

CITY OF RIO VISTA, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

Prepared by
FINANCE DEPARTMENT

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CITY RIO VISTA
Basic Financial Statements
For the Year Ended June 30, 2008

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INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

To the City Council
City of Rio Vista, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rio Vista, California as of and for the year ended June 30, 2008 which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Controller 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, 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 of Rio Vista, California as of June 30, 2008 and the results of its operations and the respective changes in its financial position and cash flows, where applicable, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As discussed in Note 14D to the financial statements, as of June 30, 2008, the General Fund, Sewer Enterprise Fund and Airport Enterprise Fund continue to experience operating losses which has depleted cash reserves to less than 10% of operating expenditures. These conditions raise substantial doubt about the City's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 14D. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As described in Note 7 the City implemented the provisions of GASB Statement No. 48 *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2008 on our consideration of the City of Rio Vista'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplemental section listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mane & Associates

November 26, 2008

CITY OF RIO VISTA
Management's Discussion and Analysis

This management's discussion and analysis provides an overview of financial activities of the City of Rio Vista (the City) for the fiscal year ended June 30, 2008. Please read this discussion and analysis in conjunction with the basic financial statements and notes to the basic financial statements.

FISCAL 2008 FINANCIAL HIGHLIGHTS

Citywide:

- The City's total net assets increased by \$708,138 in fiscal year 2008. At June 30, 2008 net assets Citywide totaled \$69,920,350.
- City-wide revenues include program revenues of \$8,196,794 and general revenues of \$6,065,060 totaling \$14,261,854, a decrease of \$3,729,853 from the prior year. This decrease was due to large developer contributions received during the last two fiscal years for the construction of the Northwest Wastewater Treatment Facility. These payments were not a result of continuing operations and will not continue after the facility is complete.
- Total Citywide expenses were \$13,553,716, \$84,214 increase from the prior fiscal year.

Fund Level:

- Governmental Fund balances increased \$205,457 as a result of the use of other financing sources to cover the deficiency of revenues over expenditure of \$229,888. At June 30, 2008 Governmental Fund balances totaled \$8,804,129.
- Governmental Fund revenues were \$8,145,725, a decrease of \$1,681,096 from the prior year.
- Governmental Fund expenditures were \$8,375,613, a decrease of \$871,795 from the prior year.
- General Fund revenues decreased by \$1,338,563 from the prior year to a current year generation of \$5,734,305.
- General Fund expenditures decreased by \$841,584 from the prior year to current expenditures of \$6,547,010.
- General Fund balance of \$2,045,813 at fiscal year end is down from the prior year by \$263,182.

THE BASIC FINANCIAL STATEMENTS

The Basic Financial Statements comprise the Government-wide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide two different views of the City's financial activities and financial position – long-term and short-term.

The Government-wide Financial Statements provide a longer-term view of the City's activities as a whole, and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. Under the accrual basis of accounting, revenues are recognized in the

CITY OF RIO VISTA
Management's Discussion and Analysis

period in which they are earned, while expenses are recognized in the period in which liability is incurred. The Statement of Activities provides information about the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

Together these statements report the City's net assets. Net Assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and economic trends, such as expansion and development.

The Fund Financial Statements report the City's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of the City's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures, current assets, liabilities and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the City and are presented individually, while the activities of Non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds.

The City acts solely as a depository agent for Special Assessment Districts and certain other entities. The fiduciary statements provide information about the cash balances and activities of these Special Assessment Districts and other entities. These statements are separate from, and their balances are excluded from, the City's financial statements.

The Government-wide Financial Statements

All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, public works, recreation, public improvements, planning and zoning, and general administrative services. These services are supported by general City revenues, such as taxes, and by specific program revenues, such as fees.

The City's governmental activities include the activities of two separate legal entities, the Redevelopment Agency of the City of Rio Vista and the Joint Powers Financing Authority (of which there is no current activity), because the City is financially accountable for the Agency and the Authority.

The City charges a fee to customers to pay for the cost of certain services provided. These activities are reported in the Business-type Activities section of the Statement of Net Assets and the Statement of Activities. The City's water, sewer, airport, business park and transit operations are reported in this category.

CITY OF RIO VISTA
Management's Discussion and Analysis

As previously mentioned, the Government-wide financial statements are prepared on the full accrual basis, which means they measure the flow of all economic resources of the City as a whole.

Fund Financial Statements

Governmental Funds:

Governmental Fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are presented only in the Government-wide financial statements.

The Fund financial statements provide detailed information about each of the City's most significant funds, called major funds. Each Major Fund is presented individually, with all Non-Major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-Major Funds. Major Funds present the major activities of the City for the year. The General Fund is always a Major Fund, but other funds may change from year to year as a result of changes in the pattern of City activities.

The City has one Major Fund in addition to the General Fund, the Private Developers Revolving Special Revenue Fund. Comparisons of Budget and Actual financial information are presented only for the General Fund and other Major Funds that are Special Revenue Funds. In the City's case this means that only the General Fund and the Private Developers Revolving Special Revenue Fund are included in the Budget to Actual Comparison this year.

Proprietary Funds:

When the City charges customers for services, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. The City's Proprietary Funds are the same as the business-type activities reported in the City-Wide Financial Statements, but provide more detail and additional information, such as cash flows for each Proprietary Fund.

Fiduciary Fund Statements:

The City is agent for certain assessment districts, holding amounts collected from property owners which await transfer to these Districts' bond trustees. The City's fiduciary activities are reported in the separate Statements of Fiduciary Net Assets and the Agency Funds Statement of Changes in Assets and Liabilities. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations. The City is responsible for ensuring that the assets reported in these funds are used for their specified purposes.

CITY OF RIO VISTA
Management's Discussion and Analysis

Government-Wide Financial Analysis

This analysis focuses on the net assets and changes in net assets, of the City as a whole, and is formally presented in the Government-Wide Statement of Net Assets and Statement of Activities. Comparisons of the current years net assets and activities with the Fiscal Year Ending June 30, 2007 are presented in table form. Any significant changes are analyzed and discussed.

The total net assets of the City have increased by an estimated 1 percent from \$69,212,212 at June 30, 2007 to \$69,920,350 at June 30, 2008. The increase of \$708,138 derives from the change in net assets as recorded in the Statement of Activities which flows through to the Statement of Net Assets.

Governmental Activities Analysis

	Governmental Net Assets at June 30,	
	2008	2007
Cash and Investments	\$ 5,993,892	\$ 6,431,905
Other Assets	3,722,469	3,140,291
Capital Assets	6,816,616	5,997,843
Total Assets	16,532,977	15,570,039
Long-term debt outstanding	745,632	962,014
Other Liabilities	2,258,487	2,366,983
Total Liabilities	3,004,119	3,328,997
Net Assets:		
Invested in capital assets, net of debt	6,007,778	5,154,364
Restricted for:		
Capital projects	5,306,339	4,961,864
Debt Service	76,899	72,989
Redevelopment Projects	1,267,258	989,456
Unrestricted	870,584	984,479
Total Net Assets	13,528,858	12,241,042

The City's net assets from governmental activities increased 10 percent to \$13,528,858 in 2008 from \$12,241,042 in 2007.

CITY OF RIO VISTA
Management's Discussion and Analysis

This increase in the Change in Net Assets is reflected in the Statement of Activities and is explained below:

- Cash and Investments decreased by \$438,013, or 6 percent, from \$6,431,905 in 2007 to \$5,993,892 in 2008, which is consistent with the increase in net assets.
- Other Assets increased by \$582,178, or 19 percent, primarily due to an increase in the internal balances. Internal balances are the net inter-fund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.
- Capital Assets increased by \$818,773 from \$5,997,843 in 2007 to \$6,816,616 in 2008, due to capital additions being greater than asset retirements.
- Long-term Debt Outstanding decreased by \$216,382 from \$962,014 in 2007 to \$745,632 in 2008.
- Other Liabilities decreased by \$108,496 from \$2,366,983 in 2007 to \$2,258,487 in 2008.
- Net assets invested in capital assets net of related debt increased primarily due to the value of asset additions exceeding the pay down of debt balances and depreciation expense.
- Restricted net assets represent net assets from funds established specifically for capital projects, such as construction or major improvements to parks, streets and other municipal structures. Restricted net assets also include net assets from the Redevelopment Agency and funds that are restricted to provide for principal and interest payments on debt.
- Unrestricted net assets are the part of net assets that can be used to finance day-day operations without constraints established by debt covenants or other legal requirements. Unrestricted net assets of \$870,584 are available to finance day-to-day operations and other expenditures approved by City Council. This represents an 11 percent decrease from the prior year's unrestricted net assets and is a result of expenses exceeding revenues from unrestricted activities.

The City's governmental activities include administration, police and fire protection, redevelopment, streets & highways, streets and lighting, corporation yard, building regulations, planning, economic development, public works, parks, swimming pool, recreation and youth center, solid waste and housing.

The cost of all governmental activities during fiscal year 2008 was \$7,826,014. This cost was borne by those who directly benefited from the programs, fines and forfeitures and other program revenues (\$1,898,780), by other government agencies and organizations that subsidized certain programs with grants and contributions (\$1,261,474) and the balance was financed by general governmental revenues of \$5,953,576.

Total governmental revenues exceeded expenses by \$1,287,816. The following table presents the changes in net assets for governmental activities for the year ended June 30, 2008 and 2007:

CITY OF RIO VISTA
Management's Discussion and Analysis

Changes in Governmental Net Assets
Governmental Activities
for the year ending June 30,

Expenses	2008	2007
Administration	\$ 907,383	\$ 1,062,625
Police Protection	2,490,381	2,397,007
Fire Protection	1,159,179	1,247,278
Redevelopment	499,909	494,336
Streets & Highways	337,211	251,323
Streets & Lighting	134,525	143,728
Corporation Yard	114,469	111,003
Building regulations	142,056	225,222
Planning	642,455	915,573
Economic Development	302,120	395,123
Public Works	157,434	163,472
Parks	292,908	163,472
Swimming pool	124,188	179,207
Recreation and youth center	377,622	424,361
Solid waste	70,988	177,454
Housing	-	926
Interest on Long Term Debt	73,186	84,679
Total Expenses	\$ 7,826,014	\$ 8,625,351
Revenues		
Program Revenues:		
Charges for Services	\$ 1,898,780	\$ 3,724,416
Operating Grants and Contributions	903,789	604,773
Capital Grants and Contributions	357,685	1,118,779
Total Program Revenues	\$ 3,160,254	\$ 5,447,988
General Revenues:		
Taxes:		
Property Taxes	\$ 2,910,453	\$ 2,689,521
Sales Taxes	1,088,658	1,169,677
Utility Tax	284,372	300,529
Franchise Tax	105,160	97,661
Other Taxes	122,396	165,200
Motor Vehicle In Lieu	33,367	48,836
Investment Earnings	74,297	70,427
Royalties	383,976	454,562
Gain from sale of property	425,345	1,222,073
Miscellaneous & Transfer	525,552	126,081
Total General Revenues and Transfers	\$ 5,953,576	\$ 6,344,567
Total Revenues	\$ 9,113,830	\$ 11,792,555
Change in Net Assets	\$ 1,287,816	\$ 3,167,204
Beginning Net Assets	\$ 12,241,042	\$ 9,073,838
Ending Net Assets	\$ 13,528,858	\$ 12,241,042

CITY OF RIO VISTA
Management's Discussion and Analysis

The primary causes for the change in net assets are as follows:

FUNCTION:

- **Administration**— includes expenses incurred by the City Council, City Manager, City Attorney, City Clerk, City Treasurer, City Hall Buildings and Grounds, Finance and Information Technology.

Administration received charges for services, grants and contributions of \$539,528 for a combined net expense of \$367,855.

- **Police Protection** – Expenditures for the Police Department increased by 4 percent or \$93,374 from the prior year. While the Police Department did not grant any salary increases in the 2008 fiscal year, the City continues to experience annual increases between 6-10% in health care costs.

The Police Department generated program revenues of \$220,944 resulting in a net expense of \$2,269,437.

- **Fire Protection** – Fire Department expenditures fell by \$88,099 or 7 percent from the prior year. While the Fire Department did not grant any salary increases in the 2008 fiscal year, the City continues to experience annual increases between 6-10% in health care costs.

The Fire Department generated program revenues of \$315,064 resulting in a net expense of \$844,115.

- **Redevelopment** – Redevelopment expenses rose 1 percent from \$494,336 in the prior year to the current year amount of \$499,909. This increase was caused, in part, by an increase in contractual services. In prior years projects have been completed by City staff but as activities increase, it is becoming difficult to keep up with these projects. This has resulted in City staff having to place a greater reliance on consultants to continue work on projects.

Redevelopment program revenues of \$9,077 offset the expenditures resulting in net expenditures of \$490,832 in the current fiscal year.

- **Streets and Highways** -expenditures increased from \$251,323 in 2007 to \$337,211 in the current year. This increase is attributable to a street project which started in Fiscal Year 2008.

Streets and Highways generated program revenue of \$466,881 resulting in net revenue of \$129,670.

- **Streets and Lighting** – expenditures decreased by 6 percent to \$134,525. No revenue was generated from this category in this or the prior year.

CITY OF RIO VISTA
Management's Discussion and Analysis

- **Corporation Yard** - expenditures increased by 3 percent to \$114,469. No revenue was generated from this category in this or the prior year.
- **Building Regulations** – expenditures decreased by 36 percent or \$83,166 from the prior year. This decrease is due to a reduction in the number of building permits being issued, which has required decreases in staffing levels to stay in line with the demand for services.

The Building Department generated revenues of \$527,664 down from last years \$702,866. The combined activities in the Building Department resulted in net revenues of \$385,608 for the 2008 fiscal year.

- **Planning** – expenditures decreased by 29 percent or \$273,118 from the prior year, as a direct result staffing changes within the department.

Planning program revenues were \$565,648, down 74 percent from the previous year. This decrease was a result of a large one time engineering and inspection fees the Liberty Development Project was required to pay for their development in FY 2006-07. The combined activities in the Planning Department resulted in net expenditure of \$76,807.

- **Economic Development** – expenditures decreased from \$395,123 in the 2007 fiscal year to \$302,120 in the 2008 fiscal year. No revenue was generated from this category in this or the prior year.
- **Public Works** – This category encompasses the administration of the Public Works department, which oversees Streets & Highways, Streets & Lighting, Corporation Yard, Parks, Swimming Pool, and Recreation and Youth Center. Expenditures decreased from \$163,472 in 2007 to 157,434 in 2008.

Public Works also generated program income this year of \$41,709 resulting in net expense of \$115,725.

- **Parks** - expenditures decreased by 16 percent or \$59,126 to a total of \$292,908 this fiscal year.

