,174	-	-	-	-	923,666	46,949,840
Public works	4,829,927	-	-	-	-	1,366,554	6,196,481
Community services	7,666,551	388,351	-	-	-	3,419,493	11,474,395
Housing	-	-	377,140	12,880,939	-	-	13,258,079
Capital outlay	-	-	-	-	8,588,972	2,412,644	11,001,616
Debt service:							
Principal	314,504	-	-	-	246,296	1,176,379	1,737,179
Interest and fiscal charges	40,800	-	-	-	203,303	327,629	571,732
<b>Total expenditures</b>	<b>65,416,259</b>	<b>388,351</b>	<b>377,140</b>	<b>12,880,939</b>	<b>9,038,571</b>	<b>12,181,486</b>	<b>100,282,746</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,935,585</b>	<b>489</b>	<b>131,975</b>	<b>58,365</b>	<b>7,122,255</b>	<b>(1,105,934)</b>	<b>11,142,735</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in	2,391,682	-	-	-	337,436	1,457,597	4,186,715
Transfers out	(1,897,164)	-	-	-	(405,824)	(2,028,950)	(4,331,938)
Sale of capital assets	105,012	-	-	-	-	-	105,012
Issuance of debt and loans	160,656	-	-	-	-	-	160,656
<b>Total other financing sources (uses)</b>	<b>760,186</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(68,388)</b>	<b>(571,353)</b>	<b>120,445</b>
<b>EXTRAORDINARY ITEM</b>							
ABX1 26 transfer to Successor Agency	3,814,709	-	-	-	-	-	3,814,709
<b>NET CHANGES IN TOTAL FUND BALANCE</b>	<b>1,881,062</b>	<b>489</b>	<b>131,975</b>	<b>58,365</b>	<b>7,053,867</b>	<b>(1,677,287)</b>	<b>7,448,471</b>
Fund balances, beginning of year	9,864,499	486,968	3,550,711	2,104,831	(1,115,105)	11,612,997	26,504,901
Fund balances, end of year	\$ 11,745,561	\$ 487,457	\$ 3,682,686	\$ 2,163,196	\$ 5,938,762	\$ 9,935,710	\$ 33,953,372

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, 2014**

<b>NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 7,448,471</b>
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
<b>CAPITAL ASSETS TRANSACTIONS</b>	
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 \$559,872. This is detail of the amount of capital assets recorded in the current period.	
Capital outlay	11,001,616
Uncapitalized outlay costs	(7,947,216)
Departmental expenditures capitalized	3,710,336
Developer contributions	898,031
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 \$298,919.	(10,861,257)
<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.	(160,656)
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.	1,737,179
<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:	
Prepaid items	454,848
Compensated absences	(1,043,824)
OPEB expense	(3,273,004)
Unavailable revenue - loans	320,428
Interest expense	51,213
Proceeds from sale of capital assets	2,756
Loss from disposal of capital assets	(974,417)
<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.	(266,445)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 1,098,059</b>

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, 2014**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS			TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	SEWER UTILITY	WATER UTILITY	TRANSIT		
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 66,778,707	\$ 24,727,959	\$ 17,947	\$ 91,524,613	\$ 8,166,174
Accounts receivable	5,193,649	2,857,807	326,878	8,378,334	-
Prepaid items	306	97	-	403	15,219
Restricted cash and investments	-	472,872	-	472,872	14,056
Due from other funds	-	-	-	-	574,612
Inventories-supplies	-	-	-	-	135,636
Noncurrent assets:					
Deposits	-	-	-	-	166,809
Advances to other funds	998,842	1,263,808	-	2,262,650	-
Investment in joint venture	-	21,113,275	-	21,113,275	-
Capital assets:					
Land	2,847,722	2,830,750	4,928,788	10,607,260	-
Construction in progress	72,416,568	2,951,881	379,006	75,747,455	32,866
Buildings and improvements	207,037,108	52,477,747	15,876,541	275,391,396	145,369
Machinery and equipment	1,468,269	266,349	9,420,969	11,155,587	7,000,338
Transmission and distribution system	40,401,634	57,668,116	-	98,069,750	-
Less: accumulated depreciation	(76,319,046)	(41,668,788)	(5,574,390)	(123,562,224)	(4,449,407)
Total capital assets	247,852,255	74,526,055	25,030,914	347,409,224	2,729,166
<b>Total assets</b>	320,823,759	124,961,873	25,375,739	471,161,371	11,801,672
<b>LIABILITIES</b>					
Current liabilities:					
Accounts and contract payable	4,756,900	1,075,866	148,011	5,980,777	223,871
Accrued payroll	311,702	168,849	8,117	488,668	102,251
Interest payable	1,917,684	72,309	-	1,989,993	-
Due to other funds	-	-	-	-	574,612
Employee benefits payable	-	-	-	-	458,332
Deposits payable	5,241	8,984,715	9,384	8,999,340	1,835
Due to other governments	-	-	372,857	372,857	-
Compensated absences - due within one year	125,409	71,344	-	196,753	-
Claims payable - due within one year	-	-	-	-	1,916,000
Long-term debt - due within one year	8,557,860	415,815	-	8,973,675	174,919
Noncurrent liabilities:					
Advances from other funds	184,690	100,000	-	284,690	-
Unearned revenue	46,867	84,726	-	131,593	-
Compensated absences - due in more than a year	681,971	64,464	-	746,435	-
Remediation liability	1,355,000	-	-	1,355,000	-
OPEB trust liability	1,667,160	998,040	45,483	2,710,683	-
Claims payable - due in more than one year	-	-	-	-	4,311,000
Long-term debt - due in more than one year	128,641,512	6,683,504	-	135,325,016	427,845
<b>Total liabilities</b>	148,251,996	18,719,632	583,852	167,555,480	8,190,665
<b>NET POSITION</b>					
Net investment in capital assets	110,652,883	67,426,736	25,030,914	203,110,533	2,126,402
Restricted for capital projects	-	472,872	-	472,872	14,056
Unrestricted	61,918,880	38,342,633	(239,027)	100,022,486	1,470,549
<b>Total net position business-type activities</b>	\$ 172,571,763	\$ 106,242,241	\$ 24,791,887	303,605,891	\$ 3,611,007
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				3,345,893	
Net position of business-type activities				\$ 306,951,784	

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, 2014**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	SEWER UTILITY	WATER UTILITY	TRANSIT	TOTALS	
<b>OPERATING REVENUES:</b>					
Charges for sales and services:					
Sewer charges	\$ 32,219,462	\$ -	\$ -	\$ 32,219,462	\$ -
Water sales	-	16,514,128	-	16,514,128	-
Transit fares	-	-	456,025	456,025	-
Internal service charges	-	-	-	-	12,691,687
<b>Total operating revenues</b>	<u>32,219,462</u>	<u>16,514,128</u>	<u>456,025</u>	<u>49,189,615</u>	<u>12,691,687</u>
<b>OPERATING EXPENSES:</b>					
Treatment plant and sources of supply	5,859,975	6,127,802	-	11,987,777	-
Transmission and distribution	-	3,579,324	-	3,579,324	-
Maintenance	5,450,789	2,621,234	-	8,072,023	-
Customer services and administration	7,292,694	5,092,133	-	12,384,827	-
Transportation	-	-	2,338,728	2,338,728	-
Internal service expenses	-	-	-	-	12,460,556
Depreciation	5,367,829	2,436,761	1,141,017	8,945,607	523,624
<b>Total operating expenses</b>	<u>23,971,287</u>	<u>19,857,254</u>	<u>3,479,745</u>	<u>47,308,286</u>	<u>12,984,180</u>
<b>OPERATING INCOME (LOSS)</b>	<u>8,248,175</u>	<u>(3,343,126)</u>	<u>(3,023,720)</u>	<u>1,881,329</u>	<u>(292,493)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Interest revenue	174,743	27,093	296	202,132	2
Interest expense	(2,700,293)	(216,984)	-	(2,917,277)	(20,144)
Taxes and other	52,295	170,954	1,864,639	2,087,888	-
Connection fees	1,814,433	778,563	-	2,592,996	-
Gain (Loss) on disposal of capital assets	(3,287)	-	12,025	8,738	-
<b>Total nonoperating revenues (expenses)</b>	<u>(662,109)</u>	<u>759,626</u>	<u>1,876,960</u>	<u>1,974,477</u>	<u>(20,142)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<u>7,586,066</u>	<u>(2,583,500)</u>	<u>(1,146,760)</u>	<u>3,855,806</u>	<u>(312,635)</u>
<b>TRANSFER:</b>					
Transfers in	326,037	66,960	-	392,997	190,257
Transfers out	(7,765)	(301,470)	-	(309,235)	(128,796)
<b>Total transfers</b>	<u>318,272</u>	<u>(234,510)</u>	<u>-</u>	<u>83,762</u>	<u>61,461</u>
Intergovernmental	-	-	2,118,708	2,118,708	-
Developers	58,800	362,224	-	421,024	-
<b>Total capital contributions</b>	<u>58,800</u>	<u>362,224</u>	<u>2,118,708</u>	<u>2,539,732</u>	<u>-</u>
<b>Change in net position</b>	<u>7,963,138</u>	<u>(2,455,786)</u>	<u>971,948</u>	<u>6,479,300</u>	<u>(251,174)</u>
<b>NET POSITION:</b>					
Net position, beginning of year	164,608,625	108,698,027	23,819,939		3,862,181
Net position, end of year	<u>\$ 172,571,763</u>	<u>\$ 106,242,241</u>	<u>\$ 24,791,887</u>		<u>\$ 3,611,007</u>
				15,271	
				<u>\$ 6,494,571</u>	

Adjustment to reflect the consolidation of internal service

fund activities related to enterprise funds

Change in net position of business-type activities

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	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	\$ 33,779,278	\$ 17,658,044	\$ 763,770	\$ 52,201,092	\$ 12,695,935
Payments to suppliers	(10,793,418)	(11,972,730)	(2,177,895)	(24,944,043)	(9,495,094)
Payments to employees	(8,098,046)	(4,691,905)	(187,202)	(12,977,153)	(1,739,879)
Claims paid	-	-	-	-	(543,928)
<b>Net cash provided by (used in) operating activities</b>	<b>14,887,814</b>	<b>993,409</b>	<b>(1,601,327)</b>	<b>14,279,896</b>	<b>917,034</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Advances to/(from) other funds	19,110	12,742	-	31,852	-
Due to/(from) other funds	245,661	-	(245,661)	-	-
Transfers in	326,037	66,960	-	392,997	190,257
Transfers out	(7,765)	(301,470)	-	(309,235)	(128,796)
Taxes	-	110,525	-	110,525	-
Ground lease	50,000	-	-	50,000	-
Annexation fees	-	41,886	-	41,886	-
Industry permit fees	2,295	-	-	2,295	-
Power plant revenue	-	18,543	-	18,543	-
Connection fees	1,814,433	778,563	-	2,592,996	-
Grants	-	-	1,864,639	1,864,639	-
<b>Net cash provided by noncapital financing activities</b>	<b>2,449,771</b>	<b>727,749</b>	<b>1,618,978</b>	<b>4,796,498</b>	<b>61,461</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Net proceeds from issuance of long-term debt	47,261,760	6,993,972	-	54,255,732	-
Acquisition and construction of capital assets	(29,772,514)	(775,659)	-	(30,548,173)	(1,077,935)
Principal paid on capital debt	882,005	(7,026,984)	-	(6,144,979)	(93,069)
Interest paid	(812,013)	(254,343)	-	(1,066,356)	(20,144)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>17,559,238</b>	<b>(1,063,014)</b>	<b>-</b>	<b>16,496,224</b>	<b>(1,191,148)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	174,743	27,093	296	202,132	2
<b>Net cash provided by investing activities</b>	<b>174,743</b>	<b>27,093</b>	<b>296</b>	<b>202,132</b>	<b>2</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>35,071,566</b>	<b>685,237</b>	<b>17,947</b>	<b>35,774,750</b>	<b>(212,651)</b>
<b>CASH AND CASH EQUIVALENTS:</b>					
Beginning of year	31,707,141	24,515,594	-	56,222,735	8,392,881
Cash and investments	66,778,707	24,727,959	17,947	91,524,613	8,166,174
Restricted cash and investments	-	472,872	-	472,872	14,056
Total cash and investments end of year	<b>\$ 66,778,707</b>	<b>\$ 25,200,831</b>	<b>\$ 17,947</b>	<b>\$ 91,997,485</b>	<b>\$ 8,180,230</b>
<b>NONCASH TRANSACTIONS:</b>					
Contribution and transfer of capital assets, net	\$ 58,800	\$ 362,224	\$ 2,118,708	\$ 2,539,732	\$ -



**CITY OF VACAVILLE**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			TOTALS	GOVERNMENTAL ACTIVITIES- SERVICE FUNDS
	SEWER UTILITY	WATER UTILITY	TRANSIT		
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN)</b>					
<b>OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 8,248,175	\$ (3,343,126)	\$ (3,023,720)	\$ 1,881,329	\$ (292,493)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	5,367,829	2,436,761	1,141,017	8,945,607	523,624
Gain (Loss) on disposal of assets	(3,287)	-	12,025	8,738	-
Changes in assets and liabilities:					
Decrease in accounts receivable	1,549,944	1,129,727	168,119	2,847,790	4,248
Increase in prepaid expenses	(306)	(97)	-	(403)	(15,219)
Increase in inventories-supplies	-	-	-	-	(6,347)
Decrease in deposits	-	-	-	-	1,902
Increase (decrease) in accounts and contracts payable	(899,545)	143,556	(54,601)	(810,590)	100,039
Increase in accrued payroll	10,645	3,444	991	15,080	15,155
Increase in employee benefits payable	-	-	-	-	253,125
Increase (decrease) in compensated absences	(121,604)	6,295	-	(115,309)	-
Increase in deposits payable	846	182,773	300	183,919	-
Increase in due to other governments	-	-	139,627	139,627	-
Increase in unearned revenue	9,872	14,189	-	24,061	-
Increase in OPEB trust liability	725,245	419,887	14,915	1,160,047	-
Increase in insurance liability	-	-	-	-	333,000
Total adjustments	6,639,639	4,336,535	1,422,393	12,398,567	1,209,527
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 14,887,814</b>	<b>\$ 993,409</b>	<b>\$ (1,601,327)</b>	<b>\$ 14,279,896</b>	<b>\$ 917,034</b>

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 and to account for bond proceeds and repayment of debt service held in trust.

### **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, 2014**

	Agency Funds	Private Purpose Trust Fund Successor Agency
<b>ASSETS</b>		
<hr/>		
Current assets:		
Cash and investments	\$ 27,482,662	\$ 9,114,743
Receivables:		
Interest	-	2,247
Loans	-	5,360,425
Prepaid expenses	-	16,034
Total current assets	<hr/> 27,482,662	<hr/> 14,493,449
Noncurrent assets:		
Restricted cash and investments	-	8,708,362
Long-term receivable from City of Vacaville	-	9,587,269
Capital assets, non-depreciable	-	2,857,264
Capital assets, net of accumulated depreciation	-	26,230,326
Total noncurrent assets	<hr/> -	<hr/> 47,383,221
Total assets	<hr/> <hr/> \$ 27,482,662	<hr/> <hr/> 61,876,670
 <b>LIABILITIES</b>		
<hr/>		
Current liabilities:		
Accounts payable and contracts payable	\$ 9,561	18,287
Accrued payroll	-	9,233
Deposits payable	17,524,067	133,302
Unearned revenue	-	94,343
Interest payable	-	780,037
Long-term liabilities - due within one year	-	2,514,703
Total current liabilities	<hr/> 17,533,628	<hr/> 3,549,905
Noncurrent liabilities:		
Long-Term Note Payable to City of Vacaville	-	3,215,704
Long-Term liabilities - due in more than a year	-	48,447,877
Due to bondholders	9,949,034	-
Total liabilities	<hr/> <hr/> \$ 27,482,662	<hr/> <hr/> 55,213,486
 <b>NET POSITION</b>		
<hr/>		
Held in trust for dissolution of the Redevelopment Agency		<hr/> <hr/> \$ 6,663,184

**CITY OF VACAVILLE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST FUND - SUCCESSOR AGENCY**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**ADDITIONS:**

Investment income	\$ 159,405
Property taxes	2,899
Revelopment Agency (RDA) property tax trust fund distribution	8,775,206
Other	65,168
	<hr/>
Total additions:	9,002,678
	<hr/>

**DEDUCTIONS:**

Program expenses of former RDA	498,879
DDA agreements	2,058,844
Professional fees	110,005
Depreciation expense	805,294
Fiscal fines and other fees	495,028
Interest expense	2,961,924
Transfer of property	2,989,528
	<hr/>
Total deductions	9,919,502
	<hr/>

Change in net assets	(916,824)
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**NET POSITION:**

Beginning of year	7,580,008
	<hr/>
End of year	\$ 6,663,184
	<hr/> <hr/>



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**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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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, 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, 2014**

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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, 2014**

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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, 2014**

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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.

Multifamily Housing Revenue Bonds – to account for bond proceeds and repayment of debt service held in trust. The City participated in the issuance of the Multifamily Housing Revenue and Refunding Bonds Series 2000A, 1999 Series A, and Multifamily Revenue Bonds 1988 Issue A. The bond proceeds were loaned to Vacaville Community Housing, WLP Sycamores Apartments, LLC and 700 Market Associates XXIII, respectively.

**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, 2014**

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**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, 2014**

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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, 2014 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, 2014 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).

The City applies the purchases method for prepaid items in the governmental funds and recognizes the entire amount of the prepayment as an expenditure of the period payment is made.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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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, 2014**

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

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

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**L. *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.

**M. *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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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

**N. Implementation of New GASB Pronouncements**

In 2014, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

GASB Statement No. 66, Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62 – The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. There was no effect on net position as part of implementation of this standard.

GASB Statement No. 67, Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25 – The objective of this statement is to improve financial reporting by state and local governmental pension plans. There was no effect on net position as part of implementation of this standard.

GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees – The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. There was no effect on net position as part of 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, 2014**

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

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 144,930,883
Cash and Investments held by bond trustee	7,958,315
Fiduciary Funds:	
Cash and Investments	36,597,405
Cash and Investments held by bond trustee	<u>8,708,362</u>
Total Cash and Investments	<u>\$ 198,194,965</u>

Cash and Investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 15,426
Deposits with financial institutions	10,375,930
Certificates of Deposit	4,000,000
Investments	<u>183,803,609</u>
Total Cash and Investments	<u>\$ 198,194,965</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, 2014**

**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 gain in changes in fair value of investments	\$ 75,964
Interest income	<u>953,095</u>
Total investment income - Governmental and Proprietary Funds	<u>\$ 869,654</u>
Total investment income - Fiduciary Funds	<u>\$ 159,405</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, 2014**

**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, 2014 by maturity:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Local Agency Investment Fund	\$ 55,933,208	\$ 55,933,208	\$ -	\$ -	\$ -
U.S. Agency Securities	36,322,784	-	36,322,784	-	-
U.S. Government Securities	10,074,525	-	10,074,525	-	-
Municipal Bonds	5,033,410	-	5,033,410	-	-
Corporate Notes	48,385,315	16,101,652	32,283,663	-	-
Commercial Paper	4,990,666	4,990,666	-	-	-
Negotiable Certificates of Deposit	6,249,970	5,000,587	1,249,383	-	-
Money Market Mutual Funds	16,813,731	16,813,731	-	-	-
Total	<u>\$ 183,803,609</u>	<u>\$ 98,839,844</u>	<u>\$ 84,963,765</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

**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, 2014 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. The U.S. Agency Securities and Treasuries have a split rating. As of June 30, 2014 the securities were rated AAA by Moody's and AA by Standard & Poor's Rating Services.

Investment Type		Minimum Legal Rating	Minimum				FDIC Insured	Not Rated
			AAA	AA	A	A1/P1		
Local Agency Investment Fund	\$ 55,933,208	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$55,933,208
U.S. Agency Securities	36,322,784	N/A	-	36,322,784	-	-	-	-
U.S. Government Securities	10,074,525	N/A	-	10,074,525	-	-	-	-
Municipal Bonds	5,033,410	N/A	-	1,004,570	4,028,840	-	-	-
Corporate Notes	48,385,315	A	-	17,769,903	30,615,412	-	-	-
Commercial Paper	4,990,666	A1/P1	-	-	-	4,990,666	-	-
Negotiable Certificates of Deposit	6,249,970	N/A	-	-	5,000,587	-	1,249,383	-
Money Market Mutual Funds	<u>16,813,731</u>	AAA	<u>16,813,731</u>	-	-	-	-	-
Total	<u>\$ 183,803,609</u>		<u>\$16,813,731</u>	<u>\$65,171,782</u>	<u>\$39,644,839</u>	<u>\$4,990,666</u>	<u>\$1,249,383</u>	<u>\$55,933,208</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, 2014, 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, 2014**

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

As of June 30, 2014, the City had \$55,933,208 invested in LAIF, which has invested 1.86% 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, 2014 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 1.00029875.

**NOTE 3 – LOANS RECEIVABLE**

At June 30, 2014, the City's outstanding loans receivables were as follows:

- |               |   |
|---------------|---|
| \$ 8,585,171  | 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 and to provide assistance to first-time homebuyers.  |
| \$ 1,483,010  | 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.   |
| \$ 7,623,960  | 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 \$27,292. |
| \$ 14,153,511 | 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.   |
| \$ 920,768    | 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 \$17,791.  |

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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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 condominium or single family home.
\$ 2,378,955	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.
\$ 49,959	A loan receivable was recorded in the Special Revenue Fund, Housing Assistance, for the CalHome Program. The purpose of the program is to provide assistance in the form of a deferred payment loan to eligible households in purchasing their first home. Qualified homebuyers may receive a maximum loan amount of \$50,000. The loan term is a minimum 30-year deferred payment loan at 0% interest with the principal due and payable at year 30.
\$ 4,357,517	A loan receivable was recorded in the Successor Housing Special Revenue Fund from Rocky Hill Investors, L.P. for phase one of the Callen Street/Bennett Hill Court Housing Project. Phase one of the project involves the acquisition and rehabilitation of sixty-four affordable rental units on Bennett Hill Court and Rocky Hill Road. The term of the promissory note is fifty-five years at 1% interest. The developer shall make annual payments of principal and interest in the amount of fifty percent of residual receipts with the first payment due and payable on May 1, 2015.
\$ 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 2014/15.
\$ 875,955	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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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**NOTE 3 – LOANS RECEIVABLE, continued**

\$ 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 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>\$ 42,549,180</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.

At June 30, 2014, 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.
\$ 1,698,473	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 was recorded in the amount of \$3,895,000 in the former Redevelopment Agency Capital Projects Fund. Upon dissolution of the 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%.
\$ 1,297,212	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 \$1,990.

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<u>\$ 5,360,425</u>	Total Private Purpose Trust Fund Successor Agency loans receivable
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**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

**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.

**NOTE 5 - CAPITAL ASSETS**

**Government-Wide Financial Statements**

**A. Summary**

The following is a summary of capital assets as of June 30, 2014:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Non-Depreciable Assets:			
Land	\$ 199,155,711	\$ 10,607,260	\$ 209,762,971
Land held for development	990,186	-	990,186
Construction in progress	<u>7,343,223</u>	<u>75,747,455</u>	<u>83,090,678</u>
Total	<u>207,489,120</u>	<u>86,354,715</u>	<u>293,843,835</u>
Depreciable Assets:			
Buildings & improvements	54,560,393	275,391,396	329,951,789
Equipment	7,433,396	11,007,931	18,441,327
Vehicles	11,119,188	4,851,467	15,970,655
Software	365,478	-	365,478
Infrastructure	<u>371,640,338</u>	<u>98,069,750</u>	<u>469,710,088</u>
	445,118,793	389,320,544	834,439,337
Less accumulated depreciation	<u>(223,344,274)</u>	<u>(127,047,675)</u>	<u>(350,391,949)</u>
Total depreciable assets, net	<u>221,774,519</u>	<u>262,272,869</u>	<u>484,047,388</u>
Total capital assets, net	<u>\$ 429,263,639</u>	<u>\$ 348,627,584</u>	<u>\$ 777,891,223</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

**NOTE 5 – CAPITAL ASSETS, continued**

**B. Governmental Activities**

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

	Balance July 1, 2013	Additions	Disposals	Transfers	Balance June 30, 2014
Non-Depreciable Assets:					
Land	\$ 197,012,703	\$ 3,072,554	\$ (929,546)	\$ -	\$ 199,155,711
Land held for development	990,186	-	-	-	990,186
Construction in progress	<u>4,441,849</u>	<u>2,971,374</u>	<u>-</u>	<u>(70,000)</u>	<u>7,343,223</u>
Total	<u>202,444,738</u>	<u>6,043,928</u>	<u>(929,546)</u>	<u>(70,000)</u>	<u>207,489,120</u>
Depreciable Assets:					
Buildings & improvements	54,300,118	316,350	(56,075)	-	54,560,393
Equipment	7,102,994	624,175	(293,773)	-	7,433,396
Vehicles	11,221,457	249,956	(479,873)	127,648	11,119,188
Software	110,778	184,700	-	70,000	365,478
Infrastructure	<u>370,836,808</u>	<u>803,530</u>	<u>-</u>	<u>-</u>	<u>371,640,338</u>
Total	<u>443,572,155</u>	<u>2,178,711</u>	<u>(829,721)</u>	<u>197,648</u>	<u>445,118,793</u>
Less accumulated depreciation for:					
Buildings & improvements	(19,158,041)	(1,336,052)	18,309	-	(20,475,784)
Equipment	(5,126,079)	(523,027)	285,589	-	(5,363,517)
Vehicles	(8,108,736)	(516,106)	479,873	(127,648)	(8,272,617)
Software	(5,539)	(26,210)	-	-	(31,749)
Infrastructure	<u>(180,441,826)</u>	<u>(8,758,781)</u>	<u>-</u>	<u>-</u>	<u>(189,200,607)</u>
Total	<u>(212,840,221)</u>	<u>(11,160,176)</u>	<u>783,771</u>	<u>(127,648)</u>	<u>(223,344,274)</u>
Total depreciable assets, net	<u>230,731,934</u>	<u>(8,981,465)</u>	<u>(45,950)</u>	<u>70,000</u>	<u>221,774,519</u>
Governmental activities capital assets, net	<u>\$ 433,176,672</u>	<u>\$ (2,937,537)</u>	<u>\$ (975,496)</u>	<u>\$ -</u>	<u>\$ 429,263,639</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, 2014**

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**NOTE 5 – CAPITAL ASSETS, continued**

Depreciation expense was charged to functions as follows:

Governmental activities:		
General government	\$	540,140
Public safety		979,514
Public works		9,016,723
Community services		563,800
Housing		<u>59,999</u>
Total Government activities depreciation expense	\$	<u>11,160,176</u>

Internal service fixed assets included in general governmental activities at June 30, 2014 were \$1,510,806 (net depreciable value) with related depreciation expense of \$298,919.

**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, 2014**

**NOTE 5 – CAPITAL ASSETS, continued**

**C. Business-type Activities**

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

	Balance Balance July 1, 2013	Additions	Disposals	Transfers	Balance June 30, 2014
<b>Non-Depreciable Assets:</b>					
Land	\$ 9,742,477	\$ 864,783	\$ -	\$ -	\$ 10,607,260
Construction in progress	78,948,143	29,225,721	-	(32,426,409)	75,747,455
Total	<u>88,690,620</u>	<u>30,090,504</u>	<u>-</u>	<u>(32,426,409)</u>	<u>86,354,715</u>
<b>Depreciable Assets:</b>					
Buildings & improvements	242,142,360	822,627	-	32,426,409	275,391,396
Equipment	9,274,376	1,971,613	(238,058)	-	11,007,931
Vehicles	4,490,129	509,693	(20,707)	(127,648)	4,851,467
Infrastructure	97,654,285	415,465	-	-	98,069,750
Total	<u>353,561,150</u>	<u>3,719,398</u>	<u>(258,765)</u>	<u>32,298,761</u>	<u>389,320,544</u>
<b>Less accumulated depreciation for:</b>					
Buildings & improvements	(86,395,941)	(6,172,571)	-	-	(92,568,512)
Equipment	(3,879,665)	(792,992)	234,771	-	(4,437,886)
Vehicles	(3,417,556)	(256,097)	20,707	127,648	(3,525,298)
Infrastructure	(24,567,326)	(1,948,653)	-	-	(26,515,979)
Total	<u>(118,260,488)</u>	<u>(9,170,313)</u>	<u>255,478</u>	<u>127,648</u>	<u>(127,047,675)</u>
Total depreciable assets, net	<u>235,300,662</u>	<u>(5,450,915)</u>	<u>(3,287)</u>	<u>32,426,409</u>	<u>262,272,869</u>
Business-type activities capital assets, net	<u>\$ 323,991,282</u>	<u>\$ 24,639,589</u>	<u>\$ (3,287)</u>	<u>\$ -</u>	<u>\$ 348,627,584</u>

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

During fiscal year ended June 30, 2014 capitalized interest of \$253,107 was included in Construction in Progress.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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**NOTE 5 – CAPITAL ASSETS, continued**

Depreciation expense was charged to functions as follows:

Business-type activities:		
Sewer	\$	5,490,343
Water		2,538,952
Transit		<u>1,141,017</u>
Total Business-type activities depreciation expense	\$	<u>9,170,312</u>

Vehicle and equipment replacement assets in the amount of \$1,218,360 (net depreciable value) are included in Business-type activities. At June 30, 2014 depreciation expense for these assets totaled \$224,705. 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, 2014:

	Governmental Activities	Business Type Activities	Total
Long-term debt			
Loans Payable	\$ 810,000	\$ 137,072,464	\$ 137,882,464
Capital Lease Obligations	<u>10,093,165</u>	<u>7,226,227</u>	<u>17,319,392</u>
Total	<u>\$ 10,903,165</u>	<u>\$ 144,298,691</u>	<u>\$ 155,201,856</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

**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, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Loans Payable:					
Brazelton Family Living Trust	\$ 202,500	\$ -	\$ 67,500	\$ 135,000	\$ 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	-
Total Loans Payable	<u>877,500</u>	<u>-</u>	<u>67,500</u>	<u>810,000</u>	<u>67,500</u>
Certificates of Participation:					
1994 Certificates of Participation	<u>1,175,000</u>	<u>-</u>	<u>1,175,000</u>	<u>-</u>	<u>-</u>
Capital Lease Obligations:					
Vacaville Recreation Corporation	1,759,773	-	106,840	1,652,933	112,306
Westamerica Bank	159,133	-	78,141	80,992	80,992
Banc of America Leasing	445,493	-	142,446	303,047	148,414
Westamerica Bank	253,725	-	59,643	194,082	62,100
Westamerica Bank	128,066	-	23,526	104,540	24,526
Westamerica Bank	84,262	-	41,417	42,845	42,846
Westamerica Bank	-	160,656	41,287	119,369	39,055
Holman Corporation	695,833	-	156,123	539,710	160,700
Dell Financial Services	-	77,217	14,163	63,054	14,219
PNC, LLC	6,993,972	-	1,379	6,992,593	382,875
Total Capital Lease Obligations	<u>10,520,257</u>	<u>237,873</u>	<u>664,965</u>	<u>10,093,165</u>	<u>1,068,033</u>
Total long-term debt	<u>\$ 12,572,757</u>	<u>\$ 237,873</u>	<u>\$ 1,907,465</u>	<u>\$ 10,903,165</u>	<u>\$ 1,135,533</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

**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, 2014</u>	
\$ 675,000	\$ 135,000	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) 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) 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) 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) 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.