Parks revenue of \$132,676 is down from last year's revenue of \$151,602 by 12 percent. The combined expenditures and revenues resulted in net expenditures of \$160,232 from this function.

- **Swimming Pool** - expenditures decreased 30 percent from the prior year. This decrease is a result of the reduced summer pool program offered this year. As a result of this program reduction, the swimming pool revenues decreased from \$8,003 in 2007 to \$2,938 in 2008. This activity continues to operate with expenditures exceeding revenues, resulting in a net expense of \$121,250.

CITY OF RIO VISTA
Management's Discussion and Analysis

- **Recreation and Youth Center** - expenditures decreased in this category due to various reductions in the department. In fiscal year 2008 the City discontinued some of the programs that are currently offered to citizens which include youth programs, a seven week farmers market and various adult programming.

Fiscal year 2008 revenues increased 5 percent over the prior year. Combined expenditures and revenues yielded a net expense for Recreation and Youth Center of \$206,564.

- **Solid Waste** - expenditures decreased from \$177,454 in the prior year to \$70,988 in the current year.

Solid Waste generated revenues of \$167,067 in the current year, primarily from Franchise Fees paid by the local waste management company.

- **Housing** – The primary function of this activity is to provide business assistance loans to local businesses and did not have any activity this fiscal year.

REVENUES BY TYPE:

- **Charges for Services** - Revenues from Charges for Services decreased from the prior year by \$1,825,636 or 49 percent. This decrease was a direct result of the collection of a one time large development payment made for engineering and inspection fees for the Liberty Development Project in the prior fiscal year.
- **Operating Grants and Contributions** – Revenues from Operating Grants and Contributions increased by \$299,016 or 49 percent. This increase was a result of an increase in the funding received for fire protection services provided to the Delta Fire District and the addition of funding for the second street rehabilitation project.
- **Capital Grants and Contributions** – Revenues decreased from \$1,118,799 or 68 percent. This decrease was due to less assets being installed by the developers and donated to the City once accepted as complete.
- **General Revenues** – decreased from the prior year by \$390,991 or 6 percent. This decrease is due to the one time sale of property which occurred in 2007. Although there was an additional piece of property sold in 2008, the sale was significantly less than the prior fiscal year.

CITY OF RIO VISTA
Management's Discussion and Analysis

Business-Type Activities Analysis

The City's business-type activities include water and wastewater utilities, a business park, an airport and the transit system. The following schedule summarizes the financial condition of the City's business-type activities at June 30, 2008 and 2007:

Business-Type Activities Net Assets
at June 30,
Business-Type Activities

	2008	2007
Cash and Investments	\$ 3,042,160	\$ 2,622,894
Other Current Assets	1,841,570	2,000,724
Capital Assets	57,830,904	57,340,844
Total Assets	\$ 62,714,634	\$ 61,964,462
Long-term Debt Outstanding	\$ 1,355,762	\$ 1,453,291
Other Liabilities	4,967,380	3,540,001
Total Liabilities	\$ 6,323,142	\$ 4,993,292
Net Assets:		
Invested in capital assets, net of debt	\$ 56,475,142	\$ 55,887,553
Restricted	1,357,402	1,385,176
Unrestricted	(1,441,052)	(301,559)
Total Net Assets	\$ 56,391,492	\$ 56,971,170

The net assets of business type activities decreased by \$579,678 from \$56,971,170 in 2007 to \$56,391,492 in 2008.

CITY OF RIO VISTA
Management's Discussion and Analysis

Changes in Business-Type Activities Net Assets
Business-Type Activities
for the Year Ended June 30,

Expenses	2008	2007
Water Utility	\$ 1,270,590	\$ 1,621,727
Sewer Utility	3,589,449	2,430,311
Airport	445,018	471,799
Business Park	87,970	81,112
Transit	334,675	239,202
Total Expenses	<u>\$ 5,727,702</u>	<u>\$ 4,844,151</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 3,297,345	\$ 3,381,744
Operating Grants and Contributions	364,626	230,623
Capital Grants and Contributions	1,374,569	2,434,186
Total Program Revenues	<u>\$ 5,036,540</u>	<u>\$ 6,046,553</u>
General Revenues:		
Investment Earnings	\$ 121,484	\$ 152,599
Transfers:	(10,000)	-
Changes in Net Assets	<u>\$ (579,678)</u>	<u>\$ 1,355,001</u>
Beginning Net Assets	<u>\$ 56,971,170</u>	<u>\$ 55,616,169</u>
Ending Net Assets	<u>\$ 56,391,492</u>	<u>\$ 56,971,170</u>

This table compares fiscal year 2008 expenses and revenues of business-type activities with those of fiscal year 2007. Expenses increased from \$4,844,151 to \$5,727,702 while program revenues decreased by \$1,010,013, due to a lower amount of capital contributions. Over the last two fiscal years the City has received large developer contributions of both project infrastructure and funding for the Northwest Wastewater Treatment Facility. The Northwest Wastewater Treatment Facility started accepting inflow during the 2007 fiscal year and is expected to be completed and closed out in the 2009 fiscal year.

CITY OF RIO VISTA
Management's Discussion and Analysis

Fund Level Analysis

GOVERNEMENTAL FUNDS

The table below summarizes activities and balances at the fund level:

**Financial Highlights of Governmental Funds at Fund Level
at June 30,**

	<u>2008</u>	<u>2007</u>
Total Assets	\$ 10,142,301	\$ 10,196,865
Total Liabilities	1,338,174	1,598,193
Total Fund Balances	8,804,129	8,598,672
Total Revenues	\$ 8,145,725	\$ 9,826,821
Total Expenditures	8,375,613	9,247,408
Total Other Financing Sources	435,345	1,000,403

At June 30, 2008 the City's Governmental Funds reported combined fund balances of \$8,804,129, an increase of \$205,457 from last year. However, these increases are attributable to increases in Capital Outlay Funds where the City continues to receive impact fees and user fees to fund future improvements and repairs and maintenance of existing infrastructure. The City is building the balances in these funds to have sufficient resources for future projects. The General Fund experienced a decrease in fund balance of \$263,182 as a direct result of annual expenditures exceeding annual revenues.

Revenues at the fund level totaled \$8,145,725, a decrease from last year's revenues of \$9,826,821 or 17 percent. Revenues for the General Fund, the Private Developers Revolving Fund, and other Governmental Funds decreased \$1,338,563, \$193,579 and \$148,954 respectively.

Expenditures decreased \$871,795 this year to \$8,375,613 from last years \$9,247,408. The expenditures for the Other Governmental Funds increased by \$54,126 while the General Fund and the Private Developer Revolving Fund decreased by \$841,584 and \$84,337.

Analyses of Major Governmental Funds

General Fund

The General Fund is the largest of the City's funds and accounts for financial resources traditionally associated with government activities that are not legally required to be accounted for in another fund.

CITY OF RIO VISTA
Management's Discussion and Analysis

In fiscal year 2008 General Fund revenues of \$5,734,305 were less than General Fund expenditures of \$6,547,010 thereby reducing fund balance. Of the ending fund balance of \$2,045,813, \$692,975 is designated as reserves for economic uncertainty, innovation, equipment replacement and compensated absences. The remaining \$1,352,838 is reserved for prepaids and advances or undesignated and available for future use.

General Fund revenues decreased by \$1,338,563, or 18 percent, over the prior year. General Fund revenues include taxes, licenses and permits, use of money and property, charges for services, intergovernmental and fines/forfeitures. Significant fluctuations from the prior year are noted below:

- Taxes – includes property tax, sales tax, transient occupancy tax, real property transfer tax, and the municipal services tax. Taxes increased \$38,360 due primarily to an increase in property taxes as a result of higher assessed property valuations and new home sales in the Trilogy subdivision. Actual Tax revenue exceeded budgeted tax revenues by \$83,109.
- Licenses and Permits – decreased by \$139,868 or 20 percent over the prior year. This increase is attributable primarily to a decrease in building, energy and mechanical permit fees. Although the volume of the permits issued has decreased, this conservative decrease was anticipated in the budget which resulted in actual Licenses and Permits exceeding budgeted revenues by \$130,439.
- Use of Money and Property – includes such items as rent income and interest income; it represents income generated via the use of money (interest) or property (rent and royalty payments). The largest revenue source in this category is Natural Gas Royalties, which the City receives for gas extracted from lands owned by the City. Revenues were larger than what was incorporated into the revenue budget and resulted in a positive budget variance of \$63,021.
- Charges for Services – decreased \$1,378,933 over the prior year. This decrease is attributable to prior engineering and inspections fees collected by Shea Homes for the Liberty Project which did not recur. The total revenues collected were higher than originally anticipated, resulting in a positive budget variance of \$24,709.
- Intergovernmental – This category includes revenues received from other branches of government including the Motor Vehicle In-Lieu and tobacco settlement funds. This category experienced an increase from the prior year of \$201,638. Although this increase was expected, the City received less funding than budgeted which resulted in a negative budget variance of \$104,674.
- Other – This category includes revenues from a variety of sources, the most significant of which is Developer Reimbursements. The City has several development projects in the works, all in different stages, which employees track and bill their direct time.

CITY OF RIO VISTA
Management's Discussion and Analysis

General Fund Expenditures also decreased from the prior year. Total General Fund Expenditures decreased by \$841,584 or 11 percent over the prior year. Significant fluctuations from the prior year are noted below:

- Administrative expenses decreased by \$300,344 from \$1,181,140 in 2007 to \$880,796 in the current year. During the 2006-07 Fiscal Year, the City completed the purchase and installation of new broadcasting equipment for the City Council Chambers. This was a partially grant funded capital project which did not continue into this fiscal year. Administrative expenses were less than the budget, resulting in a positive variance of \$152,094.
- Police Department expenses decreased by \$102,800 from \$2,247,880 in 2007 to \$2,145,080 in the current year. This decrease was due to the vacant positions the Police Department has either froze after they became vacant or the inability to attract qualified applicants to fill vacant positions. These conditions had not been anticipated in the budget resulting in the actual Police Department expenses being less than budgeted expenses by \$154,904.
- Fire Department expenses decreased by \$94,634 from \$1,216,785 in 2007 to \$1,122,151 in the current year. Fire Department actual expenses were less than the budget by \$41,262.
- Streets & Highways expenditures increased from \$186,768 in the prior year to \$533,810 in fiscal year 2008. This increase of \$347,042 is due to the second street rehabilitation project started in 2008. Actual expenditures exceeded the budgeted expenditures by \$51,813.
- Building Regulations and Planning expenditures decreased by \$189,944 from a combined total of \$542,953 in 2007 to a combined total of \$353,009 in the current year. This decrease was due to the reduction in building permit activity. The actual combined expenses were less than the budget by \$53,231.
- Swimming Pool expenditures decreased by \$56,214 from \$174,809 in 2007 to \$118,595 in 2008. This decrease is due to the reduction of the summer program offered this fiscal year. Actual expenditures exceeded the budgeted expenditures by \$22,314.
- Recreation & Youth Center expenditures decreased by \$61,413 from \$397,730 in 2007 to \$336,317 in 2008. This decrease is due to the reduction of the recreations program offered this fiscal year. These programs include, but are not limited to, both youth and adult programs along with a seven week farmers market. Actual expenditures were \$45,048 less than budgeted.

Private Developers Revolving Special Revenue Fund

The Developers Revolving Fund is used to hold advance deposits received from the Developers and to draw down from those funds as the City pays expenditures on their behalf. The City receives an administrative fee for providing this management service to the Developers.

At 6/30/2008 the Developers no longer had funds on deposit with the City but additional funding had been requested and not received by the end of the 2008 fiscal year. When the City is reimbursed, the expenses and the revenues are recognized in the appropriate funds.

CITY OF RIO VISTA
Management's Discussion and Analysis

ENTERPRISE FUNDS

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, wherein the cost of goods and services to the general public are financed or recovered primarily through user charges. The City's enterprise operations consist of Water and Sewer Utilities, Airport, Business Park and Public Transit.

The following presents the net income (loss) for the City's Enterprise Funds for the year ended June 30, 2008:

Proprietary Funds
Net Income (Loss) for the Year Ended June 30,

	2008	2007
Water Utility Fund	\$ 526,201	\$ 497,689
Sewer Utility Fund	(988,645)	989,845
Airport Fund	(145,052)	(233,899)
Business Park Fund	3,463	7,594
Transit Fund	24,355	93,772
Total	\$ (579,678)	\$ 1,355,001

The Enterprise Funds showed a decrease in net income compared to the prior fiscal year. Total Enterprise Fund net loss is \$579,678, a decrease of \$1,934,679 over last year's results. Each Enterprise Fund showed a significant change from the prior year as discussed below:

- Water – Net income increased from prior year's net income of \$497,689 to current net income of \$526,201 due to a large \$640,900 one time contribution received last fiscal year for infrastructure developers installed and conveyed to the City once the project was accepted as complete.

Expenses in the Water Fund decreased from the prior fiscal year expense of \$1,621,727 to a total of \$1,270,590 in the current fiscal year. Total operating revenues were less than total operating expenditures by \$166,624. After adding non-operating revenues, including asset contributions, the water fund realized an increased level of net assets. The net income generated in the current year increased total net assets to \$8,906,017. Of this amount \$7,265,785 is invested in capital assets and \$1,640,232 is unrestricted.

- Sewer – Sewer revenues continue to decrease due to the developer contributions which had been received in prior fiscal for the construction of the new Northwest Wastewater Treatment Facility. The City continues to work towards increasing the charges for services to ensure operating revenues cover the ongoing operating expenditures. Total operating revenues were less than total operating expenditures by \$1,660,833. After adding non-operating revenues, including asset contributions, the sewer fund still realized

CITY OF RIO VISTA
Management's Discussion and Analysis

a decrease in net assets. The net loss generated in the current year decreased total net assets from \$39,832,100 in 2007 down to \$38,843,455. Of this amount \$40,924,139 is restricted for either capital assets/projects or bond retirement resulting in a negative unrestricted balance of \$2,080,684.

- Airport – This year's net (loss) decreased from a loss of \$233,899 in the prior year to a net loss of \$145,052 in the current year. Total operating revenues increased \$24,550 from the prior year while total operating expenses decreased \$21,782. The increase in revenues can be attributed to the increase in fees charged at the airport. The City Council continues to review and adjust fees on an annual basis, as necessary, in an effort to continue to try to cover the full cost of operation

The Airport has ending net assets of \$7,885,216, however, it currently has negative unrestricted net assets of \$1,011,316, and continues to operate at a loss. The City continues to explore ways to improve the financial condition of this fund.

- Business Park – This fund has maintained a slight net income of \$3,463 in the current fiscal year.