The annual requirement to amortize debt outstanding as of June 30, 2014 for loans payable is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 67,500	\$ 44,549	\$ 112,049
2016	742,500	40,849	783,349
Total	<u>\$ 810,000</u>	<u>\$ 85,398</u>	<u>\$ 895,398</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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

**Certificates of Participation:**

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2014</u>
\$15,170,000	\$ -

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 matured 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.

**Capital Lease Obligations:**

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2014</u>
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\$ 2,626,700	\$ 1,652,933
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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	\$ 80,992
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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	\$ 303,047
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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.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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

\$ 587,036	\$ 194,082	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	\$ 104,540	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.
\$ 163,000	\$ 42,845	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.
\$ 160,656	\$ 119,369	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for the purchase of 5 police motorcycles at an estimated cost of \$160,656 with an interest rate of 1.87%. 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 December 2016. Lease payments are funded through the City's General Fund.
\$ 810,000	\$ 539,710	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.
\$ 77,217	\$ 63,054	Lease agreement between the City and Dell Financial Services for computer network servers at an estimated cost of \$77,217 with an interest rate of 3.60%. Lease payment will be paid monthly through September 2018. Lease payments are funded through the Technology Replacement Internal Service Fund.
\$ 6,993,972	\$6,992,593	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 energy cost savings in the General Fund, Gas Tax and Special Revenue Maintenance Districts Funds.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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

The annual requirement to amortize debt outstanding as of June 30, 2014 for capital lease obligations is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,068,033	\$ 334,197	\$ 1,402,230
2016	918,035	297,836	1,215,871
2017	831,172	265,001	1,096,173
2018	659,841	237,371	897,212
2019	635,977	215,090	851,067
2020-2024	3,845,440	712,082	4,557,522
2025-2027	<u>2,134,667</u>	<u>94,746</u>	<u>2,229,413</u>
Total	<u>\$ 10,093,165</u>	<u>\$ 2,156,323</u>	<u>\$ 12,249,488</u>

The assets acquired through capital leases are as follows:

Buildings & Improvements	\$ 2,626,700
Equipment	4,295,789
Construction in Progress	1,002,308
Less: Accumulated depreciation	<u>(2,746,541)</u>
Total	<u>\$ 5,178,256</u>



**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

**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, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
State Revolving Loans Payable:					
Interim Renovation	\$ 514,802	\$ -	\$ 58,305	\$ 456,497	\$ 59,938
Tertiary Project	39,699,425	48,236,447	-	87,935,872	1,389,948
Plant Expansion	48,680,095	-	-	48,680,095	7,072,148
Total Easterly Wastewater Treatment Plant	<u>88,894,322</u>	<u>48,236,447</u>	<u>58,305</u>	<u>137,072,464</u>	<u>8,522,034</u>
Capital Lease Obligations:					
Equipment-2006 Acquisition	23,445	-	7,497	15,948	7,811
Equipment-2007 Acquisition	151,368	-	35,582	115,786	37,048
Equipment-2009 Acquisition	124,831	-	22,932	101,899	23,907
Energy Efficiency Project	6,993,972	-	1,378	6,992,594	382,875
Total Capital Lease Obligations	<u>7,293,616</u>	<u>-</u>	<u>67,389</u>	<u>7,226,227</u>	<u>451,641</u>
 Total	 <u>\$ 96,187,938</u>	 <u>\$ 48,236,447</u>	 <u>\$ 125,694</u>	 <u>\$ 144,298,691</u>	 <u>\$ 8,973,675</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, 2014**

**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:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	66,938	5,782	72,720
2020-2021	139,549	5,888	145,437
Total	<u>\$ 456,497</u>	<u>\$ 52,539</u>	<u>\$ 509,036</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 2025.

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 7,072,148	\$ 2,534,523	\$ 9,606,671
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	3,986,115	817,221	4,803,336
2020-2024	21,604,258	2,412,418	24,016,676
2025	4,677,056	126,280	4,803,336
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, 2014**

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

**State Water Resources Control Board Loan for the Easterly Wastewater Treatment Plant Tertiary Project – Original Issue \$119,632,073**

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 \$119,632,073 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 \$33,136,932
- 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. Phase 1 of the project was 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, 2014 for each phase:

	<u>Available Loan</u>	<u>Amount Drawn</u>	<u>Remaining Loan To Be Drawn</u>
Phase 1 - Denitrification	\$ 33,136,932	\$ (33,136,932)	\$ -
Phase 2 - Lab Expansion	3,497,000	(351,616)	3,145,384
Phase 3 - Filtration Improvements	68,918,141	(54,372,324)	14,545,817
Phase 4 - Completion	14,080,000	(75,000)	14,005,000
	<u>\$ 119,632,073</u>	<u>\$ (87,935,872)</u>	<u>\$ 31,696,201</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,389,948	\$ 930,175	\$ 2,320,123
2016	4,386,239	3,139,909	7,526,148
2017	4,834,206	2,966,347	7,800,553
2018	4,931,740	2,869,704	7,801,444
2019	5,059,966	2,742,393	7,802,359
2020-2024	27,342,974	11,683,376	39,026,350
2025-2029	31,087,264	7,965,761	39,053,025
2030-2034	35,344,294	3,739,068	39,083,362
2035	5,255,442	191,011	5,446,453
Total	<u>\$ 119,632,073</u>	<u>\$ 36,227,744</u>	<u>\$ 155,859,817</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:**

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2014</u>	
\$ 70,000	\$ 15,948	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	\$ 115,786	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	\$ 101,899	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, 2014**

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

\$ 6,993,972      \$6,992,594      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, 2014 for capital lease obligations is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	495,886	159,791	655,677
2020-2024	3,047,185	548,326	3,595,511
2025-2027	<u>1,901,994</u>	<u>86,914</u>	<u>1,988,908</u>
Total	<u>\$ 7,226,227</u>	<u>\$ 1,578,065</u>	<u>\$ 8,804,292</u>

The assets acquired through capital leases are as follows:

Equipment	\$ 656,640
Less: Accumulated depreciation	<u>(274,616)</u>
Total	<u>\$ 382,024</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, 2014**

**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, 2014:

	Beginning			Ending	Due within
	Balance	Additions	Reductions	Balance	One Year
Governmental Activities	\$ 8,218,546	\$ 8,395,591	\$ 7,351,767	\$ 9,262,370	\$ 869,016
Business Activities	1,058,497	750,754	866,064	943,187	196,753
Total	<u>\$ 9,277,043</u>	<u>\$ 9,146,345</u>	<u>\$ 8,217,831</u>	<u>\$ 10,205,557</u>	<u>\$ 1,065,769</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, 2014 is as follows:

Description	Original Bond Amount	June 30, 2014
1990 Eubanks Drive/Midway Road	3,660,000	\$ 550,000
1997 Allison/Ulatis Phase 2	1,140,739	190,000
1997 Northeast Sector	8,434,307	4,190,000
2002-A Consolidated Refunding	18,365,000	3,575,000
2005-Nut Tree Assessment Dist	7,275,000	6,055,000
Total 1915 Act Limited Obligation Bonds		<u>\$ 14,560,000</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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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, 2014 is \$975,000.

**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, 2014 is \$2,490,000.

**Conduit Debt**

The City has issued multifamily housing revenue bonds to provide funds for the refinancing and rehabilitation of rental housing developments by private developers. The proceeds were used for the following multifamily rental housing projects: The Willows, Orchards/Maples, Quail Run, and The Sycamores Apartments. The bonds are payable solely from loan repayments made by the borrower directly to the bond trustee. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal or interest on the bonds.

The amount of bonds outstanding at June 30, 2014 is as follows:

Description	Original Bond Amount	June 30, 2014
Multifamily Revenue Bonds 1988A	3,660,000	\$ 550,000
Multifamily Revenue Bonds 1999A	1,140,739	190,000
Multifamily Revenue Bonds 2000A	7,275,000	6,055,000
Total Conduit Debt		\$ 6,795,000

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

**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, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
<b>Loans Payable:</b>					
Beck & Clark Family Trust	\$ 242,904	\$ -	\$ 27,964	\$ 214,940	\$ 29,955
Klotz, Albert & Marita Family Trust	162,296	-	90,751	71,545	71,545
Babington, Richard & Carol	187,166	-	42,943	144,223	45,413
Total Loans Payable	<u>592,366</u>	<u>-</u>	<u>161,658</u>	<u>430,708</u>	<u>146,913</u>
<b>Bonds Payable:</b>					
1996 Tax Allocation Bonds	3,845,000	-	3,845,000	-	-
2000 Tax Allocation Bonds	6,205,000	-	6,205,000	-	-
2001 Tax Allocation Bonds	25,105,000	-	25,105,000	-	-
2000A Multifamily Mortgage	1,545,590	-	92,710	1,452,880	97,790
2006 Taxable Housing Bonds	16,855,000	-	445,000	16,410,000	475,000
2006 ABAG Tax Allocation Bonds	2,060,000	-	115,000	1,945,000	115,000
2014 Subordinate Tax Allocation Refunding Bonds	-	28,090,000	-	28,090,000	1,680,000
2014 Subordinate Tax Allocation Refunding Bonds Premium	-	2,633,992	-	2,633,992	-
Total Bonds	<u>55,615,590</u>	<u>30,723,992</u>	<u>35,807,710</u>	<u>50,531,872</u>	<u>2,367,790</u>
Total Long-Term Debt	<u>\$ 56,207,956</u>	<u>\$ 30,723,992</u>	<u>\$ 35,969,368</u>	<u>\$ 50,962,580</u>	<u>\$ 2,514,703</u>



**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

**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, 2014</u>	
\$ 475,000	\$ 214,940	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 property tax revenues distributed to the former Redevelopment Property Tax Trust Fund (RPTTF).
\$ 742,500	\$ 71,545	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 property tax revenues distributed to the former Redevelopment Property Tax Trust Fund (RPTTF).
\$ 400,000	\$ 144,223	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 property tax revenues distributed to the former Redevelopment Property Tax Trust Fund (RPTTF).

The annual requirement to amortize debt outstanding as of June 30, 2014 for loans payable is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	39,445	5,041	44,486
2020	42,254	2,234	44,488
Total	<u>\$ 430,708</u>	<u>\$ 70,940</u>	<u>\$ 501,648</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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

**Bonds Payable:**

There are four Bonds payable secured by property tax increments: Series 2000A, 2006 ABAG, 2006 Taxable and 2014 Subordinate Tax Allocation Refunding Bonds. Annual principal and interest payments on the two 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 \$5,546,202 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	\$ 4,970,930	\$ -
2000 Tax Allocation	9,117,290	-
2000A Multifamily Mortgage Revenue	177,923	1,987,842
2001 Tax Allocation	38,519,264	-
2006 ABAG Tax Allocation	199,053	2,544,759
2006 Taxable Housing	1,480,291	27,830,785
2014 Subordinate Tax Allocation Refi	-	42,378,876
	\$ 54,464,751	\$ 74,742,262

Original Debt Amount	Outstanding June 30, 2014	
\$ 9,250,000	\$ -	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. These bonds were paid in full through the 2014 Subordinate Tax Allocation Refunding Bonds.
\$11,995,000	\$ -	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. These bonds were paid in full through the 2014 Subordinate Tax Allocation Refunding Bonds.
\$31,980,000	\$ -	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. These bonds were paid in full through the 2014 Subordinate Tax Allocation Refunding Bonds.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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

\$18,875,000	\$16,410,000	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 property tax revenues distributed to the former Redevelopment Property Tax Trust Fund (RPTTF).
\$ 2,364,740	\$ 1,452,880	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	\$ 1,945,000	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 property tax revenues distributed to the former Redevelopment Property Tax Trust Fund (RPTTF).
\$28,090,000	\$28,090,000	Subordinate Tax Allocation Refunding Bonds issued by the Successor Agency to the Redevelopment Agency of the City of Vacaville to prepay 1996, 2000 and 2001 Tax Allocation Bonds outstanding loans payable from tax increment revenue generated in the Vacaville Community Redevelopment Project Area in the I-505/80 Project Area. Interest rates range from 2.0% to 5.0% and the bonds mature in March 2032. Payments of principal and interest are funded by property tax revenues distributed to the former Redevelopment Property Tax Trust Fund (RPTTF).

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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

The annual requirement to amortize debt outstanding as of June 30, 2014 for bonds payable is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,367,790	\$ 2,388,455	\$ 4,756,245
2016	2,127,870	2,343,079	4,470,949
2017	2,239,220	2,239,476	4,478,696
2018	2,340,570	2,124,936	4,465,506
2019	2,461,920	1,999,086	4,461,006
2020-2024	13,606,520	7,865,816	21,472,336
2025-2029	12,963,990	4,325,170	17,289,160
2030-2033	<u>9,790,000</u>	<u>924,372</u>	<u>10,714,372</u>
Subtotal	47,897,880	<u>\$ 24,210,390</u>	<u>\$ 72,108,270</u>
Unamortized premium	<u>2,633,992</u>		
Total	<u>\$ 50,531,872</u>		

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, 2014**

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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 2013-2014 was 16.959% for miscellaneous employees and 39.865% for safety employees. The contribution requirements of plan members and the City are established and may be amended by PERS.

**Annual Pension Cost**

For 2014, the City's annual PERS pension cost of \$11,833,072, was equal to the City's required and actual contributions. Employees contributed \$3.4 million as part of bargaining union concessions on behalf of the City. The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected annual salary increases ranging from 3.30% to 14.20% for miscellaneous employees and from 3.30% to 14.20% 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 2.75%. 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, 2011, 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, 2014**

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

**Three-Year Trend Information**

**Miscellaneous**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 4,463,936	100%	\$ -
6/30/2013	\$ 3,972,975	100%	\$ -
6/30/2014	\$ 4,038,750	100%	\$ -

**Safety**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 7,982,906	100%	\$ -
6/30/2013	\$ 7,066,841	100%	\$ -
6/30/2014	\$ 7,794,322	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>						
6/30/2013	\$ 131,765,588	\$ 189,702,132	\$ 57,936,544	69.5%	\$23,991,580	241.5%
<b>Safety</b>						
6/30/2013	\$ 144,155,092	\$ 226,007,308	\$ 81,852,216	63.8%	\$18,491,131	442.7%

The schedule of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

\*For valuation dated June 30, 2013, actuarial value equals the market value of assets.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

**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 2014 was 14.34% of covered payroll during the year. See excess benefit plan funding policy for additional information.

**Annual Pension Cost**

For 2014, the City's annual pension cost of \$1,881,163 was equal to the required and actual contributions. The required contribution was determined as part of a July 1, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions were consistent with the PERS actuarial valuation, 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
6/30/2012	\$ 1,536,200	100%	\$ -
6/30/2013	\$ 2,029,838	100%	\$ -
6/30/2014	\$ 1,881,163	100%	\$ -

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

**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 2014, the City’s annual pension cost of \$843,455 was equal to the required and actual contributions. The required contribution was determined as part of a July 1, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions were consistent with the PERS actuarial valuation, 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%. 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
6/30/2012	\$ 657,165	100%	\$ -
6/30/2013	\$ 751,190	100%	\$ -
6/30/2014	\$ 843,455	100%	\$ -



**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

**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	Actuarial Value of Assets	Unfunded Liability (UL)	Funded Status	Valuation Payroll	UL as a % of Payroll
7/1/2013	\$ 42,503,553	\$ 12,252,008	\$ 30,251,545	28.8%	\$23,274,914	130.0%

**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 2014, 347 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 \$295 to \$1,778 per month per participant, which covers between 81% 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 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, 2014 was 21.98% of total payroll.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

**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, 2014, are as follows:

Annual required contribution	\$ 9,534,964
Interest on net OPEB obligation	577,533
Adjustment to annual required contribution	<u>(563,889)</u>
Annual OPEB expense (income)	9,548,608
Contribution made	<u>(5,115,557)</u>
Increase in net OPEB obligation	4,433,051
Net OPEB obligation - beginning of year	<u>8,250,473</u>
Net OPEB obligation - end of year	<u><b>\$ 12,683,524</b></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	\$ 6,455,080	\$ 4,039,824	62.58%	\$ 2,985,376
6/30/2012	\$ 7,131,854	\$ 4,375,316	61.35%	\$ 5,741,913
6/30/2013	\$ 7,601,543	\$ 5,092,983	67.00%	\$ 8,250,473
6/30/2014	\$ 9,548,608	\$ 5,115,557	53.57%	\$ 12,683,524

**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	Actuarial Value of Assets	Unfunded Liability (UL)	Funded Status	Valuation Payroll	UL as a % of Payroll
7/1/2013	\$ 105,221,390	\$ 12,288,500	\$ 92,932,890	11.68%	\$ 43,370,992	214.3%

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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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, 2013 actuarial valuation, the entry age normal cost method was used. The actuarial assumption included a 7.00% investment rate of return, an annual healthcare cost trend rate of 8.50% initially and declining to 4.5%, and an inflation factor of 2.50%. The OPEB unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed 30-year period.

**NOTE 9 – FUND EQUITY**

***Deficit Fund Balances***

The following fund had a deficit as of June 30, 2014:

Energy Efficiency Siemens Fund

The Energy Efficiency Debt Service Fund has a deficit of (\$250,000) at June 30, 2014. The City entered into a contract with Siemens to perform facility improvements throughout the City. The improvements will produce energy savings for the City which in turn will be used to pay the debt service commitment. Upon completion of the improvements, the operational departments will contribute to the debt service fund.

***Deficit Net Position***

Central Services Fund

The Central Services Internal Service fund has a deficit of (\$558,059) at June 30, 2014. Engineering services is a component of Central Services. Engineering services charge capital projects overhead costs based on the allocation rate approved by our cognizant agent. Upon final approval of the allocation rate, the Central Services fund will recover the current deficit.

Insurance Fund

The Insurance Internal Service fund has a deficit of (\$707,077) at June 30, 2014. 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**  
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**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) Community Facility Districts transferred \$1,833,827 in property tax to the General Fund to cover costs to maintain the districts; 2) Capital Project Funds transferred \$350,000 to the General Fund to cover operating street maintenance costs; 3) General Fund transferred \$1,006,713 to Building & Street Development for general operations.

The following schedule briefly summarizes the City’s transfer activity for the fiscal year ended June 30, 2014:

<b>Transfers Out (fund making transfer):</b>	<b>Capital Projects Fund</b>			<b>Enterprise Funds</b>		<b>Internal Service Fund</b>	<b>Totals</b>
	General Fund	City Projects	Other Governmental Funds	Sewer Utility	Water Utility	Central Services	
<b>General Fund</b>	\$ -	\$ 269,310	\$ 1,457,597	\$ -	\$ -	\$ 170,257	\$ 1,897,164
<b>Capital Projects Funds:</b>							
City Projects	350,000	-	-	17,295	33,529	5,000	405,824
<b>Other Governmental Funds:</b>	1,987,496	41,454	-	-	-	-	2,028,950
<b>Enterprise Funds:</b>							
Sewer Utility	-	265	-	-	-	7,500	7,765
Water Utility	-	26,407	-	267,563	-	7,500	301,470
<b>Internal Service Funds:</b>							
Vehicle Replacement	54,186	-	-	41,179	33,431	-	128,796
<b>Totals</b>	<b><u>\$2,391,682</u></b>	<b><u>\$ 337,436</u></b>	<b><u>\$ 1,457,597</u></b>	<b><u>\$ 326,037</u></b>	<b><u>\$ 66,960</u></b>	<b><u>\$ 190,257</u></b>	<b><u>\$4,769,969</u></b>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

**NOTE 10 – INTERFUND TRANSACTIONS, continued**

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

<b>Due From Other Funds (fund making loan):</b>	<b>Due to Other Funds (fund receiving loan):</b>		
	<u><b>Central Services</b></u>	<u><b>Energy Efficiency Siemens</b></u>	<u><b>Total</b></u>
General	\$ -	\$ 125,000	\$ 125,000
Building & Street Development	-	125,000	125,000
Insurance	<u>574,612</u>	<u>-</u>	<u>574,612</u>
	<u>\$ 574,612</u>	<u>\$ 250,000</u>	<u>\$ 824,612</u>

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

<b>Advances To Other Funds (fund making loan):</b>	<b>City Projects Capital</b>				<u><b>Total</b></u>
	<u><b>General Fund</b></u>	<u><b>Projects Fund</b></u>	<u><b>Sewer Utility</b></u>	<u><b>Water Utility</b></u>	
<b>General Fund:</b>					
General Fund	\$ -	\$ -	\$ 184,690	\$ -	\$ 184,690
Total General Fund	<u>-</u>	<u>-</u>	<u>184,690</u>	<u>-</u>	<u>184,690</u>
<b>Enterprise Funds:</b>					
Sewer Utility	266,938	631,904	-	100,000	998,842
Water Utility	<u>-</u>	<u>1,263,808</u>	<u>-</u>	<u>-</u>	<u>1,263,808</u>
Total Enterprise	<u>266,938</u>	<u>1,895,712</u>	<u>-</u>	<u>100,000</u>	<u>2,262,650</u>
Total	<u>\$ 266,938</u>	<u>\$ 1,895,712</u>	<u>\$ 184,690</u>	<u>\$ 100,000</u>	<u>\$ 2,447,340</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, 2014**

**NOTE 11 – UNEARNED REVENUE**

Unearned revenues in the government-wide financial statements as of June 30, 2014 were as follows:

	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds
Community Development Block Grant	\$ 40,218	\$ -	\$ 40,218	\$ -
General services and recreation revenue	209,074	-	209,074	-
Public safety grant	100,822	-	100,822	-
Public works grant	11,597	-	11,597	-
Community Facilities District	1,584,778	-	1,584,778	-
Development Impact Fees	-	9,871	9,871	-
GWTP Closure	-	36,996	36,996	-
Water utility revenue	-	84,726	84,726	-
Harbison maintenance reserve	-	-	-	94,343
Total	<u>\$ 1,946,489</u>	<u>\$ 131,593</u>	<u>\$ 2,078,082</u>	<u>\$ 94,343</u>

Unearned revenues in the fund financial statements as of June 30, 2014 were as follows:

	<u>Major Governmental Funds</u>			<u>Proprietary Funds</u>		<u>Fiduciary Funds</u>	
	General	Community Development	Other Governmental Funds	Sewer Utility	Water Utility	Total	Successor Agency
General services and recreation revenue	\$ 209,074	\$ -	\$ -	\$ -	\$ -	\$ 209,074	\$ -
CDBG maintenance reserve	-	40,218	-	-	-	40,218	-
Public safety grant	-	-	100,822	-	-	100,822	-
Public works grant	-	-	11,597	-	-	11,597	-
Community Facilities District	-	-	1,584,778	-	-	1,584,778	-
Development Impact Fees	-	-	-	9,871	-	9,871	-
Mariani GWTP closure	-	-	-	36,996	-	36,996	-
Water utility revenue	-	-	-	-	84,726	84,726	-
Harbison maintenance reserve	-	-	-	-	-	-	94,343
	<u>\$ 209,074</u>	<u>\$ 40,218</u>	<u>\$ 1,697,197</u>	<u>\$ 46,867</u>	<u>\$ 84,726</u>	<u>\$ 2,078,082</u>	<u>\$ 94,343</u>

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

- \$ 1,584,778 Community Facilities District Fees for the Opportunity Hill project for the next 22 years.
- \$ 493,304 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, 2014**

**NOTE 12 – CLASSIFICATION OF FUND BALANCES**

As of June 30, 2014, classifications of fund balance are as follows:

Fund Balance:	General	Community Development	Successor Housing	Housing Assistance	City Projects	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>							
Advances to other funds	\$ 184,690	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,690
Due from RDA Successor Agency	-	-	-	-	96,961	-	96,961
Subtotal	<u>184,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,961</u>	<u>-</u>	<u>281,651</u>
<b>Restricted</b>							
Grants	-	487,457	-	-	-	311,125	798,582
Donor specified use	118,338	-	-	-	-	-	118,338
Highway and streets	-	-	-	-	5,233,574	4,051,484	9,285,058
Park maintenance	-	-	-	-	-	888,634	888,634
Community facility district	-	-	-	-	-	94,524	94,524
Housing	-	-	3,682,686	2,163,196	-	-	5,845,882
Capital projects	-	-	-	-	-	4,839,943	4,839,943
Subtotal	<u>118,338</u>	<u>487,457</u>	<u>3,682,686</u>	<u>2,163,196</u>	<u>5,233,574</u>	<u>10,185,710</u>	<u>21,870,961</u>
<b>Assigned</b>							
Vehicle replacement	1,450,469	-	-	-	-	-	1,450,469
Capital projects	1,169,256	-	-	-	-	-	1,169,256
Technology	10,947	-	-	-	-	-	10,947
General government	74,507	-	-	-	-	-	74,507
Community services	24,870	-	-	-	-	-	24,870
Public safety	84,439	-	-	-	-	-	84,439
Public works	40,729	-	-	-	608,227	-	648,956
Subtotal	<u>2,855,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>608,227</u>	<u>-</u>	<u>3,463,444</u>
Unassigned	8,587,316	-	-	-	-	(250,000)	8,337,316
Total Fund Balances	<u>\$11,745,561</u>	<u>\$ 487,457</u>	<u>\$ 3,682,686</u>	<u>\$ 2,163,196</u>	<u>\$ 5,938,762</u>	<u>\$ 9,935,710</u>	<u>\$ 33,953,372</u>

The City did not have any significant encumbrances at June 30, 2014.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

**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, 2014 is \$6,227,000, consisting of \$1,070,000 general liability and \$5,157,000 worker's compensation liability. These amounts include allocated expenses and a provision for the incurred but not reported claims. Of this balance, \$1,916,000 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 special events with a \$25,000 deductible, automobile physical damage for vehicles valued over \$10,000, property insurance with a \$25,000 deductible, boiler and machinery insurance, 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, 2014. Changes in the Insurance Fund claims liability during the fiscal year July 1, 2013 through June 30, 2014 are as follows:

	Claims Liability	Current Year Claims	Current Year	Balance	Due Within
	July 1	and Changes	Claim	June 30	One Year
		in Estimates	Payments		
2011-2012	\$ 6,039,000	\$ 1,007,982	\$ (800,982)	\$ 6,246,000	\$ 1,780,000
2012-2013	\$ 6,246,000	\$ 799,947	\$ (1,151,947)	\$ 5,894,000	\$ 1,837,000
2013-2014	\$ 5,894,000	\$ 1,209,928	\$ (876,928)	\$ 6,227,000	\$ 1,916,000



**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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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 (SCO) 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 2012-13.

During fiscal year 2013-14, Pursuant to Health and Safety Code section 34167.5, the SCO reviewed all asset transfers made by the Vacaville Redevelopment Agency (RDA) to the City of Vacaville or any other public agency after January 1, 2011. The SCO determined that the RDA made an unallowable asset transfer in cash to the City after January 1, 2011 in the amount of \$3,814,709 on February 28, 2011 to repay an unsecured Promissory Note dated November 17, 2000. The City was ordered to reverse the transfer and turn it over to the Successor Agency. This “clawback” has been recorded as a liability as of June 30, 2014 and was transferred to the Successor Agency subsequent to year end.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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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***

General Fund

The City has entered into an agreement with Downtown Ford for the procurement of ten 2014 Ford Police Interceptors. The balance of the contract as of June 30, 2014 equals \$427,417. The vehicles will be delivered during the first quarter of fiscal year 2015.

City Projects

The City has selected Drake Haglan and Associates to provide structural design services on the Buck Avenue Bridge over Alamo Creek Rehabilitation Project. The project consists of rehabilitating the existing functionally obsolete bridge and widening it to meet current standards for travel lane and shoulder widths. The balance of the contract as of June 30, 2014 was \$378,527.

The City has a contract with Solano Resource Conservation District for the Alamo Creek Bikeway Urban Greening Project. The project consists of the removal of certain non-native and invasive plants, the greening of 16.5 acres of public space, creation of demonstration gardens, and the planting of native trees, forbs, and grass seeds. The original contract was in the amount of \$463,288 and the balance as of June 30, 2014 was approximately \$267,380. The contract is expected to be completed by May 2016.