The Business Park has ending net assets of \$629,545 with \$74,428 of those assets being unrestricted. The City is currently seeking development projects for the Business Park. Successful projects will be the key to keeping this fund from generating negative unrestricted net assets while increasing the marketable aspects of the Business Park to potential companies who are looking for a place to relocate or develop their business.

- Transit – Net income from Transit decreased from a net income of \$93,772 in fiscal year 2007 to a net income of \$24,355 in the current year. Both revenues and expenses increased from the prior year however, revenues increased more than expenditures, resulting in a net income.

The Transit Fund has ending net assets of \$127,259, however it currently has negative unrestricted net assets of \$63,712. The City has implemented suggestions made in the transit study completed in the 2006 fiscal year and expects to see continued improvement in the financial condition of the fund.

CITY OF RIO VISTA Management's Discussion and Analysis

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$64,647,520 (net of accumulated depreciation). The City's capital assets include land, construction in progress, buildings and improvements, runways, machinery and equipment, vehicles and infrastructure.

The following table provides a breakdown of the City's capital assets at June 30, 2008:

Capital Assets at Year-end

Capital Asset by Type	2008	2007
<i>Governmental Activities:</i>		
Land	\$ 1,892,169	\$ 1,892,169
Construction in Progress	659,019	241,826
Buildings and Improvements	3,332,730	3,279,968
Machinery and Equipment	927,398	920,740
Vehicles	1,602,894	1,575,860
Infrastructure	1,975,798	1,443,038
Less Accumulated Depreciation	(3,573,392)	(3,355,758)
Totals	\$ 6,816,616	\$ 5,997,843
 <i>Business-Type Activities</i>		
Land	\$ 433,497	\$ 433,497
Construction in Progress	-	-
Buildings and Improvements	50,318,875	49,992,517
Runways	10,783,817	10,783,817
Machinery and Equipment	1,497,169	1,403,526
Vehicles	208,120	186,122
Infrastructure	3,554,547	2,511,830
Less Accumulated Depreciation	(8,965,121)	(7,970,465)
Totals	\$ 57,830,904	\$ 57,340,844

CITY OF RIO VISTA
Management's Discussion and Analysis

Major capital assets additions during fiscal year 2008 included the following:

- Buildings and Improvements:
 - Fishing Access & Decking Project
 - Capitalization of NWWWTP
- Machinery and Equipment:
 - Seven Mobile Computers for the Police Department Vehicles
 - Lifepak (Fire Department)
 - Well 7 Pump Replacement
 - Automated Weather Observation System (AWOS)
 - Beach Drive WWTP Number 3 Water Pump and Motor
 - City Hall Lift Station Repairs
 - Beach Primary Clarifier
- Vehicles:
 - 2008 Ford F-150
 - 2008 Starcraft Allstar
 - 2008 Ford Ranger
 - Particulate Trap Installation on diesel transit buses

Additional information on the City's capital assets can be found in Note 6 to the Basic Financial Statements.

CITY OF RIO VISTA Management's Discussion and Analysis

Debt Administration

The City uses a variety of indebtedness to finance various capital acquisitions. At June 30, 2008, the City's long-term debt outstanding was \$2,164,600. Of this total, \$808,838 was in governmental activities and \$1,355,762 was in business-type activities.

The following table provides a schedule of the City's outstanding long-term debt:

	2008	2007
Outstanding Debt		
At Year-end		
Governmental Activity Debt:		
1977 General Obligation Bonds	\$ 222,000	\$ 237,000
State of Calif. Energy Commission Loan	6,134	11,958
Fire Truck Capital Lease	335,704	394,131
1991 Tax Allocation Bonds	245,000	315,000
	\$ 808,838	\$ 958,089
Business-type Activity Debt:		
2000 Pooled Revenue Bonds	\$ 1,279,051	\$ 1,300,492
West America Capital Lease	40,673	47,554
Airport Hangar Capital Lease	36,038	105,245
	\$ 1,355,762	\$ 1,453,291
	\$ 2,164,600	\$ 2,411,380

The general obligation bonds were issued to construct a firehouse. Revenue bonds include issues used to finance projects and refinance old debt for the wastewater utilities. The City has, on several occasions, used state loans to finance enterprise improvements. The City entered into a new lease agreement for the purchase of a new fire truck in the 2007 fiscal year.

Additional information on the City's long-term debt can be found in Note 7 to the Basic Financial Statements.

CITY OF RIO VISTA
Management's Discussion and Analysis

Special Assessment District Debt

Special assessment districts in different parts of the city have also issued debt to finance infrastructure and facilities construction entirely in those districts. At June 30, 2008 a total of \$31,800,400 in special assessment district debt was outstanding, issued by four assessment districts. The Community Facilities Districts No. 2004-1 and 2006-1 were created to assist in financing a portion of the Northwest Wastewater Facility in the amounts of \$15,080,000 and \$15,020,000. All district debt is secured only by special assessments on the real property in the district issuing the debt, and is not the City's responsibility, although the City does act as these Districts' agent in the collection and remittance of assessments.

Contacting the City's Financial Management

This management's discussion and analysis is designed to provide the City's residents, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this document or require additional information, contact the Finance Department at One Main Street, Rio Vista, CA 94571 or call 707-374-2176.

CITY OF RIO VISTA

**STATEMENT OF NET ASSETS
AND STATEMENT OF ACTIVITIES**

The Statement of Net Assets and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue and Capital Projects and Debt Service Funds. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net assets. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the Redevelopment Agency of the City of Rio Vista and Rio Vista Public Financing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities.

CITY OF RIO VISTA
Statement of Net Assets
June 30, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3):			
Available for operations	\$4,953,357	\$1,038,586	\$5,991,943
Designated and with fiscal agents	1,040,535	2,003,574	3,044,109
Accounts receivable	777,182	924,908	1,702,090
Interest receivable	43,036	13,559	56,595
Internal balances (Note 4)	2,517,415	(2,517,415)	
Prepaid expense (Note 1H)	234,534	13,903	248,437
Inventory		45,338	45,338
Notes receivable (Note 5)	150,302		150,302
Capital assets (Note 6):			
Land	1,892,169	433,497	2,325,666
Construction in progress	659,019		659,019
Capital assets being depreciated, net	4,265,428	57,397,407	61,662,835
Total Assets	16,532,977	59,353,357	75,886,334
LIABILITIES			
Accounts payable	473,006	1,045,402	1,518,408
Accrued expenses	125,118	12,891	138,009
Accrued interest payable	26,388	20,295	46,683
Deposits	28,706	18,083	46,789
Unearned revenue	285,402	436,475	721,877
Claims payable (Note 11)	117,150		117,150
Landfill post-closure (Note 12)	855,790		855,790
Compensated absences (Note 1F):			
Due within one year	188,637	34,346	222,983
Due in more than one year	95,084	38,611	133,695
Long-term debt (Note 7):			
Due within one year	158,290	73,304	231,594
Due in more than one year	650,548	1,282,458	1,933,006
Total Liabilities	3,004,119	2,961,865	5,965,984
NET ASSETS (Note 8)			
Invested in capital assets, net of related debt	6,007,778	56,475,142	62,482,920
Restricted for:			
Capital projects	5,306,339	1,244,992	6,551,331
Debt service	76,899	112,410	189,309
Redevelopment projects	1,267,258		1,267,258
Total Restricted Net Assets	6,650,496	1,357,402	8,007,898
Unrestricted	870,584	(1,441,052)	(570,468)
Total Net Assets	\$13,528,858	\$56,391,492	\$69,920,350

See accompanying notes to financial statements

CITY OF RIO VISTA
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
Administration	\$907,383	\$361,543	\$3,144	\$174,841	(\$367,855)		(\$367,855)
Police Protection	2,490,381	49,399	171,545		(2,269,437)		(2,269,437)
Fire Protection	1,159,179	2,550	312,514		(844,115)		(844,115)
Redevelopment	499,909	9,077			(490,832)		(490,832)
Streets & Highways	337,211	1,483	282,554	182,844	129,670		129,670
Streets & Lighting	134,525				(134,525)		(134,525)
Corporation Yard	114,469				(114,469)		(114,469)
Buildings regulations	142,056	527,664			385,608		385,608
Planning	642,455	565,648			(76,807)		(76,807)
Economic development	302,120				(302,120)		(302,120)
Public works	157,434		41,709		(115,725)		(115,725)
Parks	292,908	132,676			(160,232)		(160,232)
Swimming pool	124,188	2,938			(121,250)		(121,250)
Recreation and youth center	377,622	88,562	82,496		(206,564)		(206,564)
Solid waste	70,988	157,240	9,827		96,079		96,079
Interest on long term debt	73,186				(73,186)		(73,186)
Total Governmental Activities	7,826,014	1,898,780	903,789	357,685	(4,665,760)		(4,665,760)
Business-type Activities:							
Water	1,270,590	1,103,966		640,900		\$474,276	474,276
Sewer	3,589,449	1,843,018		695,615		(1,050,816)	(1,050,816)
Airport	445,018	235,235	74,585			(135,198)	(135,198)
Business Park	87,970	90,180				2,210	2,210
Transit	334,675	24,946	290,041	38,054		18,366	18,366
Total Business-type Activities	5,727,702	3,297,345	364,626	1,374,569		(691,162)	(691,162)
Total	\$13,553,716	\$5,196,125	\$1,268,415	\$1,732,254	(4,665,760)	(691,162)	(5,356,922)
General revenues and transfers:							
Taxes:							
Property taxes					2,068,728		2,068,728
Incremental property tax					841,725		841,725
Sales taxes					1,088,658		1,088,658
Payment in lieu of taxes					284,372		284,372
Franchise tax					105,160		105,160
Other taxes					122,396		122,396
Motor vehicle in lieu					33,367		33,367
Investment earnings					74,297	121,484	195,781
Royalties (Note 13)					383,976		383,976
Gain from sale of property					425,345		425,345
Miscellaneous					515,552		515,552
Transfers (Note 4)					10,000	(10,000)	
Total general revenues and transfers					5,953,576	111,484	6,065,060
Change in Net Assets					1,287,816	(579,678)	708,138
Net Assets-Beginning					12,241,042	56,971,170	69,212,212
Net Assets-Ending					\$13,528,858	\$56,391,492	\$69,920,350

See accompanying notes to financial statements

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FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year.

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal 2008. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

PRIVATE DEVELOPERS REVOLVING SPECIAL REVENUE FUND

This fund is used to account for deposits received from the Developers and to draw down from those funds as the City pays expenditures on behalf of the Developers. The City receives an administrative fee for providing the management service to the Developers.

CITY OF RIO VISTA
Governmental Funds
Balance Sheet
June 30, 2008

	General	Private Developers Revolving	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments (Note 3):				
Available for operations		\$177,264	\$4,776,093	\$4,953,357
Designated and with fiscal agents	\$940,522	8	100,005	1,040,535
Accounts receivable	527,350	125,437	124,395	777,182
Interest receivable	9,261		33,775	43,036
Prepays and other	36,415		198,119	234,534
Due from other funds (Note 4)	238			238
Advances to other funds (Note 4)	1,054,680		1,888,437	2,943,117
Notes receivable (Note 5)			150,302	150,302
	<u>\$2,568,466</u>	<u>\$302,709</u>	<u>\$7,271,126</u>	<u>\$10,142,301</u>
LIABILITIES				
Accounts payable	\$246,561	\$177,823	\$48,622	\$473,006
Accrued expense	115,580		9,538	125,118
Deposits	4,858	23,848		28,706
Due to other funds (Note 4)			238	238
Deferred revenue	155,654		129,748	285,402
Advances from other funds (Note 4)			425,702	425,702
	<u>522,653</u>	<u>201,671</u>	<u>613,848</u>	<u>1,338,172</u>
FUND BALANCES				
Fund balance (Note 8)				
Reserved for:				
Bond retirement			168,553	168,553
Notes receivable			150,302	150,302
Prepays	36,415		198,119	234,534
Low and moderate income housing			514,202	514,202
Advances	1,054,680		1,888,437	2,943,117
Unreserved:				
Designated for:				
Economic uncertainty	530,975			530,975
Innovation	10,000			10,000
Equipment replacement	50,000			50,000
Compensated absences	102,000			102,000
Undesignated, Reported in:				
General Fund	261,743			261,743
Special Revenue Funds		101,038	909,560	1,010,598
Capital Projects Funds			2,828,105	2,828,105
	<u>2,045,813</u>	<u>101,038</u>	<u>6,657,278</u>	<u>8,804,129</u>
Total Liabilities and Fund Balances	<u>\$2,568,466</u>	<u>\$302,709</u>	<u>\$7,271,126</u>	<u>\$10,142,301</u>

See accompanying notes to financial statements

CITY OF RIO VISTA
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET ASSETS
June 30, 2008

Total fund balances reported on the governmental funds balance sheet \$8,804,129

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and
therefore are not reported in the Governmental Funds. 6,816,616

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 Funds:

Landfill	(855,790)
Claims payable	(117,150)
Interest payable	(26,388)
Long-term debt	(808,838)
Non-current portion of compensated absences	<u>(283,721)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$13,528,858

See accompanying notes to financial statements.