Sewer Utility

The City awarded the construction contract for the filtration improvement phase of the Easterly Wastewater Treatment Plant to C. Overaa and Co in July 2012. 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, 2014 was approximately \$4,300,850. 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, 2014**

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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	\$	92,158
Cultrual Center		15,535
East Monte Vista		<u>2,359</u>
Total contingent liability	\$	<u>110,052</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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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, 2014:

Current assets	\$ 445,268
Property, plant and equipment, net	<u>954,067</u>
Total assets	<u>\$ 1,399,335</u>
Net position	<u>\$ 1,399,335</u>
Other revenues (expenses), net	<u>(11,696)</u>
Decrease in retained earnings	<u>\$ (11,696)</u>

As of June 30, 2014 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 \$21,113,275 which represents a 36.7% equity interest. The City's contribution to the operations of the North Bay Treatment Plant for the fiscal year was \$2,587,966. 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, 2014**

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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, 2014 is shown below.

Current assets	\$ 4,387,386
Noncurrent assets	<u>54,027,555</u>
Total assets	<u>58,414,941</u>
Current liabilities	400,080
Noncurrent liabilities	<u>479,540</u>
Total liabilities	<u>879,620</u>
Net investment in Capital Assets	37,355,529
Restricted for major maintenance	14,802,311
Restricted for minority interest	1,849,805
Unrestricted	<u>3,527,676</u>
Total Net Position	<u>\$ 57,535,321</u>
Total operating revenues	\$ 7,613,251
Total operating expenses	<u>7,387,888</u>
Operating Income	225,363
Total non-operating revenues	<u>274,282</u>
Income before transfers	<u>499,645</u>
Transfers	<u>(91,676)</u>
Total transfers	<u>(91,676)</u>
Increase in Net Position	<u>407,969</u>
Net Position	
Beginning of Year	<u>57,127,352</u>
End of Year	<u>\$ 57,535,321</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2014**

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**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:

<u>Net Position</u>	<u>City of Vacaville</u>	<u>City of Fairfield</u>	<u>Total</u>
Net investment in capital assets	\$ 13,206,644	\$ 24,148,885	\$ 37,355,529
Restricted for major maintenance	6,056,826	8,745,485	14,802,311
Restricted for minority interest	1,849,805	-	1,849,805
Unrestricted	-	<u>3,527,676</u>	<u>3,527,676</u>
Total net position	<u>\$ 21,113,275</u>	<u>\$ 36,422,046</u>	<u>\$ 57,535,321</u>

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, 2014 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, 2014 the City contributed \$368,777 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 \$104,091 through the Local Transportation Fund and \$37,850 from gas tax revenues to STA for fiscal year 2014. The City has no equity interest in STA.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the year ended June 30, 2014**

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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 \$369,839 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 \$896,917 and new grant awards of \$721,143. The net increase to appropriations is \$1,248,221.

**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, 2014**

**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	\$ 56,610,446	\$ 56,610,446	\$ 60,814,371	\$ 4,203,925
Licenses and permits	210,297	210,297	208,207	(2,090)
Investment income	742,935	742,935	1,048,974	306,039
Intergovernmental	144,556	144,556	389,710	245,154
Charges for services	7,731,906	7,731,906	7,635,421	(96,485)
Fines, forfeitures and penalties	105,035	105,035	226,893	121,858
Other	53,783	53,783	28,268	(25,515)
<b>Total revenues</b>	<b>65,598,958</b>	<b>65,598,958</b>	<b>70,351,844</b>	<b>4,752,886</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	6,220,766	7,696,146	6,538,303	1,157,843
Public safety	44,700,646	44,692,721	46,026,174	(1,333,453)
Public works	4,863,861	4,897,154	4,829,927	67,227
Community services	7,820,708	7,804,915	7,666,551	138,364
<b>Debt service:</b>				
Principal	314,504	314,504	314,504	-
Interest	40,800	40,800	40,800	-
<b>Total expenditures</b>	<b>63,961,285</b>	<b>65,446,240</b>	<b>65,416,259</b>	<b>29,981</b>
<b>Extraordinary item:</b>				
ABX1 26 transfer to Successor Agency	-	-	3,814,709	(3,814,709)
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,637,673</b>	<b>152,718</b>	<b>1,120,876</b>	<b>968,158</b>
<b>Other financing sources (uses):</b>				
Transfers in	2,100,631	2,100,631	2,391,682	291,051
Transfers out	(2,070,751)	(2,009,197)	(1,897,164)	112,033
Sale of capital assets	-	-	105,012	105,012
Issuance of debt and loans	-	-	160,656	160,656
<b>Total other financing sources (uses)</b>	<b>29,880</b>	<b>91,434</b>	<b>760,186</b>	<b>668,752</b>
<b>Net change in fund balance</b>	<b>\$ 1,667,553</b>	<b>\$ 244,152</b>	<b>1,881,062</b>	<b>\$ 1,636,910</b>
Fund balances, beginning of year			9,864,499	
Fund balances, end of year			<b>\$ 11,745,561</b>	

**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**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	\$ 17,599	\$ 17,599	\$ 500	\$ (17,099)
Intergovernmental	984,747	984,747	388,240	(596,507)
Other	-	-	100	100
<b>Total revenues</b>	<u>1,002,346</u>	<u>1,002,346</u>	<u>388,840</u>	<u>(613,506)</u>
<b>Expenditures:</b>				
Current:				
Community services	1,002,140	1,026,034	388,351	637,683
<b>Total expenditures</b>	<u>1,002,140</u>	<u>1,026,034</u>	<u>388,351</u>	<u>637,683</u>
<b>Net change in fund balance</b>	<u>\$ 206</u>	<u>\$ (23,688)</u>	489	<u>\$ 24,177</u>
Fund balances, beginning of year			<u>486,968</u>	
Fund balances, end of year			<u>\$ 487,457</u>	

**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**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	\$ 45,000	\$ 45,000	\$ 46,313	\$ 1,313
Other	677,022	677,022	462,802	(214,220)
<b>Total revenues</b>	<u>722,022</u>	<u>722,022</u>	<u>509,115</u>	<u>(212,907)</u>
<b>Expenditures:</b>				
Current:				
Housing	715,001	715,001	377,140	337,861
<b>Total expenditures</b>	<u>715,001</u>	<u>715,001</u>	<u>377,140</u>	<u>337,861</u>
<b>Net change in fund balance</b>	<u>\$ 7,021</u>	<u>\$ 7,021</u>	131,975	<u>\$ 124,954</u>
Fund balances, beginning of year			3,550,711	
Fund balances, end of year			<u>\$ 3,682,686</u>	

**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE/(NEGATIVE)
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 1,466	\$ 1,466
Intergovernmental	13,458,703	13,458,703	12,781,459	(677,244)
Charges for services	45,000	45,000	50,018	5,018
Other	150,000	150,000	106,361	(43,639)
<b>Total revenues</b>	<b>13,653,703</b>	<b>13,653,703</b>	<b>12,939,304</b>	<b>(714,399)</b>
<b>Expenditures:</b>				
Current:				
Housing	13,648,105	13,648,105	12,880,939	767,166
<b>Total expenditures</b>	<b>13,648,105</b>	<b>13,648,105</b>	<b>12,880,939</b>	<b>767,166</b>
<b>Net change in fund balance</b>	<b>\$ 5,598</b>	<b>\$ 5,598</b>	<b>58,365</b>	<b>\$ 52,767</b>
Fund balance, beginning of year			2,104,831	
Fund balance, end of year			<b>\$ 2,163,196</b>	

**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**EMPLOYEE RETIREMENT PLANS**

**SCHEDULE OF FUNDING PROGRESS- PERS**

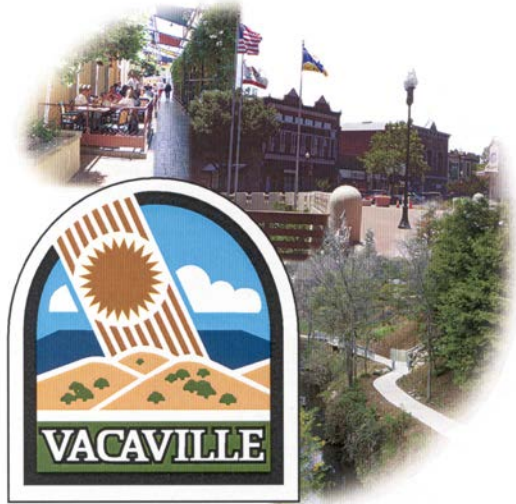
Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (UAL)	Funded Status	Annual Covered Payroll	AUL as % of Payroll
<b>Miscellaneous</b>						
6/30/2011	\$ 172,996,776	\$ 133,227,261	\$ (39,769,515)	77.0%	\$ 27,312,768	145.6%
6/30/2012	181,520,801	140,476,644	(41,044,157)	77.4%	25,199,192	162.9%
6/30/2013	189,702,132	131,765,588	(57,936,544)	69.5%	23,991,580	241.5%
<b>Safety</b>						
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%
6/30/2013	226,007,308	144,155,092	(81,852,216)	63.8%	18,491,131	442.7%

**SCHEDULE OF FUNDING PROGRESS- PARS**

Valuation Date	Actuarial Liability	Actuarial Value of Assets	Unfunded Liability (UAL)	Funded Ratio	Valuation Payroll	UAL as % of Payroll
<b>Miscellaneous</b>						
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%
7/1/2013	42,503,553	12,252,008	(30,251,545)	28.8%	23,274,914	130.0%

**SCHEDULE OF FUNDING PROGRESS- OPEB**

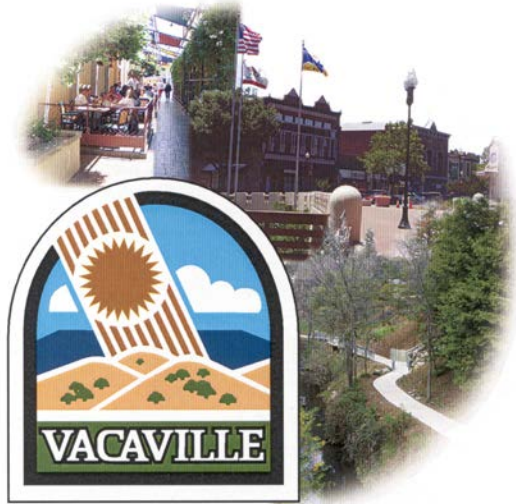
Valuation Date	Actuarial Liability	Actuarial Value of Assets	Unfunded Liability (UAL)	Funded Ratio	Valuation Payroll	UAL as % of Payroll
7/1/2010	\$ 69,954,229	\$ 6,050,369	\$ (63,903,860)	8.65%	\$ 46,819,164	136.5%
7/1/2011	80,254,313	8,707,156	(71,547,157)	10.85%	47,313,037	151.2%
7/1/2013	105,221,390	12,288,500	(92,932,890)	11.68%	43,370,992	214.3%



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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 funds financial statements and include:

### **SPECIAL REVENUE FUNDS:**

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

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

#### **MAINTENANCE DISTRICTS**

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.

#### **ENERGY EFFICIENCY SIEMENS**

To account for the collection of energy savings and payment of debt service for the lease issued to fund facility improvements throughout the City.

### **CAPITAL PROJECT FUNDS:**

#### **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, 2014**

	SPECIAL REVENUE				DEBT SERVICE		CAPITAL PROJECTS		
	BUILDING & STREET DEVELOPMENT	MAINTENANCE DISTRICTS	COMMUNITY FACILITIES	SPECIAL PROGRAMS	MEASURE I	ENERGY EFFICIENCY SIEMENS	ASSESSMENT & IMPROVEMENT DISTRICTS	SUCCESSOR HOUSING CAPITAL PROJECTS	TOTAL OTHER GOVERNMENTAL FUNDS
<b>ASSETS</b>									
Cash and investments	\$ 4,082,558	\$ 5,092,409	\$ 1,686,064	\$ 389,592	\$ -	\$ -	\$ -	\$ 88,691	\$ 11,339,314
Receivables:									
Taxes	75,730	-	-	-	-	-	-	-	75,730
Accounts	50,161	-	-	217,242	-	-	-	-	267,403
Restricted cash and investments	-	-	-	-	-	-	1,039,766	3,719,431	4,759,197
Due from other funds	125,000	-	-	-	-	-	-	-	125,000
<b>Total assets</b>	<b>\$ 4,333,449</b>	<b>\$ 5,092,409</b>	<b>\$ 1,686,064</b>	<b>\$ 606,834</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,039,766</b>	<b>\$ 3,808,122</b>	<b>\$ 16,566,644</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts and contract payable	\$ 61,254	\$ 29,410	\$ 6,762	\$ 35,364	\$ -	\$ -	\$ -	\$ 2,290	\$ 135,080
Accrued payroll	95,860	47,621	-	18,716	-	-	-	5,655	167,852
Due to other funds	-	-	-	-	-	250,000	-	-	250,000
Deposits payable	124,851	4,126,744	-	102,827	-	-	-	-	4,354,422
Unearned revenue	-	-	1,584,778	112,419	-	-	-	-	1,697,197
<b>Total liabilities</b>	<b>281,965</b>	<b>4,203,775</b>	<b>1,591,540</b>	<b>269,326</b>	<b>-</b>	<b>250,000</b>	<b>-</b>	<b>7,945</b>	<b>6,604,551</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Grants received in advance	-	-	-	26,383	-	-	-	-	26,383
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,383</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,383</b>
<b>Fund balances:</b>									
Restricted	4,051,484	888,634	94,524	311,125	-	-	1,039,766	3,800,177	10,185,710
Unassigned	-	-	-	-	-	(250,000)	-	-	(250,000)
<b>Total fund balances</b>	<b>4,051,484</b>	<b>888,634</b>	<b>94,524</b>	<b>311,125</b>	<b>-</b>	<b>(250,000)</b>	<b>1,039,766</b>	<b>3,800,177</b>	<b>9,935,710</b>
<b>Total liabilities, deferred outflows of resources and fund balances</b>	<b>\$ 4,333,449</b>	<b>\$ 5,092,409</b>	<b>\$ 1,686,064</b>	<b>\$ 606,834</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,039,766</b>	<b>\$ 3,808,122</b>	<b>\$ 16,566,644</b>

**CITY OF VACAVILLE**  
**OTHER GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	SPECIAL REVENUE				DEBT SERVICE		CAPITAL PROJECTS		TOTAL OTHER GOVERNMENTAL FUNDS
	BUILDING & STREET DEVELOPMENT	MAINTENANCE DISTRICTS	COMMUNITY FACILITIES	SPECIAL PROGRAMS	MEASURE I	ENERGY EFFICIENCY SIEMENS	ASSESSMENT & IMPROVEMENT DISTRICTS	SUCCESSOR HOUSING CAPITAL PROJECTS	
<b>REVENUES:</b>									
Taxes and fees	\$ -	\$ 2,475,148	\$ 1,879,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,354,639
Licenses and permits	1,055,823	-	-	-	-	-	-	-	1,055,823
Investment income	2,560	-	-	252	40,280	-	-	35	43,127
Intergovernmental	716,538	-	-	1,145,716	-	-	-	-	1,862,254
Charges for services	3,486,064	-	-	184,150	-	-	-	-	3,670,214
Fines, forfeitures and penalties	60,513	-	-	-	-	-	-	-	60,513
Other	28,982	-	-	-	-	-	-	-	28,982
<b>Total revenues</b>	<b>5,350,480</b>	<b>2,475,148</b>	<b>1,879,491</b>	<b>1,330,118</b>	<b>40,280</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>11,075,552</b>
<b>EXPENDITURES:</b>									
Current:									
General government	2,555,121	-	-	-	-	-	-	-	2,555,121
Public safety	-	-	2,157	921,509	-	-	-	-	923,666
Public works	1,352,029	-	-	14,525	-	-	-	-	1,366,554
Community services	-	3,085,713	8,843	324,937	-	-	-	-	3,419,493
Capital outlay	-	-	-	-	-	-	-	2,412,644	2,412,644
Debt service:									
Principal	-	-	-	-	1,175,000	1,379	-	-	1,176,379
Interest and fiscal charges	-	-	44,664	-	34,344	248,621	-	-	327,629
<b>Total expenditures</b>	<b>3,907,150</b>	<b>3,085,713</b>	<b>55,664</b>	<b>1,260,971</b>	<b>1,209,344</b>	<b>250,000</b>	<b>-</b>	<b>2,412,644</b>	<b>12,181,486</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,443,330</b>	<b>(610,565)</b>	<b>1,823,827</b>	<b>69,147</b>	<b>(1,169,064)</b>	<b>(250,000)</b>	<b>-</b>	<b>(2,412,609)</b>	<b>(1,105,934)</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	1,006,713	441,985	-	8,629	270	-	-	-	1,457,597
Transfers out	(118,818)	-	(1,833,827)	-	(76,305)	-	-	-	(2,028,950)
<b>Total other financing sources (uses)</b>	<b>887,895</b>	<b>441,985</b>	<b>(1,833,827)</b>	<b>8,629</b>	<b>(76,035)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(571,353)</b>
<b>NET CHANGE IN TOTAL FUND BALANCE</b>	<b>2,331,225</b>	<b>(168,580)</b>	<b>(10,000)</b>	<b>77,776</b>	<b>(1,245,099)</b>	<b>(250,000)</b>	<b>-</b>	<b>(2,412,609)</b>	<b>(1,677,287)</b>
Fund balances, beginning of year	1,720,259	1,057,214	104,524	233,349	1,245,099	-	1,039,766	6,212,786	11,612,997
Fund balances, end of year	\$ 4,051,484	\$ 888,634	\$ 94,524	\$ 311,125	\$ -	\$ (250,000)	\$ 1,039,766	\$ 3,800,177	\$ 9,935,710

**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, 2014**

	BUILDING & STREET DEVELOPMENT			VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Licenses and permits	\$ 650,000	\$ 650,000	\$ 1,055,823	\$ 405,823
Investment income	4,000	4,000	2,560	(1,440)
Intergovernmental	684,270	684,270	716,538	32,268
Charges for services	895,591	895,591	3,486,064	2,590,473
Fines, forfeitures and penalties	-	-	60,513	60,513
Other	327,324	327,324	28,982	(298,342)
<b>Total revenues</b>	<b>2,561,185</b>	<b>2,561,185</b>	<b>5,350,480</b>	<b>2,789,295</b>
<b>Expenditures:</b>				
Current:				
General government	2,842,731	3,011,981	2,555,121	456,860
Public works	953,197	953,197	1,352,029	(398,832)
<b>Total expenditures</b>	<b>3,795,928</b>	<b>3,965,178</b>	<b>3,907,150</b>	<b>58,028</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,234,743)</b>	<b>(1,403,993)</b>	<b>1,443,330</b>	<b>2,847,323</b>
<b>Other financing sources (uses):</b>				
Transfers in	994,213	994,213	1,006,713	12,500
Transfers out	(390,237)	(390,237)	(118,818)	271,419
<b>Total other financing sources (uses)</b>	<b>603,976</b>	<b>603,976</b>	<b>887,895</b>	<b>283,919</b>
<b>Net change in fund balance</b>	<b>\$ (630,767)</b>	<b>\$ (800,017)</b>	<b>2,331,225</b>	<b>\$ 3,131,242</b>
Fund balance, beginning of year			1,720,259	
Fund balance, end of year			<b>\$ 4,051,484</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, 2014**

	MAINTENANCE DISTRICTS			VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Taxes and fees	\$ 2,461,102	\$ 2,461,102	\$ 2,475,148	\$ 14,046
<b>Total revenues</b>	<u>2,461,102</u>	<u>2,461,102</u>	<u>2,475,148</u>	<u>14,046</u>
<b>Expenditures:</b>				
Current:				
Community services	3,381,954	3,381,954	3,085,713	296,241
<b>Total expenditures</b>	<u>3,381,954</u>	<u>3,381,954</u>	<u>3,085,713</u>	<u>296,241</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(920,852)</u>	<u>(920,852)</u>	<u>(610,565)</u>	<u>310,287</u>
<b>Other financing sources (uses):</b>				
Transfers in	441,985	441,985	441,985	-
<b>Total other financing sources (uses)</b>	<u>441,985</u>	<u>441,985</u>	<u>441,985</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (478,867)</u>	<u>\$ (478,867)</u>	<u>(168,580)</u>	<u>\$ 310,287</u>
Fund balance, beginning of year			<u>1,057,214</u>	
Fund balance, end of year			<u>\$ 888,634</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, 2014**

	COMMUNITY FACILITIES			VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Taxes and fees	\$ 1,710,394	\$ 1,710,394	\$ 1,879,491	\$ 169,097
<b>Total revenues</b>	<u>1,710,394</u>	<u>1,710,394</u>	<u>1,879,491</u>	<u>169,097</u>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	2,157	(2,157)
Community services	-	-	8,843	(8,843)
Debt service:				
Interest	-	-	44,664	(44,664)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>55,664</u>	<u>(11,000)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,710,394</u>	<u>1,710,394</u>	<u>1,823,827</u>	<u>158,097</u>
<b>Other financing sources (uses):</b>				
Transfers out	(1,710,394)	(1,710,394)	(1,833,827)	(123,433)
<b>Total other financing sources (uses)</b>	<u>(1,710,394)</u>	<u>(1,710,394)</u>	<u>(1,833,827)</u>	<u>(123,433)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(10,000)</u>	<u>\$ 34,664</u>
Fund balance, beginning of year			<u>104,524</u>	
Fund balance, end of year			<u>\$ 94,524</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, 2014**

	SPECIAL PROGRAMS			VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 252	\$ 252
Intergovernmental	-	706,700	1,145,716	439,016
Charges for services	-	-	184,150	184,150
<b>Total revenues</b>	<b>-</b>	<b>706,700</b>	<b>1,330,118</b>	<b>623,418</b>
<b>Expenditures:</b>				
Current:				
Public safety	222,330	943,472	921,509	21,963
Public works	-	-	14,525	(14,525)
Community services	-	-	324,937	(324,937)
<b>Total expenditures</b>	<b>222,330</b>	<b>943,472</b>	<b>1,260,971</b>	<b>(317,499)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(222,330)</b>	<b>(236,772)</b>	<b>69,147</b>	<b>305,919</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	8,629	8,629
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>8,629</b>	<b>8,629</b>
<b>Net change in fund balance</b>	<b>\$ (222,330)</b>	<b>\$ (236,772)</b>	<b>77,776</b>	<b>\$ 314,548</b>
Fund balance, beginning of year			233,349	
Fund balance, end of year			<b>\$ 311,125</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 and Engineering Services.

### **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, 2014**

	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHNOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
<b>ASSETS</b>						
Cash and investments	\$ -	\$ 2,204,828	\$ 688,811	\$ 4,813,090	\$ 459,445	\$ 8,166,174
Due from other funds	-	-	-	574,612	-	574,612
Inventories - supplies	135,636	-	-	-	-	135,636
Prepaid expenses	1,469	-	13,750	-	-	15,219
Restricted cash and investments	-	-	14,056	-	-	14,056
Deposits	-	-	-	166,809	-	166,809
Capital assets - net of accumulated depreciation	77,715	1,218,360	1,433,091	-	-	2,729,166
<b>Total assets</b>	<b>214,820</b>	<b>3,423,188</b>	<b>2,149,708</b>	<b>5,554,511</b>	<b>459,445</b>	<b>11,801,672</b>
<b>LIABILITIES</b>						
Accounts and contract payable	117,313	77,295	16,694	12,569	-	223,871
Accrued payroll	80,954	-	-	20,184	1,113	102,251
Employee benefits payable	-	-	-	-	458,332	458,332
Due to other funds	574,612	-	-	-	-	574,612
Deposits payable	-	-	-	1,835	-	1,835
Claims payable - due within one year	-	-	-	1,916,000	-	1,916,000
Claims payable - due in more than a year	-	-	-	4,311,000	-	4,311,000
Lease payable - due within one year	-	-	174,919	-	-	174,919
Lease payable - due in more than a year	-	-	427,845	-	-	427,845
<b>Total liabilities</b>	<b>772,879</b>	<b>77,295</b>	<b>619,458</b>	<b>6,261,588</b>	<b>459,445</b>	<b>8,190,665</b>
<b>NET POSITION</b>						
Net investment in capital assets	77,715	1,218,360	830,327	-	-	2,126,402
Restricted for capital projects	-	-	14,056	-	-	14,056
Unrestricted	(635,774)	2,127,533	685,867	(707,077)	-	1,470,549
<b>Total net position</b>	<b>\$ (558,059)</b>	<b>\$ 3,345,893</b>	<b>\$ 1,530,250</b>	<b>\$ (707,077)</b>	<b>\$ -</b>	<b>\$ 3,611,007</b>

**CITY OF VACAVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHNOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
<b>OPERATING REVENUES:</b>						
Internal service charges	\$ 2,771,734	\$ 253,827	\$ 1,379,669	\$ 3,297,429	\$ 4,989,028	\$ 12,691,687
<b>OPERATING EXPENSES:</b>						
Internal service expenses	3,630,066	5,312	816,486	3,019,664	4,989,028	12,460,556
Depreciation	3,047	224,705	295,872	-	-	523,624
<b>Total operating expenses</b>	<b>3,633,113</b>	<b>230,017</b>	<b>1,112,358</b>	<b>3,019,664</b>	<b>4,989,028</b>	<b>12,984,180</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(861,379)</b>	<b>23,810</b>	<b>267,311</b>	<b>277,765</b>	<b>-</b>	<b>(292,493)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Interest revenue	-	-	2	-	-	2
Interest expense	-	-	(20,144)	-	-	(20,144)
<b>Total non-operating revenues (expenses)</b>	<b>-</b>	<b>-</b>	<b>(20,142)</b>	<b>-</b>	<b>-</b>	<b>(20,142)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(861,379)</b>	<b>23,810</b>	<b>247,169</b>	<b>277,765</b>	<b>-</b>	<b>(312,635)</b>
<b>TRANSFERS:</b>						
Transfers in	70,000	120,257	-	-	-	190,257
Transfers out	-	(128,796)	-	-	-	(128,796)
<b>Total transfers</b>	<b>70,000</b>	<b>(8,539)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,461</b>
Net income (loss)	(791,379)	15,271	247,169	277,765	-	(251,174)
<b>NET POSITION:</b>						
Net position, beginning of year	233,320	3,330,622	1,283,081	(984,842)	-	3,862,181
Net position, end of year	\$ (558,059)	\$ 3,345,893	\$ 1,530,250	\$ (707,077)	\$ -	\$ 3,611,007

**CITY OF VACAVILLE**  
**INTERNAL SERVICE FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHNOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users	\$2,771,734	\$ 258,075	\$ 1,379,669	\$3,297,429	\$ 4,989,028	\$ 12,695,935
Payments to suppliers	(2,582,481)	71,983	(827,081)	(1,168,487)	(4,989,028)	(9,495,094)
Payments to employees	(1,025,679)	-	-	(965,049)	250,849	(1,739,879)
Claims paid	-	-	-	(543,928)	-	(543,928)
<b>Net cash provided by (used in) operating activities</b>	<b>(836,426)</b>	<b>330,058</b>	<b>552,588</b>	<b>619,965</b>	<b>250,849</b>	<b>917,034</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers in	70,000	120,257	-	-	-	190,257
Transfers out	-	(128,796)	-	-	-	(128,796)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>644,612</b>	<b>(8,539)</b>	<b>-</b>	<b>(574,612)</b>	<b>-</b>	<b>61,461</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition of capital assets	-	(521,898)	(556,037)	-	-	(1,077,935)
Proceeds from sale of capital assets	-	-	-	-	-	-
Principal paid on capital debt	-	-	(93,069)	-	-	(93,069)
Interest paid	-	-	(20,144)	-	-	(20,144)
<b>Net cash used in capital and related financing activities</b>	<b>-</b>	<b>(521,898)</b>	<b>(669,250)</b>	<b>-</b>	<b>-</b>	<b>(1,191,148)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest revenue	-	-	2	-	-	2
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(191,814)</b>	<b>(200,379)</b>	<b>(116,660)</b>	<b>45,353</b>	<b>250,849</b>	<b>(212,651)</b>
<b>CASH AND CASH EQUIVALENTS:</b>						
Cash and cash equivalents, beginning of year	191,814	2,405,207	819,527	4,767,737	208,596	8,392,881
Cash and investments	-	2,204,828	688,811	4,813,090	459,445	8,166,174
Restricted cash and investments	-	-	14,056	-	-	14,056
Cash and cash equivalents, end of year	<b>\$ -</b>	<b>\$ 2,204,828</b>	<b>\$ 702,867</b>	<b>\$ 4,813,090</b>	<b>\$ 459,445</b>	<b>\$ 8,180,230</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ (861,379)	\$ 23,810	\$ 267,311	\$ 277,765	\$ -	\$ (292,493)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	3,047	224,705	295,872	-	-	523,624
Changes in assets and liabilities:						
Decrease in accounts receivable	-	4,248	-	-	-	4,248
Increase in prepaid expenses	(1,469)	-	(13,750)	-	-	(15,219)
Increase in inventories-supplies	(6,347)	-	-	-	-	(6,347)
Decrease in deposits	-	-	-	1,902	-	1,902
Increase in accounts and contracts payable	13,743	77,295	3,155	5,846	-	100,039
Increase (decrease) in accrued payroll	15,979	-	-	1,452	(2,276)	15,155
Increase in employee benefits payable	-	-	-	-	253,125	253,125
Increase in claims payable	-	-	-	333,000	-	333,000
Total adjustments	24,953	306,248	285,277	342,200	250,849	1,209,527
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (836,426)</b>	<b>\$ 330,058</b>	<b>\$ 552,588</b>	<b>\$ 619,965</b>	<b>\$ 250,849</b>	<b>\$ 917,034</b>

## **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.

### **MULTIFAMILY HOUSING REVENUE BONDS**

To account for bond proceeds and repayment of debt service held in trust. The City participated in the issuance of the Multifamily Housing Revenue and Refunding Bonds Series 2000A, 1999 Series A, and Multifamily Mortgage Revenue Bonds 1988 Issue A.