CITY OF RIO VISTA
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2008

	General	Private Developers Revolving	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$3,108,382		\$957,047	\$4,065,429
Licenses and permits	527,887		78,821	606,708
Use of money and property	516,944	\$970	216,808	734,722
Charges for services	688,670	281,762	426,990	1,397,422
Intergovernmental	330,281		131,713	461,994
Fines and forfeitures	45,301		529	45,830
Other	341,999		77,625	419,624
Grants	174,841		239,155	413,996
Total Revenues	5,734,305	282,732	2,128,688	8,145,725
EXPENDITURES				
Current:				
Administrative	880,796			880,796
Police protection	2,145,080		307,614	2,452,694
Fire protection	1,122,151			1,122,151
Redevelopment			499,909	499,909
Streets & Highways	533,810		443	534,253
Streets & Lighting			128,932	128,932
Corporation yard	108,876			108,876
Building regulations	137,785			137,785
Planning	215,224	387,465	24,365	627,054
Economic development	290,935			290,935
Public works	86,097		82,675	168,772
Parks	281,723			281,723
Swimming pool	118,595			118,595
Recreation and youth center	336,317		27,323	363,640
Solid waste			87,419	87,419
Capital outlay	206,382		139,852	346,234
Debt service (Note 7):				
Principal	64,251		85,000	149,251
Interest and fiscal charges	18,988		57,606	76,594
Total Expenditures	6,547,010	387,465	1,441,138	8,375,613
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(812,705)	(104,733)	687,550	(229,888)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital asset	425,345			425,345
Transfers in (Note 4)	243,980		119,802	363,782
Transfers (out) (Note 4)	(119,802)		(233,980)	(353,782)
Total Other Financing Sources (Uses)	549,523		(114,178)	435,345
NET CHANGE IN FUND BALANCES	(263,182)	(104,733)	573,372	205,457
BEGINNING FUND BALANCES	2,308,995	205,771	6,083,906	8,598,672
ENDING FUND BALANCES	\$2,045,813	\$101,038	\$6,657,278	\$8,804,129

See accompanying notes to financial statements

CITY OF RIO VISTA
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2008

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$205,457

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

CAPITAL ASSETS TRANSACTIONS

Governmental Funds include capital outlays in departmental expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
The capital outlay and other expenditures are therefore added back to fund balance	565,647
Contributions of infrastructure and improvements by developers and others are capitalized in the Statement of Activities, but are not recorded in the Fund Statements because no cash changed hands.	532,760
Depreciation expense is deducted from the fund balance	(279,634)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets.	
Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.	
Repayment of debt principal is added back to fund balance	149,251

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Compensated absences	52,511
Interest on long term debt	3,408
Claims payable	41,985
Landfill closure	16,431

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$1,287,816

See accompanying notes to financial statements

CITY OF RIO VISTA
 General Fund
 Statement of Revenues, Expenditures
 And Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$3,035,873	\$3,025,273	\$3,108,382	\$83,109
Licenses and permits	578,988	397,448	527,887	130,439
Use of money and property	565,933	453,923	516,944	63,021
Charges for services	895,275	663,961	688,670	24,709
Intergovernmental	530,455	434,955	330,281	(104,674)
Fines and forfeitures	55,225	41,761	45,301	3,540
Other	55,878	314,033	341,999	27,966
Grants	167,000	290,000	174,841	(115,159)
Total Revenues	<u>5,884,627</u>	<u>5,621,354</u>	<u>5,734,305</u>	<u>112,951</u>
EXPENDITURES:				
Current:				
Administrative	1,132,750	1,032,890	880,796	152,094
Police protection	2,419,911	2,299,984	2,145,080	154,904
Fire protection	1,263,828	1,163,413	1,122,151	41,262
Streets & Highways	552,352	481,997	533,810	(51,813)
Corporation yard	106,026	104,725	108,876	(4,151)
Building regulations	203,858	174,034	137,785	36,249
Planning	244,588	232,206	215,224	16,982
Economic development	138,697	296,808	290,935	5,873
Public works	72,045	75,468	86,097	(10,629)
Parks	259,044	277,225	281,723	(4,498)
Swimming pool	87,160	96,281	118,595	(22,314)
Recreation & youth center	380,104	381,365	336,317	45,048
Capital outlay	382,695	420,879	206,382	214,497
Debt service				
Principal	19,027	24,191	64,251	(40,060)
Interest and fiscal charges	64,212	59,048	18,988	40,060
Total Expenditures	<u>7,326,297</u>	<u>7,120,514</u>	<u>6,547,010</u>	<u>573,504</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,441,670)</u>	<u>(1,499,160)</u>	<u>(812,705)</u>	<u>686,455</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital asset	800,000	424,445	425,345	900
Transfers in	126,833	213,833	243,980	30,147
Transfers (out)	(189,429)	(175,978)	(119,802)	56,176
Total Other Financing Sources (Uses)	<u>737,404</u>	<u>462,300</u>	<u>549,523</u>	<u>87,223</u>
NET CHANGE IN FUND BALANCE	<u>(\$704,266)</u>	<u>(\$1,036,860)</u>	<u>(263,182)</u>	<u>\$773,678</u>
BEGINNING FUND BALANCES			<u>2,308,995</u>	
ENDING FUND BALANCES			<u>\$2,045,813</u>	

See accompanying notes to financial statements

CITY OF RIO VISTA
Private Developers Revolving Special Revenue Fund
Statement of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$1,600		\$970	\$970
Charges for services	<u>486,870</u>	<u>\$486,870</u>	<u>281,762</u>	<u>(205,108)</u>
Total Revenues	<u>488,470</u>	<u>486,870</u>	<u>282,732</u>	<u>(204,138)</u>
EXPENDITURES:				
Planning	<u>488,470</u>	<u>486,870</u>	<u>387,465</u>	<u>99,405</u>
Total Expenditures	<u>488,470</u>	<u>486,870</u>	<u>387,465</u>	<u>99,405</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			<u>(104,733)</u>	<u>(104,733)</u>
NET CHANGE IN FUND BALANCE			<u>(104,733)</u>	<u>(\$104,733)</u>
BEGINNING FUND BALANCE			<u>205,771</u>	
ENDING FUND BALANCE			<u>\$101,038</u>	

See accompanying notes to financial statements

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MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has determined all of its enterprise funds to be major funds in fiscal 2008, as identified below.

GASB 34 does not provide for the disclosure of budget vs. actual comparisons regarding proprietary funds that are major funds.

WATER FUND

This fund accounts for all financial transactions relating to the City's water resources.

SEWER FUND

This fund accounts for all financial transactions relating to the City's sewer operations.

AIRPORT FUND

This fund accounts for all financial transactions relating to the City's airport operations.

BUSINESS PARK FUND

This fund accounts for all financial transactions relating to the City's business park operations.

TRANSIT FUND

This fund accounts for monies received and spent for Dial-A-Ride and transit projects.

CITY OF RIO VISTA
Proprietary Funds
Statement of Net Assets
June 30, 2008

	Business-type Activities-Enterprise Funds					
	Water	Sewer	Airport	Business Park	Transit	Totals
ASSETS						
Current assets:						
Cash and investments (Note 3):						
Available for operations	\$698,457	\$200		\$52,195	\$287,734	\$1,038,586
Designated and with fiscal agents	646,172	1,357,402				2,003,574
Accounts receivable	43,507	691,166	\$148,076	31,123	11,036	924,908
Interest receivable	4,834	7,190		175	1,360	13,559
Prepaid expense	4,025	3,283	6,090	397	108	13,903
Inventory			45,338			45,338
Total current assets	<u>1,396,995</u>	<u>2,059,241</u>	<u>199,504</u>	<u>83,890</u>	<u>300,238</u>	<u>4,039,868</u>
Noncurrent assets:						
Advances to other funds (Note 4)	591,526	252,336				843,862
Capital assets (Note 6):						
Land	5,000		405,313	23,184		433,497
Capital assets being depreciated, net	7,260,785	40,845,788	8,567,930	531,933	190,971	57,397,407
Total noncurrent assets	<u>7,857,311</u>	<u>41,098,124</u>	<u>8,973,243</u>	<u>555,117</u>	<u>190,971</u>	<u>58,674,766</u>
Total Assets	<u>9,254,306</u>	<u>43,157,365</u>	<u>9,172,747</u>	<u>639,007</u>	<u>491,209</u>	<u>62,714,634</u>
LIABILITIES						
Current liabilities:						
Accounts payable	90,426	767,690	47,929	1,122	138,235	1,045,402
Accrued expense	7,077	3,709	1,049	689	367	12,891
Accrued interest payable		19,172	1,123			20,295
Deposits			13,848	4,235		18,083
Unearned revenue	206,305	1,674	5,413		223,083	436,475
Compensated absences (Note 1F)	16,608	10,270	3,586	2,254	1,628	34,346
Current portion of long term debt (Note 7)		30,000	43,304			73,304
Total current liabilities	<u>320,416</u>	<u>832,515</u>	<u>116,252</u>	<u>8,300</u>	<u>363,313</u>	<u>1,640,796</u>
Noncurrent liabilities:						
Advances from other funds (Note 4)		2,223,405	1,137,872			3,361,277
Compensated absences (Note 1F)	27,873	8,939		1,162	637	38,611
Long term debt (Note 7):						
Revenue bonds payable		1,249,051				1,249,051
Capitalized lease obligations			33,407			33,407
Total noncurrent liabilities	<u>27,873</u>	<u>3,481,395</u>	<u>1,171,279</u>	<u>1,162</u>	<u>637</u>	<u>4,682,346</u>
Total Liabilities	<u>348,289</u>	<u>4,313,910</u>	<u>1,287,531</u>	<u>9,462</u>	<u>363,950</u>	<u>6,323,142</u>
NET ASSETS (Note 8)						
Invested in capital assets, net of related debt	7,265,785	39,566,737	8,896,532	555,117	190,971	56,475,142
Restricted for revenue bond retirement		112,410				112,410
Restricted for capital projects		1,244,992				1,244,992
Unrestricted	1,640,232	(2,080,684)	(1,011,316)	74,428	(63,712)	(1,441,052)
Total Net Assets	<u>\$8,906,017</u>	<u>\$38,843,455</u>	<u>\$7,885,216</u>	<u>\$629,545</u>	<u>\$127,259</u>	<u>\$56,391,492</u>

See accompanying notes to financial statements

CITY OF RIO VISTA
Proprietary Funds
Statement of Revenues, Expenses
And Changes in Fund Net Assets
For the Year Ended June 30, 2008

Business-type Activities-Enterprise Funds

	Water	Sewer	Airport	Business Park	Transit	Totals
OPERATING REVENUES						
Charges for services	\$1,055,951	\$1,838,177	\$17,917	\$5,420	\$22,185	\$2,939,650
Rents			186,991	80,940		267,931
Sale of Fuel			29,984			29,984
Other	48,015	4,841	343	3,820	2,761	59,780
Total Operating Revenues	<u>1,103,966</u>	<u>1,843,018</u>	<u>235,235</u>	<u>90,180</u>	<u>24,946</u>	<u>3,297,345</u>
OPERATING EXPENSES						
Salaries & Benefits	435,944	246,590	84,693	45,103	26,011	838,341
Contract Services	100,720	1,904,614	8,026	7,914	159,251	2,180,525
Supplies & Materials	60,085	122,619	24,503	3,736	78,126	289,069
Utilities	217,395	314,633	23,025	2,949		558,002
Payment in lieu of taxes	102,522	181,850				284,372
Insurance	19,812	65,874	9,923	1,639	2,919	100,167
Maintenance & Repair	46,245	63,921	3,353	7	3,419	116,945
Communications	3,794	3,270	4,996		693	12,753
Professional Services	37,038	41,757	11,079	12,739	28,291	130,904
Miscellaneous	515	8,287	4,024		160	12,986
Depreciation	246,520	550,436	255,388	13,883	11,053	1,077,280
Total Operating Expenses	<u>1,270,590</u>	<u>3,503,851</u>	<u>429,010</u>	<u>87,970</u>	<u>309,923</u>	<u>5,601,344</u>
Operating Income (Loss)	<u>(166,624)</u>	<u>(1,660,833)</u>	<u>(193,775)</u>	<u>2,210</u>	<u>(284,977)</u>	<u>(2,303,999)</u>
NONOPERATING REVENUES (EXPENSES)						
Operating grants			74,585		290,041	364,626
Capital grants and contributions					38,054	38,054
Interest revenue	51,925	62,171	146	1,253	5,989	121,484
Interest (expense)		(85,598)	(16,008)			(101,606)
Loss on retirement of capital assets					(24,752)	(24,752)
Total Nonoperating Revenues (Expenses)	<u>51,925</u>	<u>(23,427)</u>	<u>58,723</u>	<u>1,253</u>	<u>309,332</u>	<u>397,806</u>
Income (Loss) Before Contributions and Transfers	<u>(114,699)</u>	<u>(1,684,260)</u>	<u>(135,052)</u>	<u>3,463</u>	<u>24,355</u>	<u>(1,906,193)</u>
Contributions	640,900	386,780				1,027,680
Contributions from property owners (Note 6B)		308,835				308,835
Transfers (out) (Note 4)			(10,000)			(10,000)
Net contributions	<u>640,900</u>	<u>695,615</u>	<u>(10,000)</u>			<u>1,326,515</u>
Change in net assets	526,201	(988,645)	(145,052)	3,463	24,355	(579,678)
BEGINNING NET ASSETS	<u>8,379,816</u>	<u>39,832,100</u>	<u>8,030,268</u>	<u>626,082</u>	<u>102,904</u>	<u>56,971,170</u>
ENDING NET ASSETS	<u>\$8,906,017</u>	<u>\$38,843,455</u>	<u>\$7,885,216</u>	<u>\$629,545</u>	<u>\$127,259</u>	<u>\$56,391,492</u>

See accompanying notes to financial statements

CITY OF RIO VISTA
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2008

Business-type Activities-Enterprise Funds						
	Water	Sewer	Airport	Business Park	Transit	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$1,215,200	\$1,928,479	\$160,748	\$88,826	\$24,946	\$3,418,199
Payments to suppliers	(560,038)	(2,464,713)	(83,331)	(28,419)	(43,296)	(3,179,797)
Payments to employees	(431,483)	(246,310)	(85,551)	(46,053)	(162,630)	(972,027)
Insurance premiums and claims paid	(19,812)	(65,874)	(9,923)	(1,639)		(97,248)
Cash Flows from Operating Activities	203,867	(848,418)	(18,057)	12,715	(180,980)	(830,873)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund receipts	20,059	30,892				50,951
Interfund payments		870,918	111,073			981,991
Operating grants			74,585		433,315	507,900
Cash Flows from Noncapital Financing Activities	20,059	901,810	185,658		433,315	1,540,842
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(16,506)	(363,894)	(85,651)		(98,362)	(564,413)
Receipt of capital grants and contributions					38,054	38,054
Contributions for treatment plant		308,835				308,835
Principal payments on capital debt		(21,441)	(76,088)			(97,529)
Interest paid		(85,949)	(16,008)			(101,957)
Cash Flows from Capital and Related Financing Activities	(16,506)	(162,449)	(177,747)		(60,308)	(417,010)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	57,033	63,143	146	1,305	4,680	126,307
Cash Flows from Investing Activities	57,033	63,143	146	1,305	4,680	126,307
Net Cash Flows	264,453	(45,914)	(10,000)	14,020	196,707	419,266
Cash and investments at beginning of period	1,080,176	1,403,516	10,000	38,175	91,027	2,622,894
Cash and investments at end of period	\$1,344,629	\$1,357,602		\$52,195	\$287,734	\$3,042,160
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:						
Operating income (loss)	(\$166,624)	(\$1,660,833)	(\$193,775)	\$2,210	(\$284,977)	(\$2,303,999)
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation	246,520	550,436	255,388	13,883	11,053	1,077,280
Change in assets and liabilities:						
Receivables, net	6,580	85,461	(65,120)	(2,257)		24,664
Prepaid expense	(3,912)	(3,283)	(6,090)	(397)	(108)	(13,790)
Deposits			1,123	1,300		2,423
Inventory			(15,057)			(15,057)
Unearned revenue	104,654		(4,400)			100,254
Accounts payable and other accrued expenses	12,188	179,521	10,732	(1,074)	93,352	294,719
Compensated absences	4,461	280	(858)	(950)	(300)	2,633
Cash Flows from Operating Activities	\$203,867	(\$848,418)	(\$18,057)	\$12,715	(\$180,980)	(\$830,873)
NONCASH FINANCING ACTIVITIES						
Contributions of Capital Assets	\$640,900	\$386,780				\$1,027,680
Retirement of Capital Assets					\$24,752	\$24,752

See accompanying notes to financial statements

FIDUCIARY FUNDS

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

CITY OF RIO VISTA
 Fiduciary Funds
 Statement of Fiduciary Net Assets
 June 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash and investments (Note 3):	
Available for operations	\$2,216,788
With fiscal agents	3,940,992
Interest receivable	<u>7,207</u>
Total Assets	<u><u>\$6,164,987</u></u>
 LIABILITIES	
Accounts payable	\$28,676
Due to assessment district bondholders	<u>6,136,311</u>
Total Liabilities	<u><u>\$6,164,987</u></u>

See accompanying notes to financial statements

City of Rio Vista
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rio Vista, California (the City) was chartered in 1893, as a municipal corporation operating under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety, streets, sanitation, culture, recreation, public improvements, planning and zoning, and general administrative services. Other services include utilities, transit and airport.

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

A. Reporting Entity

The financial statements of the City of Rio Vista include the financial activities of the City as well as the Redevelopment Agency of the City of Rio Vista and the City of Rio Vista Public Financing Authority, both of which are controlled by and dependent on the City. While these are separate legal entities, City Council serves in separate session as their governing body and their financial activities are integral to those of the City. Their financial activities have been aggregated and merged (termed "blended") with those of the City in the accompanying financial statements.

The **Redevelopment Agency of the City of Rio Vista** was formed to prepare and carry out plans for improvement, rehabilitation and redevelopment of blighted areas within the City. The City Council members serve as the Governing Board of the Agency and all accounting and administrative functions are performed by the City, which records all activity of the Agency in two special revenue funds. Financial statements for the Agency may be obtained from the City's finance department.

The **City of Rio Vista Public Financing Authority** was established to provide for financing of public capital improvements for the City and the Redevelopment Agency and other local agencies. The City Council members serve as the Governing Board of the Authority and all accounting and administrative functions are performed by the City, which has been inactive during the fiscal year.

B. Basis of Presentation

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the City and its blended component units). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund - The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

Private Developers Revolving Special Revenue Fund - This fund is used to account for deposits received from developers and to draw down from those funds as the City pays expenditures on behalf of the developers. The City receives an administrative fee for providing the management service to the developers.

The City reported all its enterprise funds as major funds in the accompanying financial statements:

Water Fund - This fund accounts for all of the City's water resources.

Sewer Fund - This fund accounts for all of the City's sewer operations.

Airport Fund - This fund accounts for all financial transactions relating to the City's airport operations.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business Park Fund - This fund accounts all financial transactions relating to the City's business park operations.

Transit Fund - This fund accounts for all financial transactions relating to Dial-A-Ride and transit projects.

The City also reports the following fund types:

Agency funds - These funds account for assets held by the City as an agent for various assessment districts.

D. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On an accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. In addition, contributions from state and federal agencies, developers and others are recorded as revenue.

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Those revenues susceptible to accrual are use of money and property revenue, charges for services and fines and penalties. Sales taxes collected and held by the State at year-end on behalf of the City also are recognized as revenue.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures are also generally recognized under the modified accrual basis of accounting. An exception to this rule is principal and interest on general long-term debt, which is not recognized by debt service funds until it is due. Financial resources usually are appropriated in funds responsible for repaying debt for transfer to a debt service fund in the period in which maturing debt principal and interest must be paid. Thus, the liability is recognized by the fund responsible for paying the debt, not the debt service fund.

All **Proprietary Funds** are accounted for using the *accrual basis* of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The City follows those Financial Accounting Standard Board Statements issued before November 30, 1989, which do not conflict with Governmental Accounting Standards Board Statements.

E. Property Tax

Revenue is recognized in the fiscal year for which the tax is levied. The County of Solano levies, bills and collects property taxes for the City; under the County's "Teeter Plan" the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1 and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

F. Compensated Absences

City employees are granted vacation and sick days in varying amounts based on classification and length of service. Upon termination or retirement, the City is to pay 100% of the vacation and 50% of sick time accrued up to a maximum of 60 days, after three years of service. The City's liability for compensated absences is recorded in various Governmental funds or Proprietary funds as appropriate. The liability for compensated absences is determined annually, however such compensated absences payments are not distinguished from regular payroll paid during the fiscal year.

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

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$336,232	\$70,324	\$406,556
Additions	110,557	27,470	138,027
Payments	(163,068)	(24,837)	(187,905)
Ending Balance	<u>\$283,721</u>	<u>\$72,957</u>	<u>\$356,678</u>
Current Portion	<u>\$188,637</u>	<u>\$34,346</u>	<u>\$222,983</u>

City of Rio Vista
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *Postemployment Health Care Benefits*

The City provides health care benefits for all retired employees based on retirement age of 50 for safety employees and age 55 for all other employees, with 15 years of continuous service. These retirees receive one year of fully paid City health, dental and eye care coverage. If the retiree becomes eligible for Medicare, these benefits are integrated into the Medicare plan. The cost of retiree health care benefits is recognized as an expenditure, as health care premiums are paid. For the year ending June 30, 2008, those costs totaled \$4,372 on behalf of 1 retiree.

H. *Prepays*

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

A. *Budgeting Procedures*

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Each May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen's comments.
3. The budget is legally enacted by City Council resolution.
4. All budget adjustments over \$5,000 and transfers between funds must be approved by the City Council by resolution during the fiscal year. The City Manager is authorized to transfer any unencumbered appropriations within a fund or department, and may authorize encumbrances under \$5,000. The Department heads are authorized to transfer any unencumbered appropriations within their department, and may authorize encumbrances under \$1,000. The legally adopted budget requires that expenditures not exceed total appropriations within each fund.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for governmental funds. Budgets are adopted for the General Fund, all Special Revenue Funds except the Asset Forfeiture Fund, all Capital Projects Funds, and the Debt Service Fund.
6. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
7. Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

B. Excess of Expenditures over Appropriations

The funds below incurred expenditures in excess of their budgets in the amounts below. Sufficient resources were available within each fund to finance these expenditures.

Special Revenue Fund:	
Personnel Services District	\$4,195
Capital Projects Funds:	
Roadway Impact	443
Army Base Reuse	2,915
Parks and Recreation	53,648

NOTE 3 - CASH AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except cash with fiscal agents so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. Policies

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the City's fiscal agents as required under its debt issues. The City normally invests only in the California Local Agency Investment Fund pool administered by the State.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the City's cash on deposit as collateral for these deposits. Under California Law this collateral is held in a separate pool by another institution in the City's name and places the City ahead of general creditors of the institution.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Cash and investments available for operations	<u>\$5,991,943</u>
Designated and with fiscal agents:	
Designated for economic uncertainty	778,522
Designated for innovation	10,000
Designated for replacement	50,000
Designated for compensated absences	102,000
Designated for Water and Sewer capital improvements	1,891,164
Restricted for developer deposits	8
Restricted for asset forfeiture	8,351
With fiscal agent	<u>204,064</u>
	<u>3,044,109</u>
Cash and investments in Fiduciary Funds (Separate statement):	
Available for operations	2,216,788
With fiscal agent	<u>3,940,992</u>
Total cash and investments	<u><u>\$15,193,832</u></u>

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$200
Deposits with financial institutions	2,082,779
Investments	<u>13,110,853</u>
Total Cash and Investments	<u><u>\$15,193,832</u></u>

For the purpose of the statement of cash flows, the City considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

C. Investments Authorized by the California Government Code and the City's Investment Policy

The City's investment policy and the California Government Code allow the City to invest in the following types of instruments, and the table also identifies certain provisions of the California Government Code, or the City's investment policy:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U.S. Treasury Bills, Notes and Bonds	(A)	N/A	No Limit	No Limit
U.S. Government-Sponsored Enterprise Agencies:				
Government National Mortgage Association	5 years	N/A	No Limit	No Limit
Federal National Mortgage Association	5 years	N/A	No Limit	No Limit
Federal Home Loan Mortgage Corporation	5 years	N/A	No Limit	No Limit
Federal Home Loan Bank	5 years	N/A	No Limit	No Limit
Certificates of Deposit	5 years	N/A	30%	(B)
Medium Term Notes	5 years	A	30%	No Limit
California Local Agency Investment Fund	N/A	N/A	No Limit	\$40,000,000 per account
Passbook Savings Account Demand Deposits	N/A	N/A	No Limit	No Limit

(A) Maximum maturities of 5 years or greater with specific City Council approval.

(B) \$100,000 unless collateralized by eligible securities as provided by California Governmental Code Sections 53651 and 53652.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations	None	N/A
U.S. Government Agency Obligations	None	N/A
U.S. Government-Sponsored Agency Obligations	None	N/A
State Obligations:		
General Obligation	None	A
General Short-term Obligation	None	A-1+
Special Revenue Bonds	None	AA
Pre-refunded Municipal Obligation	None	AAA
Unsecured Certificates of Deposit	30 days	A-1
FDIC insured deposits	None	N/A
Repurchase Agreements	None	A
Commercial Paper	270 days	Three highest categories
Bankers Acceptances	(A)	A-1
Money Market Mutual Funds	None	Three highest categories
Investment Agreement	None	N/A
Tax-exempt Obligations	None	Three highest categories
Local Agency Investment Fund	None	N/A

(A) Maximum Maturity is 30 days for all debt issues except the Community Facilities District No. 2006-1 which permits a maximum of up to 270 days.

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates is. As of year end, the weighted average maturity of the investments contained in the LAIF investment pool and the money market mutual funds was approximately 212 days and 10 to 14 days, respectively.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table:

	Total
<i>Cash and Investments in City Treasury:</i>	
California Local Agency Investment Fund	\$8,965,117
Cash in Banks and on Hand	2,082,979
<i>Held by Trustees:</i>	
Money Market Mutual Funds (U.S. Securities)	4,033,470
California Local Agency Investment Fund	112,266
Total Cash and Investments	\$15,193,832

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations.

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2008 for all Money Market Mutual Funds is AAAM as provided by Standard and Poor's investment ratings service. As an external investment pool, the Local Agency Investment Fund was not rated as of June 30, 2008.

NOTE 4 - INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2008 were as follows:

Fund Receiving Transfer	Fund Making Transfer	Transfer Amount
General Fund	Airport	\$10,000 (A)
General Fund	Non-Major Governmental Funds	233,980 (B)
Non-Major Governmental Funds	General Fund	119,802 (C)
Total Interfund Transfers		\$363,782

- (A) To return prevailing wage reserve funds that are no longer required to be held by the Airport Enterprise Fund.
- (B) To fund lease debt service, Fire Department equipment purchases, fire station capital improvements, and to close the traffic education grant to the General Fund.
- (C) To eliminate negative cash balances and to transfer local grant matches into the appropriate funds.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

B. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2008, the CDBG Grants Special Revenue Fund owed \$238 to the General Fund.

C. Long-term Interfund Advances

As of June 30, 2008 the funds below had made advances which were not expected to be repaid within the next year.

Advance to other fund	Advance from other fund	Amount
General Fund	Army Base Reuse Capital Project Fund	\$164,548
	Sewer Enterprise Fund	88,476
	Airport Enterprise Fund	801,656
Redevelopment Agency Low/ Mod Housing Special Revenue Fund	Sewer Enterprise Fund	164,011
Municipal Improvements Capital Project Fund	Sewer Enterprise Fund	1,470,918
	Airport Enterprise Fund	153,508
Parks and Recreation Capital Project Fund	Sewer Enterprise Fund	100,000
	Water Enterprise Fund	130,577
Sewer Enterprise Fund	Sewer Enterprise Fund	400,000
	Airport Enterprise Fund	60,949
	Redevelopment Agency Special Revenue Fund	130,577
	Airport Enterprise Fund	121,759
	Total	<u>\$3,786,979</u>

The General Fund loaned the Airport Enterprise Fund \$489,842, \$300,601 and \$11,213 in fiscal 2005, 2006, and 2007 respectively. The General Fund also loaned the Army Base Reuse Capital Project Fund \$17,653 in fiscal year 2007. Payment on both of the loans is not expected in fiscal 2009.

The Sewer Enterprise Fund borrowed from the General Fund, Redevelopment Agency Low/Mod Housing Special Revenue Fund, Municipal Improvements Capital Project Fund, Parks and Recreation Capital Project Fund, and Water Enterprise Fund the amounts of \$88,476, \$164,011, \$600,000, \$100,000, and \$400,000, respectively, during fiscal year 2007. The fund borrowed an additional \$870,918 from the Municipal Improvements Capital Project Fund during fiscal year 2008. Payment on all of the loans is not expected in fiscal 2009.

The Water and Sewer Enterprise Funds loaned a total of \$450,000 to the Redevelopment Agency to be used as a percentage match for the airport relocation costs not covered by a Federal grant. The loan bears interest at 6%, and annual principal and interest payments of \$34,972 are made from tax increment revenues through 2018. The balance of the loan was \$261,154 at June 30, 2008.

The Water and Sewer Enterprise Funds also loaned the Airport Enterprise Fund \$219,000 in June 1991. City Council approved a simple interest accrual at 4% from 1991 through June 30, 2004. Terms call for annual installment payments of \$41,041 beginning June 30, 2004 including interest at 4% on the outstanding balance. The final payment is due on June 30, 2013. The balance of the loan was \$182,708 at June 30, 2008.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

The Airport Enterprise Fund borrowed \$153,508 from the Municipal Improvement Capital Project Fund during fiscal year 2008. Payment on the loan is not expected in fiscal 2009.

D. Internal Balances

Internal balances are presented in the entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

NOTE 5 - NOTES RECEIVABLE

The City has engaged in programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to homeowners who agree to spend these funds in accordance with the City's terms. The balances of these loans arising from this program at June 30, 2008 were \$114,275. These loans have been offset by fund balance reserves, as they are not expected to be repaid immediately.

On March 24, 2005 the City loaned Upham and Hutchinson Investments, LLC, \$40,000 to fund the rehabilitation of a downtown building. The loan is secured by a deed of trust on the property. The loan bears simple annual interest of 6.5% with interest and principal payments commencing on March 3, 2006 through February 3, 2011. As of June 30, 2008, the principal outstanding is \$36,027.