**CITY OF VACAVILLE**  
**COMBING STATEMENT OF AGENCY FUNDS**  
**JUNE 30, 2014**

	OTHER DEPOSITS	SPECIAL ASSESSMENTS	MULTIFAMILY HOUSING REVENUE BOND PROCEEDS	TOTAL AGENCY
<b>Assets</b>				
Cash and investments	\$ 17,533,628	\$ 7,807,884	\$ 2,141,150	\$ 27,482,662
<b>Total Assets</b>	<b>\$ 17,533,628</b>	<b>\$ 7,807,884</b>	<b>\$ 2,141,150</b>	<b>\$ 27,482,662</b>
<b>Liabilities</b>				
Accounts and contract payable	\$ 9,561	\$ -	\$ -	\$ 9,561
Deposits payable	17,524,067	-	-	17,524,067
Due to bondholders	-	7,807,884	2,141,150	9,949,034
<b>Total Liabilities</b>	<b>\$ 17,533,628</b>	<b>\$ 7,807,884</b>	<b>\$ 2,141,150</b>	<b>\$ 27,482,662</b>

**CITY OF VACAVILLE**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>OTHER DEPOSITS</u>	<u>BALANCES</u> <u>JULY 1, 2013</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCES</u> <u>JUNE 30, 2014</u>
<b>Assets</b>				
Cash and investments	<u>\$ 13,750,352</u>	<u>\$ 5,597,734</u>	<u>\$ 1,814,458</u>	<u>\$ 17,533,628</u>
<b>Liabilities</b>				
Accounts and contract payable	\$ 15,141	\$ 559,239	\$ 564,819	\$ 9,561
Deposits payable	<u>13,735,211</u>	<u>4,872,492</u>	<u>1,083,636</u>	<u>17,524,067</u>
Total Liabilities	<u>\$ 13,750,352</u>	<u>\$ 5,431,731</u>	<u>\$ 1,648,455</u>	<u>\$ 17,533,628</u>

**CITY OF VACAVILLE**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u><b>SPECIAL ASSESSMENTS</b></u>	<u>BALANCES</u> <u>JULY 1, 2013</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCES</u> <u>JUNE 30, 2014</u>
<b>Assets</b>				
Cash and investments	\$ 8,820,382	\$ 6,079,569	\$ 7,092,067	\$ 7,807,884
<b>Liabilities</b>				
Due to bondholders	\$ 8,820,382	\$ 6,079,569	\$ 7,092,067	\$ 7,807,884



**CITY OF VACAVILLE**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>BALANCES</u> <u>JULY 1, 2013</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCES</u> <u>JUNE 30, 2014</u>
<b><u>MULTIFAMILY HOUSING REVENUE BONDS</u></b>				
<b><u>Assets</u></b>				
Cash and investments	\$ 1,824,958	\$ 1,283,376	\$ 967,184	\$ 2,141,150
<b><u>Liabilities</u></b>				
Due to bondholders	\$ 1,824,958	\$ 1,283,376	\$ 967,184	\$ 2,141,150



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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.	124
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	130
<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.	134
<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.	138
<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.	140

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)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>Fiscal Year 2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental activities										
Net investment in capital assets	\$ 418,360	\$ 420,604	\$ 431,692	\$ 407,621	\$ 422,965	\$ 406,869	\$ 388,546	\$ 375,201	\$ 362,498	\$ 340,941
Restricted	22,122	19,306	27,189	27,685	15,519	28,588	38,832	36,382	33,683	43,971
Unrestricted	35,258	34,732	14,452	70,762	68,304	71,554	80,491	83,305	74,486	65,885
<b>Total governmental activities net position</b>	<u>475,740</u>	<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>
Business-type activities										
Net investment in capital assets	204,329	227,804	214,851	216,439	213,956	194,484	187,090	180,813	159,094	146,253
Restricted	473	2,309	-	-	-	-	-	-	-	-
Unrestricted	102,150	70,344	79,401	75,025	78,818	88,016	91,178	88,653	94,960	100,600
<b>Total business-type activities net position</b>	<u>306,952</u>	<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>
Primary government										
Net investment in capital assets	622,689	648,408	646,543	624,060	636,921	601,353	575,636	556,014	521,591	487,194
Restricted	22,595	21,615	27,189	27,685	15,519	28,588	38,832	36,382	33,683	43,971
Unrestricted	137,408	105,076	93,853	145,787	147,122	159,570	171,669	171,958	169,446	166,485
<b>Total primary government net position</b>	<u>\$ 782,692</u>	<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>

*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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Expenses</b>										
Governmental activities	\$ 107,636	\$ 104,526	\$ 113,843	\$ 133,834	\$ 143,389	\$ 134,012	\$ 130,966	\$ 123,762	\$ 106,922	\$ 97,954
Business-type	50,193	49,291	44,493	44,388	41,401	38,950	36,251	37,360	34,338	28,151
Total primary government expenses	157,829	153,817	158,336	178,222	184,790	172,962	167,217	161,122	141,261	126,104
<b>Program Revenues</b>										
Governmental activities	44,265	34,627	33,006	41,311	45,251	39,990	40,817	52,432	46,169	36,647
Business-type	53,650	54,245	46,024	43,063	40,443	37,150	37,443	43,791	36,621	32,362
Total primary government program revenues	97,915	88,872	79,030	84,374	85,694	77,140	78,260	96,223	82,790	69,009
<b>Net (Expense)/Revenue</b>										
Governmental activities	(63,371)	(69,899)	(80,837)	(92,523)	(98,138)	(94,022)	(90,149)	(71,330)	(60,753)	(61,307)
Business-type	3,457	4,954	1,531	(1,325)	(958)	(1,800)	1,192	6,431	2,282	4,211
Total primary government net expense	(59,914)	(64,945)	(79,306)	(93,848)	(99,096)	(95,822)	(88,957)	(64,899)	(58,471)	(57,096)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities	64,469	71,877	50,213	91,803	97,915	93,164	103,130	95,189	80,620	84,847
Business-type	3,038	2,477	554	8,245	11,232	6,032	8,802	9,344	4,918	88
Total primary government	67,507	74,354	50,767	100,048	109,147	99,196	111,932	104,533	85,539	84,935
<b>Changes in Net Position</b>										
Governmental activities	1,098	1,978	(30,624)	(720)	(223)	(858)	12,981	23,859	19,867	23,540
Business-type	6,495	7,431	2,085	6,920	10,274	4,232	9,994	15,775	7,201	4,299
Total primary government	\$ 7,593	\$ 9,409	\$ (28,539)	\$ 6,200	\$ 10,051	\$ 3,374	\$ 22,975	\$ 39,634	\$ 27,068	\$ 27,840

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Expenses</b>										
General Government	\$ 10,446	\$ 8,439	\$ 6,803	\$ 4,633	\$ 7,540	\$ 8,594	\$ 10,388	\$ 12,627	\$ 11,034	\$ 7,878
Public Safety	49,612	46,731	46,439	45,563	46,573	46,837	45,705	40,606	36,498	34,717
Public Works	21,135	23,099	19,978	26,091	25,464	25,069	21,328	22,432	18,313	14,585
Community Services	12,118	11,601	12,423	12,467	13,490	12,578	12,856	12,128	11,964	11,368
Housing	13,805	14,425	14,637	15,209	14,567	16,189	13,795	13,013	15,348	11,290
Redevelopment	-	-	11,982	25,720	31,596	19,671	21,500	17,753	8,684	13,666
Interest on long-term debt	520	231	1,581	4,151	4,159	5,074	5,394	5,203	5,082	4,451
<b>Total governmental activities expenses</b>	<b>107,636</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>Program Revenues</b>										
Charges for services:										
General Government	3,476	3,026	2,866	4,359	2,737	3,266	3,827	5,147	4,215	3,892
Public Safety	3,503	3,673	3,497	3,457	4,204	4,658	4,498	4,280	4,014	3,552
Public Works	2,429	486	125	288	594	870	311	545	2,531	441
Community Services	6,426	6,226	6,007	5,863	5,829	5,687	5,984	5,494	5,330	5,265
Housing	928	929	975	855	661	387	397	479	761	58
Redevelopment	-	-	-	103	103	103	103	159	245	380
Operating grants and contributions	13,831	14,339	15,330	16,360	15,718	14,338	17,386	14,651	16,011	14,161
Capital grants and contributions	13,672	5,948	4,206	10,026	15,405	10,681	8,311	21,677	13,063	8,897
<b>Total governmental activities program revenues</b>	<b>44,265</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>Net (Expense)/Revenue</b>	<b>(63,371)</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>General Revenues and Other Changes in Net Position</b>										
Taxes										
Property taxes	32,855	31,805	43,463	61,385	64,348	65,731	63,793	55,145	48,450	40,044
Sales taxes	22,215	17,596	15,766	15,218	13,787	14,077	14,984	16,474	16,116	14,357
Franchise taxes	3,578	3,471	2,461	2,441	2,383	2,352	2,248	2,643	2,004	-
Transient lodging tax	1,194	1,067	986	955	929	930	1,005	1,048	942	-
Business license tax	325	315	291	290	281	298	306	319	290	-
Excise tax	2,431	2,322	2,302	2,262	2,258	2,169	2,234	2,217	2,251	-
Gasoline tax	3,050	2,211	2,717	2,426	1,596	1,564	1,719	1,772	1,776	-
Other taxes	-	-	-	-	-	-	-	-	-	6,241
Vehicle license taxes	-	41	-	569	290	283	417	595	596	2,105
Fines, penalties and forfeitures	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Payments in lieu of services	-	-	-	-	-	-	-	-	-	-
Investment income	668	728	437	1,145	2,112	2,998	13,957	6,279	4,320	4,768
Developer contributions	-	-	-	-	-	-	-	-	-	-
Unrestricted capital contributions	898	1,165	2,271	3,856	7,592	431	2,861	6,863	3,785	9,283
Loss on sale of property	-	-	-	-	-	-	-	-	-	-
Special Item - gain on dissolution of Redevelopment	(3,815)	4,482	(22,403)	-	-	-	-	-	-	-
Miscellaneous	1,145	6,642	827	667	1,724	1,990	1,331	1,791	58	5,347
Transfers	(75)	32	1,095	589	615	341	(1,725)	43	31	2,703
<b>Total governmental activities</b>	<b>64,469</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>Changes in Net Position</b>	<b>\$ 1,098</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>

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)

	<b>Fiscal Year</b>									
	<b>2014</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>Expenses</b>										
Sewer	\$ 26,659	\$ 23,502	\$ 23,792	\$ 23,464	\$ 22,611	\$ 21,284	\$ 18,710	\$ 19,800	\$ 18,230	\$ 13,831
Water	20,063	21,731	16,637	16,601	16,124	15,282	14,976	15,059	13,135	11,672
Transit	3,471	4,058	4,064	4,323	2,666	2,384	2,565	2,501	2,974	2,648
<b>Total business-type activities expenses</b>	<b>50,193</b>	<b>49,291</b>	<b>44,493</b>	<b>44,388</b>	<b>41,401</b>	<b>38,950</b>	<b>36,251</b>	<b>37,360</b>	<b>34,338</b>	<b>28,151</b>
<b>Program Revenues</b>										
Charges for services:										
Sewer	32,222	29,017	25,340	22,793	19,478	18,071	18,269	18,322	17,193	16,285
Water	16,514	16,010	14,665	14,071	13,412	12,608	12,323	11,463	10,109	10,106
Transit	456	502	503	406	377	359	411	356	363	374
Operating grants and contributions	1,865	2,248	2,109	1,696	1,674	1,675	1,812	1,810	2,090	1,947
Capital grants and contributions	2,593	6,468	3,407	4,097	5,502	4,437	4,628	11,840	6,866	3,650
<b>Total business-type activities program revenues</b>	<b>53,650</b>	<b>54,245</b>	<b>46,024</b>	<b>43,063</b>	<b>40,443</b>	<b>37,150</b>	<b>37,443</b>	<b>43,791</b>	<b>36,621</b>	<b>32,362</b>
<b>Net (Expense)/Revenue</b>	<b>3,457</b>	<b>4,954</b>	<b>1,531</b>	<b>(1,325)</b>	<b>(958)</b>	<b>(1,800)</b>	<b>1,192</b>	<b>6,431</b>	<b>2,282</b>	<b>4,211</b>
<b>General Revenues and Other Changes in Net Assets</b>										
Taxes										
Property taxes	92	91	91	84	83	81	90	89	87	86
Investment income	202	97	375	946	517	(85)	2,237	1,795	(195)	965
Unrestricted capital contributions	2,540	1,045	1,173	7,439	10,070	4,700	1,769	5,887	2,234	1,332
Miscellaneous	129	1,276	10	365	1,177	3,032	2,981	1,616	2,823	408
Special item	-	-	-	-	-	(1,355)				
Transfers	75	(32)	(1,095)	(589)	(615)	(341)	1,725	(43)	(31)	(2,703)
<b>Total business-type activities</b>	<b>3,038</b>	<b>2,477</b>	<b>554</b>	<b>8,245</b>	<b>11,232</b>	<b>6,032</b>	<b>8,802</b>	<b>9,344</b>	<b>4,918</b>	<b>88</b>
<b>Changes in Net Assets</b>	<b>\$ 6,495</b>	<b>\$ 7,431</b>	<b>\$ 2,085</b>	<b>\$ 6,920</b>	<b>\$ 10,274</b>	<b>\$ 4,232</b>	<b>\$ 9,994</b>	<b>\$ 15,775</b>	<b>\$ 7,201</b>	<b>\$ 4,299</b>

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)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>Fiscal Year 2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 1,278	\$ 513	\$ 938	\$ 541	\$ 899	\$ 1,101
Unreserved	-	-	-	-	3,149	5,370	10,664	13,518	14,139	14,355
Nonspendable	185	234	767	2,635	-	-	-	-	-	-
Restricted	118	143	128	115	-	-	-	-	-	-
Committed	-	-	-	1,012	-	-	-	-	-	-
Assigned	2,855	1,419	667	251	-	-	-	-	-	-
Unassigned	<u>8,587</u>	<u>8,068</u>	<u>-</u>	<u>(89)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general fund	<u>\$ 11,745</u>	<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>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 66,921	\$ 77,773	\$ 81,231	\$ 71,750	\$ 67,158	\$ 88,567
Unreserved, reported in:										
Special revenue funds	-	-	-	-	16,898	17,388	15,256	17,108	16,977	2,079
Capital projects funds	-	-	-	-	9,452	(1,931)	9,782	12,674	1,343	2,918
Debt service funds	-	-	-	-	353	498	601	708	2,319	2,521
Nonspendable	97	194	1,003	2,556	-	-	-	-	-	-
Restricted	21,753	17,755	45,540	83,046	-	-	-	-	-	-
Committed	-	-	-	13,198	-	-	-	-	-	-
Assigned	608	-	21	94	-	-	-	-	-	-
Unassigned	<u>(250)</u>	<u>(1,309)</u>	<u>(3,601)</u>	<u>(4,285)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 22,208</u>	<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>

*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)  
(expresses in thousands of dollars)