NOTE 6 - CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

With the implementation of GASB Statement 34, the City recorded current infrastructure additions beginning on July 1, 2003. The City elected not to retroactively report infrastructure, as allowed by GASB 34.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives and capitalization thresholds listed below to capital assets:

	Useful lives	Capitalization Threshold
Buildings and improvements	10-100 years	\$5,000
Equipment and machinery	5-20 years	5,000
Vehicles	5-12 years	5,000
Runways	50 years	5,000
Infrastructure	50 years	5,000

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 6 - CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	June 30, 2007	Additions	Retirements	Transfers	June 30, 2008
Governmental activities					
Capital assets not being depreciated:					
Land	\$1,892,169				\$1,892,169
Construction in progress	241,826	\$417,193			659,019
Total capital assets not being depreciated	<u>2,133,995</u>	<u>417,193</u>			<u>2,551,188</u>
Capital assets being depreciated:					
Buildings & improvements	3,279,968	52,762			3,332,730
Equipment & machinery	920,740	66,658		(\$60,000)	927,398
Vehicles	1,575,860	29,034	(\$62,000)	60,000	1,602,894
Infrastructure	1,443,038	532,760			1,975,798
Total capital assets being depreciated	<u>7,219,606</u>	<u>681,214</u>	<u>(62,000)</u>		<u>7,838,820</u>
Less accumulated depreciation					
Buildings & improvements	(1,688,433)	(84,740)			(1,773,173)
Equipment & machinery	(496,109)	(68,483)			(564,592)
Vehicles	(1,142,417)	(94,692)	62,000		(1,175,109)
Infrastructure	(28,799)	(31,719)			(60,518)
Total accumulated depreciation	<u>(3,355,758)</u>	<u>(279,634)</u>	<u>62,000</u>		<u>(3,573,392)</u>
Net capital assets being depreciated	<u>3,863,848</u>	<u>401,580</u>			<u>4,265,428</u>
Governmental activity capital assets, net	<u>\$5,997,843</u>	<u>\$818,773</u>			<u>\$6,816,616</u>
Business-type activities					
Capital assets, not being depreciated:					
Land	\$433,497				\$433,497
Total capital assets not being depreciated	<u>433,497</u>				<u>433,497</u>
Capital assets being depreciated:					
Buildings & improvements	49,992,517	\$326,358			50,318,875
Runways	10,783,817				10,783,817
Equipment & machinery	1,403,526	133,468	(\$39,825)		1,497,169
Vehicles	186,122	98,362	(76,364)		208,120
Infrastructure	2,511,830	1,042,717			3,554,547
Total capital assets being depreciated	<u>64,877,812</u>	<u>1,600,905</u>	<u>(116,189)</u>		<u>66,362,528</u>
Less accumulated depreciation for:					
Buildings & improvements	(4,325,722)	(694,450)			(5,020,172)
Runways	(2,598,435)	(236,275)			(2,834,710)
Equipment & machinery	(948,313)	(81,790)	31,011		(999,092)
Vehicles	(57,708)	(11,053)	51,613		(17,148)
Infrastructure	(40,287)	(53,712)			(93,999)
Total accumulated depreciation	<u>(7,970,465)</u>	<u>(1,077,280)</u>	<u>82,624</u>		<u>(8,965,121)</u>
Net capital assets being depreciated	<u>56,907,347</u>	<u>523,625</u>	<u>(33,565)</u>		<u>57,397,407</u>
Business-type activity capital assets, net	<u>\$57,340,844</u>	<u>\$523,625</u>	<u>(\$33,565)</u>		<u>\$57,830,904</u>

City of Rio Vista
Notes to Basic Financial Statements

NOTE 6 - CAPITAL ASSETS (Continued)

B. Capital Asset Contributions

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

In fiscal 2008, the property owners within Community Facilities District Nos. 2004-1 and 2006-1 contributed \$308,835 toward the construction of the Northwest Wastewater Treatment Plant. At June 30, 2007 the design phase of the Plant was complete, and the construction phase was completed in August 2007 and the plant is fully operational

C. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program is as follows:

Governmental Activities	
Administrative	\$36,352
Police protection	92,279
Fire protection	44,741
Streets & Highways	22,371
Streets & Lighting	5,593
Corporation yard	5,593
Building regulations	5,593
Planning	19,574
Economic development	11,185
Public Works	5,593
Parks	11,185
Swimming pool	5,593
Recreation & youth center	<u>13,982</u>
Total Governmental Activities	<u>\$279,634</u>
Business-Type Activities	
Water	\$246,520
Sewer	550,436
Airport	255,388
Business Park	13,883
Transit	<u>11,053</u>
Total Business-Type Activities	<u>\$1,077,280</u>

City of Rio Vista
Notes to Basic Financial Statements

NOTE 7 - LONG TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The City's long-term debt is recorded only in the government-wide financial statements.

A. Current Year Transactions and Balances

The City's debt issues and transactions are summarized below and discussed in detail thereafter.

	Original Issue Amount	Balance June 30, 2007	Retirements	Balance June 30, 2008	Current Portion
Governmental Activity Debt					
<i>City Debt:</i>					
1977 Firehouse General Obligation Bonds 5.5-6.375%, due 9/01/2018	\$420,000	\$237,000	\$15,000	\$222,000	\$16,000
State of California Energy Commission Loan 5.9%, due 6/22/2009	50,650	11,958	5,824	6,134	6,134
Fire Truck Capital Lease 4.67%, due 5/21/2013	394,131	394,131	58,427	335,704	61,156
<i>Redevelopment Agency Debt:</i>					
1991 Tax Allocation Bonds 7.0-7.5%, due 5/01/2011	920,000	315,000	70,000	245,000	75,000
Total Governmental Activity Debt		<u>\$958,089</u>	<u>\$149,251</u>	<u>\$808,838</u>	<u>\$158,290</u>
Business-Type Activity Debt					
2000 Water and Wastewater Revenue Bonds 4.2-5.8%, due 10/1/2030	\$1,550,000	\$1,390,000	\$30,000	\$1,360,000	\$30,000
Airport Hangar Capital Lease 5.57%, due 2013	95,069	47,554	6,881	40,673	7,266
Airport Hangar Capital Lease 5.50%, due 12/17/2008	716,530	105,245	69,207	36,038	36,038
Less: unamortized discount		(79,286)	(3,447)	(75,839)	
Less: deferred amount on refunding		(10,222)	(5,112)	(5,110)	
Total Business-Type Activity Debt		<u>\$1,453,291</u>	<u>\$97,529</u>	<u>\$1,355,762</u>	<u>\$73,304</u>

B. City Governmental Long-term Debt

In 1977 the City issued \$420,000 General Obligation Bonds (1977 Bonds) to construct a firehouse. The 1977 Bonds bear interest at 5.5%-6.375%. Principal payments are due annually on September 1. Interest payments are due semi-annually on March 1 and September 1.

In 1998, the State of California Energy Commission loaned the City \$50,650 for energy conservation improvement to City Hall. Principal and interest payments are due semi-annually on June 22 and December 22 and bear interest at 5.9%.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 7 - LONG TERM DEBT (Continued)

On May 8, 2007, the City entered into a lease agreement in the amount of \$394,131 at 4.67% interest with Oshkosh Capital to finance the purchase of a fire truck. Annual principal and interest payments of \$76,833 are due through May 21, 2013.

C. *Redevelopment Agency Long-term Debt*

On May 1, 1991, the Agency issued 1991 Tax Allocation Bonds (1991 Bonds) in the original principal amount of \$920,000 to provide financing for various redevelopment projects. The 1991 Bonds bear interest at 7.0%-7.5%. Interest is payable semi-annually on November 1 and May 1 and principal is payable annually on May 1 through 2011. The 1991 Bonds are secured by the Agency's tax increment revenue.

The Agency has pledged all future tax increment revenues, less amounts required to be set aside in the Redevelopment Agency Low/Mod Income Housing Special Revenue Fund, for the repayment of the 1991 Bonds. The pledge of all future tax increment revenues ends upon repayment of \$282,875 remaining debt service on the Bonds, which is scheduled to occur on May 1, 2011. For fiscal year 2008, net tax increment revenue amounted to \$673,380 which represented coverage of 719% over the \$93,625 of debt service.

D. *City Enterprise Debt*

On April 4, 2000, the City issued Water and Wastewater Revenue Bonds (2000 Bonds) to provide for capital improvements and refund the 1989 Sewer Revenue Bonds. Interest is payable on April 1 and October 1 and principal is payable annually on October 1. The 2000 Bonds are secured by a pledge of net revenues from the Sewer Enterprise Fund.

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay the 2000 Bonds through October 1, 2030. The Sewer Enterprise Fund's total principal and interest remaining to be paid on the 2000 Bonds is \$2,438,942. The Sewer Fund's principal and interest paid for the current year and total customer net revenues were \$107,390 and (\$447,900), respectively. The minimum coverage of net revenues over debt service required in the bond indenture is 120%, however the coverage for the year ended June 30, 2008 was (23.98%). Subsequent to year end, Council is in the process of approving a sewer rate increase.

In 1998, the City leased a prefabricated airplane hangar with an option to purchase the hangar at residual value at the end of the lease. Annual principal and interest payments of \$9,430 are made from airport revenues through 2013. The present value of the total of the lease payments is recorded as long-term debt.

In 1994, the City leased 46 airplane hangars with an option to purchase the hangars for residual value at the end of the lease. Semi-annual payments are due June 17 and December 17 through 2008. The present value of the total of the lease payments is recorded as long-term debt.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 7 - LONG TERM DEBT (Continued)

E. Debt Service Requirements

Annual debt service requirements are shown below:

For the Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$158,290	\$47,764	\$73,304	\$79,123
2010	161,012	38,009	42,677	76,144
2011	175,001	27,948	43,110	73,978
2012	90,130	16,893	43,568	71,753
2013	94,405	12,336	49,052	69,347
2014 - 2018	130,000	21,703	220,000	310,751
2019 - 2023			290,000	238,887
2024 - 2028			390,000	141,056
2029 - 2031			285,000	25,375
Total	\$808,838	\$164,653	1,436,711	\$1,086,414
Reconciliation of Long Term Debt				
			(75,839)	
			(5,110)	
Total			\$1,355,762	

F. Bond Issuance Costs and Original Issue Discounts and Premiums

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. For proprietary fund types, bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Any differences between proprietary refunded debt and the debt issued to refund it is amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter.

G. Special Assessment Debt Without City Commitment

At June 30, 2008 the outstanding principal amount of bonded debt issued by special assessment districts in the City to provide for improvements was as follows:

Summerset Rio Vista Special Assessment District No. 95-1	\$225,000
Community Facilities District No. 2004-1	15,080,000
Community Facilities District No. 2006-1	15,020,000
Reassessment District No. 2007-1R Refunding Bonds	1,475,400

The City has no legal or moral responsibility with respect to the payment of this debt and has therefore not recorded it as a liability. The City is responsible, as the Districts' agent, for the Districts' cash receipts, disbursements and balances, which are reported as Agency Fund transactions in the financial statements.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 7 - LONG TERM DEBT (Continued)

H. Prior Year Defeasance of Debt

In prior years, the City defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2008, bonds outstanding that are considered defeased totaled \$100,000.

NOTE 8 - NET ASSETS AND FUND BALANCES

Net Assets is measured on the full accrual basis, while Fund Balance is measured on the modified accrual basis.

A. Net Assets

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements and redevelopment funds restricted to low and moderate income purposes.

Unrestricted describes the portion of Net Assets which is not restricted to use.

B. Fund Balances, Reserves and Designations

In the Fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

C. Fund Balance Reserves

Reserves result from prior actions or transactions or are placed by outside entities such as bondholders, other governments, etc., and restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds. The City cannot modify or remove these reserves. At June 30, 2008, reserves included:

Reserve for bond retirement is the portion of fund balance legally restricted for the payment of principal and interest on long-term liabilities.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

Reserves for notes receivable, prepaids and advances are the portions of fund balance set aside to indicate these items do not represent available, spendable resources even though they are a component of assets.

Reserved for low and moderate income housing is legally restricted to expenditures for low and moderate income housing under the California Health and Safety Code.

D. Designations

A portion of unreserved fund balance may be designated to indicate plans for financial resource utilization in a future period. Designations are imposed by City Council to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Council action.

Designated for economic uncertainty is the portion of fund balance to be used to supplement the regular budget when unexpected events such as state government action, a downturn in the economy or a natural disaster reduces revenue or creates obligations that significantly impact the current year budget.

Designated for innovation is to protect the General Fund against unpredictable fluctuations resulting in enhanced City services, cost savings, and/or enhanced revenue opportunities in the public sector.

Designated for equipment replacement is to provide sufficient funds for the anticipated replacement of capital equipment.

Designated for compensated absences is to fund the City's liability to pay employees for unused vacation benefits upon termination.

E. Fund Equity Deficits

At June 30, 2008, the Law Enforcement Special Revenue Fund had a deficit fund balance of \$4,301, the Personnel Services District Special Revenue Fund had a deficit fund balance of \$2,249, and the Army Base Reuse Capital Projects Fund had a deficit fund balance of \$165,337. Deficit balances will be cured by future grant revenues or transfers from the General Fund.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 9 - PENSION PLAN

CALPERS Safety and Miscellaneous Employees Plans

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2008, are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	Monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	2%-2.7%	1.426%-2.418%
Required employee contribution rates	9%	7%
Required employer contribution rates	28.945%	14.168%

All qualified permanent and probationary employees are eligible to participate in PERS. A credited service year is one year of full-time employment. These benefit provisions and all other requirements are established by state statute and City ordinance. Contributions necessary to fund PERS on an actuarial basis are determined by PERS and its Board of Administration.

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the years ended June 30, 2008, 2007 and 2006 were \$794,406, \$774,300, and \$760,943, respectively.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 9 – PENSION PLAN (Continued)

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are amortized over a rolling thirty year period.

As required by State law effective July 1, 2005, the City's Miscellaneous and Safety Plans were terminated, and the employees in those plans were required by CALPERS to join new State-wide pools. One of the conditions of entry to these pools was that the City true-up any unfunded liabilities in the former Plans, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The City satisfied its Miscellaneous Plan and Safety Plan unfunded liabilities by agreeing to contribute to the side funds through an addition to its normal contribution rates over the next 8 and 10 years, respectively. The balance of the Miscellaneous Plan side fund was \$615,727 at June 30, 2008. The balance of the Safety Plan side fund was \$1,249,191 at June 30, 2008.

Audited annual financial statements and ten-year trend information are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

NOTE 10 - DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under this plan are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

NOTE 11 - RISK MANAGEMENT

A. Coverage

The City is a member of the Northern California Cities Self Insurance Fund (NCCSIF) which covers general liability claims up to \$40,000,000 and worker's compensation claims up to the statutory limit. The City has a self-insured retention or deductible of \$50,000 per claim for general liability claims. The City's self-insured retention is zero for worker's compensation claims. Once the City's self-insured retention for claims is met, NCCSIF becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2008 the City contributed \$419,366 for current year premiums.

Financial statements for NCCSIF may be obtained from Driver Alliant Insurances, 600 Montgomery Street, 9th Floor, San Francisco, CA 94111.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 11 - RISK MANAGEMENT (Continued)

The City also has commercial policies which provide commercial property and airport liability coverage up to a maximum of \$7.9 million and \$5 million, respectively, per claim. The City has a deductible or uninsured liability of \$1,000 per claim for the commercial property coverage and no deductible for airport liability coverage.

B. Liability for Uninsured Claims

Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed, above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims. Settlements have not exceeded insurance coverage for the past three fiscal years.

The City's liability for uninsured liability claims at June 30 was estimated by management based on claims experience during the fiscal year and was computed as follows:

	June 30	
	2008	2007
Balance at beginning of year	\$159,135	\$324,996
Liability for current fiscal year claims	55,720	127,864
Liability for prior fiscal year claims and claims incurred but not reported (IBNR)	44,217	(58,048)
Claims paid	(141,922)	(235,677)
Balance at end of year	\$117,150	\$159,135

NOTE 12 - LANDFILL POST CLOSURE CARE COSTS

As required by State and federal laws and regulations, the City placed a final cover on its closed landfill site in 2002 and is performing maintenance and monitoring functions at the site for 30 years after closure. As of June 30, 2008, the City has accrued \$855,790 to cover the costs of these functions.

NOTE 13 - GAS LEASE

The City leases the right to extract minerals to a natural gas supplier. The revenues from the gas royalties are contingent upon the sales amount of the gas extracted. The lease remains in force as long as gas is produced and payment is made to the City. Royalty payments for the fiscal year amounted to \$383,976.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 14 – COMMITMENTS AND CONTINGENCIES

A. *Litigation*

In fiscal year 2004-2005, the City's wastewater treatment plants were alleged to have been discharging wastewater in violation of Regional Water Quality Control Board (RWQCB) requirements. Around the same time, the City became aware of numerous problems with, and deficiencies in, the operation of the City's wastewater treatment facilities by the City's then third party operator. Effective August 1, 2005, in response to the alleged discharges, numerous other alleged breaches of contract, improper actions and failure to act by the then third party operator, the City terminated its contract with the then third party operator and subsequently filed a suit claiming breach of contract, negligence, expressed contractual indemnity and other matters due to the discharges and the operator's conduct. In response, the operator filed a counter claim against the City.

In June 2007 the City and the former third party operator entered into a tentative settlement agreement, pending the determination of fines assessed by the RWQCB connected with the allegedly improper discharges above. In September 2007 the RWQCB calculated preliminary fines of \$1.986 million, for which the City and the third party operator could be jointly liable. After the City and the third party operator responded to the RWQCB with comments and corrections, the RWQCB determined the fines to be assessed, however the City and its third party operator were not required to pay the fines as the RWQCB determined that the funds expended on the construction of the Northwest Wastewater Treatment Plant satisfied the fine requirement.

In July 2008, the City and the third party operator settled the suit with the City's \$450,000 payment to the third party operator, which has been accrued as a liability in the Sewer Enterprise Fund as of June 30, 2008.

Indirectly related to these events, the City's new operator evaluated existing facilities to determine whether additional capital improvements are needed to prevent future discharges or whether the plant or plants should be closed. As a result, the Trilogy Plant was closed in July 2006 and all operations were transferred to the Northwest Wastewater Treatment Plant.

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation, other than disclosed above, which is likely to have a material adverse effect on the financial position of the City.

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

B. *Construction and Other Commitments*

The City has the following outstanding commitments at June 30, 2008:

Northwest Wastewater Treatment Plant construction	\$399,785
Rio Vista Bridge study	383,536

C. *Delta Rural Fire Protection District*

The City entered into a contractual agreement to provide fire protection services to the Delta Rural Fire Protection District. The contract is for the amount received by Delta from the Sacramento County Auditor-Controller attributable to the service area for that fiscal year. The agreement commenced on January 1, 1996 and is effective for twenty years.

City of Rio Vista
Notes to Basic Financial Statements

NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)

D. *General Fund, Sewer Enterprise Fund and Airport Enterprise Fund Finances*

The General Fund's actual expenditures exceeded revenues by \$96 thousand, \$316 thousand, and \$813 thousand during the years ended June 30, 2006, 2007 and 2008, respectively. The City was able to partially offset these losses with one-time sales of property.

For the fiscal years ended June 30, 2006, 2007 and 2008, the Sewer Enterprise Fund had operating losses of \$1.1 million, \$391 thousand and \$1.2 million, respectively. As of June 30, 2008, the Sewer Enterprise Fund had only \$200 available for operations and owed \$2.2 million to other funds. While the fund does have cash and investments of \$1.4 million, these funds are restricted for the construction of the Northwest Wastewater Treatment Plant. Litigation costs related to the suit against the former third-party operator, the payment of \$450 thousand in settlement of that suit, along with the monthly premium paid for the short-term replacement operator continue to drain the Fund. To address the Sewer Enterprise Fund operations, the City is in the process of approving an increase in sewer. In addition, the City completed a request for proposal for the long-term third-party operator and is in contract negotiations.

As of June 30, 2008, the Airport Enterprise Fund had no cash and had borrowed \$1.1 million from other City funds to cover its cash flows. In addition, the Fund had operating losses of \$385 thousand, \$240 thousand, and \$194 thousand for the years ended June 30, 2006, 2007 and 2008, respectively, and had accumulated an unrestricted deficit of \$1 million. City management is currently exploring options at the Airport to improve operations.

The City's budget for fiscal year 2008-09 shows an expected loss of \$938 thousand and \$729 thousand for the General Fund and Sewer Enterprise Fund, respectively.

NON-MAJOR GOVERNMENTAL FUNDS

CITY OF RIO VISTA
 Non-Major Governmental Funds
 Combining Balance Sheets
 June 30, 2008

	SPECIAL REVENUE FUNDS				
	Police High Tech Grant	Law Enforcement	Asset Forfeiture	ATOD Grant	Redevelopment Agency Low/Mod Housing
ASSETS					
Cash and investments	\$19,008		\$13,175		\$512,797
Restricted cash and investments			8,351		
Accounts receivable				\$21,000	1,216
Due from other funds					
Advances to other funds					164,011
Interest receivable	156		91		3,222
Prepaid expense and other				220	568
Notes receivable					
Total Assets	\$19,164		\$21,617	\$21,220	\$681,814
LIABILITIES					
Accounts payable		\$2,950		\$2,545	\$1,846
Accrued expense		1,351	\$1,902	434	1,187
Due to other funds					
Deferred revenue					
Advances from other funds					
Total Liabilities		4,301	1,902	2,979	3,033
FUND EQUITY					
Fund balances					
Reserved for:					
Bond Retirement					
Notes					
Prepays				220	568
Low and moderate income housing					514,202
Advances					164,011
Unreserved:					
Undesignated	\$19,164	(4,301)	19,715	18,021	
Total Fund Balances	19,164	(4,301)	19,715	18,241	678,781
Total Liabilities and Fund Balances	\$19,164		\$21,617	\$21,220	\$681,814

SPECIAL REVENUE FUNDS

Redevelopment Agency	General Plan Revision	Gas Tax	CDBG Housing Rehabilitation	CDBG Grants	Street Projects	Personnel Services District
\$761,048	\$70,957	\$155,400	\$87,550		\$3,547	
91,654						
1,345		46,299	35	\$6,672		
2,216	244	503	696		4	
1,235		510				\$591
			150,302			
<u>\$857,498</u>	<u>\$71,201</u>	<u>\$202,712</u>	<u>\$238,583</u>	<u>\$6,672</u>	<u>\$3,551</u>	<u>\$591</u>
\$5,829		\$1,616		\$4,949		\$1,105
2,038		891				1,735
				238		
261,154						
<u>269,021</u>		<u>2,507</u>		<u>5,187</u>		<u>2,840</u>
91,654						
1,235		510	\$150,302			591
<u>495,588</u>	<u>\$71,201</u>	<u>199,695</u>	<u>88,281</u>	<u>1,485</u>	<u>\$3,551</u>	<u>(2,840)</u>
588,477	71,201	200,205	238,583	1,485	3,551	(2,249)
<u>\$857,498</u>	<u>\$71,201</u>	<u>\$202,712</u>	<u>\$238,583</u>	<u>\$6,672</u>	<u>\$3,551</u>	<u>\$591</u>

(Continued)

CITY OF RIO VISTA
 Non-Major Governmental Funds
 Combining Balance Sheets
 June 30, 2008

CAPITAL PROJECT FUNDS

	<u>Vehicle Replacement</u>	<u>Storm Drain</u>	<u>Roadway Impact</u>	<u>Municipal Improvements</u>	<u>Hazardous Waste</u>
ASSETS					
Cash and investments	\$40,994	\$113,382	\$582,101	\$1,676,551	\$43,029
Restricted cash and investments					
Accounts receivable		1,514	899		22,219
Due from other funds				1,624,426	
Advances to other funds				17,675	
Interest receivable	319	446	4,398		37
Prepaid expense and other					561
Notes receivable					
Total Assets	<u>\$41,313</u>	<u>\$115,342</u>	<u>\$587,398</u>	<u>\$3,318,652</u>	<u>\$65,846</u>
LIABILITIES					
Accounts payable		\$7		\$14,113	\$88
Accrued expense					
Due to other funds					
Deferred revenue			\$3,348		
Advances from other funds					
Total Liabilities		<u>7</u>	<u>3,348</u>	<u>14,113</u>	<u>88</u>
FUND EQUITY					
Fund balances					
Reserved for:					
Bond Retirement					
Notes					561
Prepays					
Low and moderate income housing					
Advances				1,624,426	
Unreserved:					
Undesignated	\$41,313	115,335	584,050	1,680,113	65,197
Total Fund Balances	<u>41,313</u>	<u>115,335</u>	<u>584,050</u>	<u>3,304,539</u>	<u>65,758</u>
Total Liabilities and Fund Balances	<u>\$41,313</u>	<u>\$115,342</u>	<u>\$587,398</u>	<u>\$3,318,652</u>	<u>\$65,846</u>

CAPITAL PROJECT FUNDS			DEBT SERVICE FUND	Total Nonmajor Governmental Funds
Landfill Closure	Army Base Reuse	Parks and Recreation	Firehouse Bond	
\$224,043		\$395,970	\$76,541	\$4,776,093
17,748	\$228	5,220		100,005
		100,000		124,395
674		2,736	358	1,888,437
1,934		192,500		33,775
				198,119
				150,302
<u>\$244,399</u>	<u>\$228</u>	<u>\$696,426</u>	<u>\$76,899</u>	<u>\$7,271,126</u>
\$12,555	\$1,017	\$2		\$48,622
				9,538
		126,400		238
	164,548			129,748
				425,702
<u>12,555</u>	<u>165,565</u>	<u>126,402</u>		<u>613,848</u>
			\$76,899	168,553
				150,302
1,934		192,500		198,119
		100,000		514,202
				1,888,437
<u>229,910</u>	<u>(165,337)</u>	<u>277,524</u>		<u>3,737,665</u>
<u>231,844</u>	<u>(165,337)</u>	<u>570,024</u>	<u>76,899</u>	<u>6,657,278</u>
<u>\$244,399</u>	<u>\$228</u>	<u>\$696,426</u>	<u>\$76,899</u>	<u>\$7,271,126</u>

CITY OF RIO VISTA
 Non-Major Governmental Funds
 Combining Statements of Revenues, Expenditures
 And Changes in Fund Balances
 For the Year Ended June 30, 2008

	SPECIAL REVENUE FUNDS				
	Police High Tech Grant	Law Enforcement	Asset Forfeiture	ATOD Grant	Redevelopment Agency Low/Mod Housing
REVENUES					
Taxes					\$168,345
Licenses and permits					
Use of money and property	\$728	\$30	\$470	\$12	18,359
Charges for services					
Intergovernmental					
Fines and forfeitures			494		
Other				189	3,049
Grants		132,373		82,496	
Total Revenues	728	132,403	964	82,697	189,753
EXPENDITURES					
General government					
Police protection		192,061			
Redevelopment					132,842
Streets & Highways					
Streets & Lighting					
Public works				71,812	
Recreation & youth center				27,323	
Planning					
Solid waste					
Housing					
Capital outlay					
Debt Service					
Principal					
Interest and fiscal charges					
Total Expenditures		192,061		99,135	132,842
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	728	(59,658)	964	(16,438)	56,911
OTHER FINANCING SOURCES (USES)					
Transfers in		71,150		20,011	
Transfers (out)		(16,486)			
Total Other Financing Sources (Uses)		54,664		20,011	
NET CHANGE IN FUND BALANCE	728	(4,994)	964	3,573	56,911
BEGINNING FUND BALANCES (DEFICIT)	18,436	693	18,751	14,668	621,870
ENDING FUND BALANCES (DEFICIT)	\$19,164	(\$4,301)	\$19,715	\$18,241	\$678,781

SPECIAL REVENUE FUNDS

Redevelopment Agency	General Plan Revision	Gas Tax	CDBG Housing Rehabilitation	CDBG Grants	Street Projects	Personnel Services District
\$673,380						\$84,660
21,787	\$1,847 7,601	\$3,263	\$5,805	\$2	\$65	3
		131,295				
6,028		65,910	35			
				14,459		
701,195	9,448	200,468	5,840	14,461	65	84,663
						115,553
367,067						
		128,932		10,863		
		29,034				
70,000						
43,237						
480,304		157,966		10,863		115,553
220,891	9,448	42,502	5,840	3,598	65	(30,890)
						28,641
						28,641
220,891	9,448	42,502	5,840	3,598	65	(2,249)
367,586	61,753	157,703	232,743	(2,113)	3,486	
\$588,477	\$71,201	\$200,205	\$238,583	\$1,485	\$3,551	(\$2,249)

(Continued)

CITY OF RIO VISTA
 Non-Major Governmental Funds
 Combining Statements of Revenues, Expenditures
 And Changes in Fund Balances
 For the Year Ended June 30, 2008