	<u>2014</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>
<b>Revenues</b>										
Taxes and fees	\$ 75,450	\$ 62,910	\$ 69,404	\$ 87,292	\$ 90,971	\$ 91,125	\$ 91,052	\$ 88,262	\$ 80,627	\$ 66,741
Licenses and permits	1,264	1,212	1,403	1,022	877	1,498	1,596	2,496	708	1,628
Investment income	1,157	1,108	898	3,464	2,955	3,499	15,026	7,058	5,104	5,433
Intergovernmental	21,144	19,752	21,586	27,950	29,010	24,052	24,265	30,958	23,487	22,337
Charges for services	11,356	8,834	7,793	7,908	9,200	9,733	9,664	9,906	12,566	9,041
Fines, penalties and forfeitures	287	352	430	409	514	494	471	491	460	503
AB 1484 County distribution	-	4,482	-	-	-	-	-	-	-	-
Other	767	2,665	764	977	966	2,047	992	3,613	704	3,590
<b>Total revenues</b>	<b>111,425</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>Expenditures</b>										
General government	9,093	7,580	6,105	6,087	6,321	8,333	9,390	11,788	10,493	7,912
Public Safety	46,950	44,868	45,161	43,849	45,130	46,224	44,560	41,657	36,851	34,501
Public Works	6,196	5,993	5,851	6,020	6,136	6,786	7,566	7,076	6,224	6,040
Community Services	11,474	11,066	11,810	11,787	12,889	11,974	12,159	11,506	11,367	10,905
Housing	13,258	14,520	14,928	15,152	14,545	16,215	13,787	13,018	15,363	11,292
Redevelopment	-	-	11,818	24,598	30,789	23,868	21,533	17,531	18,042	13,354
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Shared Revenues	-	-	-	-	-	-	-	-	-	-
Capital Outlay	11,002	9,712	8,423	13,012	13,378	21,071	25,755	35,607	38,123	35,542
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	1,737	3,443	3,712	4,511	3,749	15,677	3,456	4,932	2,816	2,622
Interest and fiscal charges	572	541	2,284	4,142	4,365	5,088	5,313	5,874	5,572	4,670
<b>Total expenditures</b>	<b>100,282</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>
Excess (deficiency) of revenues over (under) expenditures	11,143	3,592	(7,814)	(136)	(2,809)	(22,788)	(453)	(6,205)	(21,194)	(17,564)
<b>Other Financing Sources (uses)</b>										
Transfers in	4,186	5,819	48,953	17,610	15,008	13,888	15,171	18,144	23,976	12,288
Transfers out	(4,331)	(5,846)	(47,983)	(17,185)	(13,963)	(13,224)	(15,476)	(18,161)	(25,275)	(9,734)
Sale of capital assets	105	3	1,270	31	203	3,024	70	361	8,497	-
Issuance of debt and loans	161	6,994	-	163	-	239	2,860	19,325	5,290	1,475
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>121</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>
Extraordinary gain/(loss)	(3,815)	-	(45,641)	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 7,449</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>
Debt services as a percentage of noncapital expenditures	2.5%	4.2%	5.8%	7.0%	6.0%	14.8%	9.3%	14.0%	12.4%	13.2%

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		
2014	\$ 9,942,612	\$ 240	\$ 365,046	\$ (776,951)	9,530,947	\$ -	\$ -	\$ -	-	0.220%	
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%	

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

Source: HDL Coren & Cone, Solano County Assessor 2004/05 - 2013/14 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**

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>City Direct Rates:</b>										
City basic rate	0.24267%	0.27352%	0.27354%	0.27350%	0.27350%	0.27343%	0.27352%	0.27362%	0.27370%	0.27381%
Redevelopment agency	0.00000%	0.00000%	1.03087%	1.03084%	1.03083%	1.03076%	1.03085%	1.03095%	1.03103%	1.03114%
Total City Direct Rate	0.22018%	0.51629%	0.51806%	0.52590%	0.52677%	0.51289%	0.49309%	0.46522%	0.45536%	0.45973%
<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	0.05222%	0.05487%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Dixon Unified School Bonds	0.00000%	0.00000%	0.06717%	0.05170%	0.05456%	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%
Dixon USD GOB Series 2006						0.00844%	0.00898%	0.00829%	0.00000%	0.00000%
Dixon USD State Repay						0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
DUSD GOB Series 2003						0.01724%	0.01808%	0.01760%	0.01440%	0.04387%
Fairfield/Suisun USD GOB 2002S	0.05018%	0.05547%	0.05313%	0.05206%	0.05071%	0.01894%	0.01852%	0.02066%	0.02252%	0.02351%
Fairfield/Suisun USD GOB 2004S						0.02152%	0.02005%	0.02097%	0.02345%	0.02770%
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	0.03955%	0.02060%	0.02016%	0.01945%	0.01846%	0.01240%	0.01189%	0.01211%	0.01643%	0.01532%
Solano Community College Gob Series 2006B						0.00258%	0.00269%	0.00336%	0.00000%	0.00000%
City of Vacaville	0.03086%	0.03085%	0.03087%	0.03084%	0.03083%	0.03076%	0.03085%	0.03095%	0.03103%	0.03114%
Vacaville Unified School Bonds	0.07033%	0.06550%	0.06941%	0.06315%	0.05906%	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%
VV USD GOB Series 2005						0.01107%	0.01095%	0.02617%	0.02602%	0.00000%
VV USD Meas V GOB Series 2007						0.01590%	0.02055%	0.00000%	0.00000%	0.00000%
VV USD Meas V GOB Series 2002						0.00000%	0.00000%	0.00000%	0.00000%	0.02289%
VV USD Meas V GOB Series 2003						0.00000%	0.00000%	0.00000%	0.00000%	0.02379%
	1.26314%	1.24729%	1.26074%	1.23720%	1.23362%	1.20125%	1.20470%	1.20639%	1.20675%	1.20822%

**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. Beginning in 2013/2014, the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/2013.

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 2004/05 - 2013/14 Tax Rate Table

**Schedule 7**

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

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable	Taxable Assessed Value	Rank	Percentage of Total City Taxable
			Assessed Value			Assessed Value
Genentech Inc.	\$ 958,943,581	1	10.061%	\$ 354,546,869	1	5.005%
Alza Corporation	111,313,636	2	1.168%	125,413,577	2	1.770%
CPG Finance II LLC	99,669,334	3	1.046%	51,530,592	3	0.727%
Nut Tree Dunhill I LLC	89,932,544	4	0.944%			
Novartis Pharmaceuticals	72,556,567	5	0.761%			
6801 Leisure Town Road Apt Invest	53,560,511	6	0.562%			
Sequoia Equities - River Oaks	53,435,877	7	0.561%			
State Compensation Insurance Fund	47,582,774	8	0.499%			
Lucky Fla NoCal Investor LLC	46,549,477	9	0.488%			
Central Valley Industries Core	42,150,000	10	0.442%			
Chiron Corporation				49,961,175	4	0.705%
SSR Western Multifamily LLC				35,569,577	5	0.502%
Knickerbocker Prop Inc XXXVIII				31,361,776	6	0.443%
RM Vacaville Limited				31,072,331	7	0.439%
Travis Credit Union				30,696,928	8	0.433%
Lucky Stores Inc				29,620,756	9	0.418%
Marvin L. Oates Trust				28,929,738	10	0.408%

Source: HDL Coren & Cone, Solano County 2004/05 & 2013/2014 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>	
2014	\$ 10,303,894	\$10,303,894	100.00%	\$ 330,585	\$10,634,479	103.21%	
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%	

**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.

Source: Solano County Auditor Controller's Office.

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				
2014	\$ 810,000	\$ -	\$ -	\$ -	\$10,093,165	\$ 10,903,165	\$137,072,464	\$7,226,227	\$ -	\$ 144,298,691	\$ 155,201,856	5.64%	1,658	\$14,560,000
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, 2014**

City Assessed Valuation		\$ 9,530,947	
	<b>Percentage Applicable</b>	<b>Outstanding Debt</b>	<b>Estimated Share of Overlapping Debt</b>
	(1)		
<b>Overlapping Tax and Assessment Debt:</b>			
Solano County Community College District	24.385%	\$ 222,151,989	\$ 54,171,763
Dixon Unified School District	0.407%	27,403,930	111,534
Fairfield-Suisun Joint Unified School District	0.065%	78,365,000	50,937
Vacaville Unified School District	90.310%	82,295,957	74,321,479
City of Vacaville Community Facilities District No. 2	100.000%	975,000	975,000
City of Vacaville 1915 Act Bonds	100.000%	<u>17,050,000</u>	<u>17,050,000</u>
Total overlapping debt repaid with property taxes		<u>428,241,876</u>	<u>146,680,713</u>
<b>Direct and Overlapping General Fund Debt:</b>			
Solano County Certificates of Participation	23.226%	106,050,000	24,631,173
Solano County Pension Obligations	23.226%	68,945,000	16,013,166
Solano County Board of Education Certificates of Participation	23.226%	1,665,000	386,713
Dixon Unified School District Certificates of Participation	0.407%	9,630,000	39,194
Fairfield-Suisun Joint Unified School District Certificates of Participation	0.065%	1,480,810	963
Travis Unified School District Certificates of Participation	59.895%	33,745,000	20,211,568
Vacaville Unified School District Certificates of Participation	90.310%	<u>12,739,470</u>	<u>11,505,015</u>
Total Overlapping other debt		<u>234,255,280</u>	<u>72,787,792</u>
<b>Overlapping Tax Increment Debt (Successor Agency):</b>	91.820%	<u>52,165,000</u>	<u>47,897,880</u>
Total Overlapping debt		<u>\$ 714,662,156</u>	267,366,385
City direct debt			<u>10,903,165</u>
Total direct and overlapping debt			<u>\$ 278,269,550</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, mortgage revenue and non-bonded capital lease obligations.

**Schedule 11**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>Fiscal Year 2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assessed value	\$ 9,530,947	\$ 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
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,382,737	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
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	357,411	339,449	351,094	359,636	372,671	397,339	389,670	338,425	295,606	265,651
Total net debt applicable to limit:	-	-	-	-	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 357,411</u>	<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>
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	
2014	\$ 16,514	\$ 17,224	(710)	-	-	-	\$ -	\$ 3,453	\$ 3,166	-	
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>
2014	93,613	2,751,473	\$ 29,392	6.0%
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%

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>2014</b>			<b>2005</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	3,220	1	7.39%	2,443	1	5.79%
NorthBay VacaValley Hospital	2,144	2	4.92%	395	8	0.94%
Vacaville Unified School District	1,277	3	2.93%			
Kaiser Permanente	1,125	4	2.58%	500	4	
City of Vacaville	873	5	2.00%			
Genentech	869	6	1.99%	720	3	1.71%
State Compensation Insurance Co.	700	7	1.61%			
Travis Credit Union	498	8	1.14%	350	9	0.83%
Alza Corporation	361	9	0.83%	1,000	2	2.37%
Mariani Packing Company	335	10	0.77%	255	10	0.60%
Simpson Dura-Vent				500	4	1.18%
Albertsons				450	6	1.07%
Hines Nursery, Inc.				400	7	0.95%
Wal-Mart				350	9	0.83%

**NOTES**

For Fiscal Year 2004/2005 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**

**Full-time Equivalent Employees as of June 30, 2014**

<b>Function/Program</b>	<b>2014</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>
General Government										
City Attorney	4	4	4	4	4	4	4	4	4	4
City Manager	6	6	6	9	9	10	11	12	11	5
Finance	24	24	23	22	23	27	27	26	26	24
Human Resources	9	9	9	8	10	10	11	10	9	14
Information Technology	7	7	7	7	7	12	14	14	16	15
Community Development	13	13	12	15	14	14	21	22	26	22
Police Department	145	143	143	151	161	170	171	171	158	156
Fire Department	78	76	69	74	75	85	82	84	73	76
Community Services	15	15	14	16	16	16	20	20	20	17
Housing and Successor Agency	15	14	18	29	29	35	31	28	30	28
Utilities	63	68	-	-	-	-	-	-	-	-
Public Works	<u>87</u>	<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>
<b>Total</b>	<u>466</u>	<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>

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>2014</b>	<b>2013</b>	<b>2012</b>	<b>Fiscal Year 2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Fire</b>										
Emergency responses	8,780	7,642	7,758	7,874	8,020	8,360	8,155	7,812	7,554	6,677
Inspections	1,292	903	1,152	1,035	1,296	1,698	1,464	792	1,172	634
<b>Parks and Recreation</b>										
Number of recreation registrants	32,358	32,744	33,533	34,915	33,884	32,706	29,895	31,662	32,805	35,263
Number of facility rentals	582	557	568	609	611	780	910	852	733	759
<b>Police Department</b>										
Physical arrests	3,523	2,977	2,966	3,504	3,874	4,051	4,303	4,264	4,133	2,877
Parking citations issued	3,614	3,983	4,184	5,193	6,582	6,359	8,090	12,649	12,114	12,574
<b>Public Works</b>										
Street resurfacing (miles)	-	-	4	-	-	31	28	26	N/A	38
Potholes repaired	453	586	545	758	420	336	277	98	130	104
<b>Transit</b>										
Total revenue route miles	569,139	584,797	587,521	353,354	423,357	406,916	401,288	394,636	402,164	392,119
Passengers	523,372	521,248	459,816	386,624	350,410	302,461	280,691	222,367	211,280	211,609
<b>Wastewater</b>										
Average daily sewage treatment (million gallons per day)	7	8	8	9	8	8	8	8	10	9
<b>Water</b>										
New Connections (meter sets)	170	145	84	214	325	188	166	277	290	249
Average daily consumption (thousands gallons per day)	13,353	14,498	13,398	13,847	13,913	15,571	16,386	16,495	15,319	13,879

**NOTES**

N/A-Not available

Source: Various City Departments

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2014</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>
Fire										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Fire Engines	13	12	12	11	11	11	11	9	8	8
Parks and Recreation										
Parks	30	30	30	30	30	30	30	30	30	33
Park Acres	566	513	513	513	513	513	513	513	513	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	11
Police Department										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	108	109	110	111	104	114	122	123	103	103
Police Motorcycles	7	9	9	9	9	9	9	9	9	9
Public Works										
Streets (centerline miles)	264	264	264	264	238	238	237	237	231	230
Traffic Signals	69	69	69	69	69	69	69	69	67	64
Transit Buses										
Fixed Route	18	15	15	15	12	12	12	12	12	12
Special Services	6	6	6	6	6	6	6	6	6	5
Wastewater										
Sewers (miles)	244	244	242	241	238	233	232	231	226	224
Storm Drain (miles)	145	145	144	143	140	134	134	132	128	127
Treatment Plants	1	1	1	1	1	1	1	1	3	2
Water										
Water Mains (miles)	290	289	288	286	283	278	277	276	269	267
Fire hydrants	3,490	3,478	3,467	3,453	3,413	3,348	3,338	3,320	3,231	3,207
Reservoirs	8	8	9	9	8	8	8	8	8	8
Wells	12	12	13	13	13	13	13	13	12	12

Source: Various City Departments