CAPITAL PROJECT FUNDS

	<u>Vehicle Replacement</u>	<u>Storm Drain</u>	<u>Roadway Impact</u>	<u>Municipal Improvements</u>	<u>Hazardous Waste</u>
REVENUES					
Taxes					
Licenses and permits					
Use of money and property	\$1,424	\$3,084	\$23,679	\$112,853	\$575
Charges for services		21,523		247,008	73,129
Intergovernmental					
Fines and forfeitures					
Other			873		
Grants					9,827
Total Revenues	<u>1,424</u>	<u>24,607</u>	<u>24,552</u>	<u>359,861</u>	<u>83,531</u>
EXPENDITURES					
General government					
Police protection					
Redevelopment					
Streets & Highways			443		
Streets & Lighting					
Public works					
Recreation & youth center					
Planning		6,438			
Solid waste					53,187
Housing					
Capital outlay				57,170	
Debt Service					
Principal					
Interest and fiscal charges					
Total Expenditures		<u>6,438</u>	<u>443</u>	<u>57,170</u>	<u>53,187</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,424</u>	<u>18,169</u>	<u>24,109</u>	<u>302,691</u>	<u>30,344</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out				(217,494)	
Total Other Financing Sources (Uses)				<u>(217,494)</u>	
NET CHANGE IN FUND BALANCE	1,424	18,169	24,109	85,197	30,344
BEGINNING FUND BALANCES (DEFICIT)	<u>39,889</u>	<u>97,166</u>	<u>559,941</u>	<u>3,219,342</u>	<u>35,414</u>
ENDING FUND BALANCES (DEFICIT)	<u>\$41,313</u>	<u>\$115,335</u>	<u>\$584,050</u>	<u>\$3,304,539</u>	<u>\$65,758</u>

CAPITAL PROJECT FUNDS			DEBT SERVICE FUND	Total Nonmajor Governmental Funds
Landfill Closure	Army Base Reuse	Parks and Recreation	Firehouse Bond	
			\$30,662	\$957,047
\$78,821				78,821
5,290		\$15,333	2,199	216,808
		77,729		426,990
			418	131,713
				529
	\$1,576			77,625
				239,155
<u>84,111</u>	<u>1,576</u>	<u>93,062</u>	<u>33,279</u>	<u>2,128,688</u>
				307,614
				499,909
				443
				128,932
				82,675
				27,323
	17,927			24,365
34,232				87,419
		53,648		139,852
			15,000	85,000
			14,369	57,606
<u>34,232</u>	<u>17,927</u>	<u>53,648</u>	<u>29,369</u>	<u>1,441,138</u>
<u>49,879</u>	<u>(16,351)</u>	<u>39,414</u>	<u>3,910</u>	<u>687,550</u>
				119,802
				(233,980)
				(114,178)
49,879	(16,351)	39,414	3,910	573,372
181,965	(148,986)	530,610	72,989	6,083,906
<u>\$231,844</u>	<u>(\$165,337)</u>	<u>\$570,024</u>	<u>\$76,899</u>	<u>\$6,657,278</u>

CITY OF RIO VISTA
 Budgeted Non-Major Funds
 Combining Statements of Revenues, Expenditures
 And Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2008

	POLICE HIGH TECH GRANT			LAW ENFORCEMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses and permits						
Use of money and property	\$622	\$728	\$106		\$30	\$30
Charges for services						
Intergovernmental						
Fines and forfeitures						
Other						
Grants				\$121,373	132,373	11,000
Total Revenues	<u>622</u>	<u>728</u>	<u>106</u>	<u>121,373</u>	<u>132,403</u>	<u>11,030</u>
EXPENDITURES						
Current:						
Police protection	622		622	192,912	192,061	851
Redevelopment						
Streets & Highways						
Streets & Lighting						
Public Works						
Recreation and youth center						
Planning						
Solid waste						
Housing						
Capital outlay						
Debt service						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>622</u>		<u>622</u>	<u>192,912</u>	<u>192,061</u>	<u>851</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>728</u>	<u>728</u>	<u>(71,539)</u>	<u>(59,658)</u>	<u>11,881</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				71,540	71,150	(390)
Transfers out					(16,486)	(16,486)
Total Other Financing Sources (Uses)				<u>71,540</u>	<u>54,664</u>	<u>(16,876)</u>
NET CHANGE IN FUND BALANCE		<u>728</u>	<u>\$728</u>	<u>\$1</u>	<u>(4,994)</u>	<u>(\$4,995)</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>18,436</u>			<u>693</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$19,164</u>			<u>(\$4,301)</u>	

ATOD GRANT			REDEVELOPMENT AGENCY LOW/MOD HOUSING			REDEVELOPMENT AGENCY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$174,202	\$168,345	(\$5,857)	\$696,807	\$673,380	(\$23,427)
	\$12	\$12	14,549	18,359	3,810	15,500	21,787	6,287
\$719	189	(530)	1,636	3,049	1,413	11,623	6,028	(5,595)
87,348	82,496	(4,852)						
88,067	82,697	(5,370)	190,387	189,753	(634)	723,930	701,195	(22,735)
			176,386	132,842	43,544	491,744	367,067	124,677
90,875	71,812	19,063						
26,901	27,323	(422)						
						88,516	70,000	18,516
						45,077	43,237	1,840
117,776	99,135	18,641	176,386	132,842	43,544	625,337	480,304	145,033
(29,709)	(16,438)	13,271	14,001	56,911	42,910	98,593	220,891	122,298
	20,011	20,011				(80,000)		80,000
	20,011	20,011				(80,000)		80,000
(\$29,709)	3,573	\$33,282	\$14,001	56,911	\$42,910	\$18,593	220,891	\$202,298
	14,668			621,870			367,586	
	\$18,241			\$678,781			\$588,477	

(Continued)

CITY OF RIO VISTA
 Budgeted Non-Major Funds
 Combining Statements of Revenues, Expenditures
 And Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2008

	GENERAL PLAN REVISION			GAS TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses and permits						
Use of money and property	\$1,248	\$1,847	\$599	\$2,155	\$3,263	\$1,108
Charges for services	5,100	7,601	2,501			
Intergovernmental				73,400	131,295	57,895
Fines and forfeitures						
Other				639	65,910	65,271
Grants				63,500		(63,500)
Total Revenues	<u>6,348</u>	<u>9,448</u>	<u>3,100</u>	<u>139,694</u>	<u>200,468</u>	<u>60,774</u>
EXPENDITURES						
Current:						
Police protection						
Redevelopment						
Streets & Highways						
Streets & Lighting				224,360	128,932	95,428
Public Works						
Recreation and youth center						
Planning						
Solid waste						
Housing						
Capital outlay				30,000	29,034	966
Debt service						
Principal						
Interest and fiscal charges						
Total Expenditures				<u>254,360</u>	<u>157,966</u>	<u>96,394</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,348</u>	<u>9,448</u>	<u>3,100</u>	<u>(114,666)</u>	<u>42,502</u>	<u>157,168</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCE	<u>\$6,348</u>	<u>9,448</u>	<u>\$3,100</u>	<u>(\$114,666)</u>	<u>42,502</u>	<u>\$157,168</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>61,753</u>			<u>157,703</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$71,201</u>			<u>\$200,205</u>	

CDBG HOUSING REHABILITATION			PERSONNEL SERVICES DISTRICT			VEHICLE REPLACEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$84,660	\$84,660				
\$5,109	\$5,805	\$696		3	\$3	\$884	\$1,424	\$540
	35	35						
<u>5,109</u>	<u>5,840</u>	<u>731</u>	<u>84,660</u>	<u>84,663</u>	<u>3</u>	<u>884</u>	<u>1,424</u>	<u>540</u>
			111,358	115,553	(4,195)			
2,446		2,446				884		884
<u>2,446</u>		<u>2,446</u>	<u>111,358</u>	<u>115,553</u>	<u>(4,195)</u>	<u>884</u>		<u>884</u>
2,663	5,840	3,177	(26,698)	(30,890)	(4,192)		1,424	1,424
			58,213 (31,516)	28,641	(29,572) 31,516			
			26,697	28,641	1,944			
<u>\$2,663</u>	5,840	<u>\$3,177</u>	<u>(\$1)</u>	(2,249)	<u>(\$2,248)</u>		1,424	<u>\$1,424</u>
	232,743						39,889	
	<u>\$238,583</u>			<u>(\$2,249)</u>			<u>\$41,313</u>	

(Continued)

CITY OF RIO VISTA
 Budgeted Non-Major Funds
 Combining Statements of Revenues, Expenditures
 And Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2008

	STORM DRAIN			ROADWAY IMPACT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses and permits				\$340		(\$340)
Use of money and property	\$2,225	\$3,084	\$859	15,348	\$23,679	8,331
Charges for services	21,000	21,523	523			
Intergovernmental						
Fines and forfeitures						
Other					873	873
Grants						
Total Revenues	<u>23,225</u>	<u>24,607</u>	<u>1,382</u>	<u>15,688</u>	<u>24,552</u>	<u>8,864</u>
EXPENDITURES						
Current:						
Police protection						
Redevelopment						
Streets & Highways					443	(443)
Streets & Lighting						
Public Works						
Recreation and youth center						
Planning	5,635	6,438	(803)			
Solid waste						
Housing						
Capital outlay	17,590		17,590			
Debt service						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>23,225</u>	<u>6,438</u>	<u>16,787</u>		<u>443</u>	<u>(443)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>18,169</u>	<u>18,169</u>	<u>15,688</u>	<u>24,109</u>	<u>8,421</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCE		<u>18,169</u>	<u>\$18,169</u>	<u>\$15,688</u>	<u>24,109</u>	<u>\$8,421</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>97,166</u>			<u>559,941</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$115,335</u>			<u>\$584,050</u>	

MUNICIPAL IMPROVEMENTS			HAZARDOUS WASTE			LANDFILL CLOSURE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$103,701	\$112,853	\$9,152	\$300	\$575	\$275	\$60,670	\$78,821	\$18,151
169,313	247,008	77,695	69,500	73,129	3,629	4,304	5,290	986
			5,125	9,827	4,702			
273,014	359,861	86,847	74,925	83,531	8,606	64,974	84,111	19,137
			\$74,925	53,187	21,738	64,974	34,232	30,742
100,000	57,170	42,830						
100,000	57,170	42,830	74,925	53,187	21,738	64,974	34,232	30,742
173,014	302,691	129,677		30,344	30,344		49,879	49,879
(308,833)	(217,494)	91,339						
(308,833)	(217,494)	91,339						
<u>(\$135,819)</u>	85,197	<u>\$221,016</u>		30,344	<u>\$30,344</u>		49,879	<u>\$49,879</u>
	3,219,342			35,414			181,965	
	<u>\$3,304,539</u>			<u>\$65,758</u>			<u>\$231,844</u>	

(Continued)

CITY OF RIO VISTA
 Budgeted Non-Major Funds
 Combining Statements of Revenues, Expenditures
 And Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2008

	ARMY BASE REUSE			PARKS & RECREATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses and permits						
Use of money and property				\$14,085	\$15,333	\$1,248
Charges for services				49,140	77,729	28,589
Intergovernmental						
Fines and forfeitures						
Other		\$1,576	\$1,576			
Grants						
Total Revenues		<u>1,576</u>	<u>1,576</u>	<u>63,225</u>	<u>93,062</u>	<u>29,837</u>
EXPENDITURES						
Current:						
Police protection						
Redevelopment						
Streets & Highways						
Streets & Lighting						
Public Works						
Recreation and youth center						
Planning	\$15,012	17,927	(2,915)			
Solid waste						
Housing						
Capital outlay					53,648	(53,648)
Debt service						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>15,012</u>	<u>17,927</u>	<u>(2,915)</u>		<u>53,648</u>	<u>(53,648)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(15,012)</u>	<u>(16,351)</u>	<u>(1,339)</u>	<u>63,225</u>	<u>39,414</u>	<u>(23,811)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCE	<u>(\$15,012)</u>	<u>(16,351)</u>	<u>(\$1,339)</u>	<u>\$63,225</u>	<u>39,414</u>	<u>(\$23,811)</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>(148,986)</u>			<u>530,610</u>	
ENDING FUND BALANCES (DEFICITS)		<u>(\$165,337)</u>			<u>\$570,024</u>	

FIREHOUSE BOND

Budget	Actual	Variance Positive (Negative)
\$30,000	\$30,662	\$662
1,858	2,199	341
300	418	118
<u>32,158</u>	<u>33,279</u>	<u>1,121</u>

15,000	15,000	
<u>14,900</u>	<u>14,369</u>	531
<u>29,900</u>	<u>29,369</u>	531
<u>2,258</u>	<u>3,910</u>	<u>1,652</u>
<u>\$2,258</u>	3,910	<u>\$1,652</u>
	<u>72,989</u>	
	<u>\$76,899</u>	

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AGENCY FUNDS

CITY OF RIO VISTA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008
<u>Riverview Point</u>				
Cash and investments	\$172,570	\$65,411	\$15,003	\$222,978
Cash and investments with fiscal agents	176,473	1,581,779	1,758,252	
Interest receivable	222	987	222	987
Total Assets	<u>\$349,265</u>	<u>\$1,648,177</u>	<u>\$1,773,477</u>	<u>\$223,965</u>
Accounts payable	\$1,734	\$45	\$1,734	\$45
Due to assessment district bondholders	347,531	1,648,132	1,771,743	223,920
Total Liabilities	<u>\$349,265</u>	<u>\$1,648,177</u>	<u>\$1,773,477</u>	<u>\$223,965</u>
<u>Summerset</u>				
Cash and investments	\$393,873	\$59,485	\$141,252	\$312,106
Interest receivable	2,731	1,642	2,731	1,642
Total Assets	<u>\$396,604</u>	<u>\$61,127</u>	<u>\$143,983</u>	<u>\$313,748</u>
Due to assessment district bondholders	<u>\$396,604</u>	<u>\$61,127</u>	<u>\$143,983</u>	<u>\$313,748</u>
<u>Summerset L & L District</u>				
Cash and investments	\$221,837	\$239,726	\$154,480	\$307,083
Interest receivable	525	1,937	525	1,937
Total Assets	<u>\$222,362</u>	<u>\$241,663</u>	<u>\$155,005</u>	<u>\$309,020</u>
Accounts payable	\$20,870	\$28,631	\$20,870	\$28,631
Due to assessment district bondholders	201,492	213,032	134,135	280,389
Total Liabilities	<u>\$222,362</u>	<u>\$241,663</u>	<u>\$155,005</u>	<u>\$309,020</u>
<u>Los Ulpinos</u>				
Cash and investments	\$8,630	\$328	\$35	\$8,923
Cash and investments with fiscal agents		1		1
Interest receivable	73	38	73	38
Total Assets	<u>\$8,703</u>	<u>\$367</u>	<u>\$108</u>	<u>\$8,962</u>
Due to assessment district bondholders	<u>\$8,703</u>	<u>\$367</u>	<u>\$108</u>	<u>\$8,962</u>

CITY OF RIO VISTA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008
<u>Community Facilities District 2004-1</u>				
Cash and investments	\$752,224	\$79,690	\$198,522	\$633,392
Cash and investments with fiscal agents	1,844,678	964,132	1,119,607	1,689,203
Interest receivable	4,797	2,603	4,797	2,603
Total Assets	<u>\$2,601,699</u>	<u>\$1,046,425</u>	<u>\$1,322,926</u>	<u>\$2,325,198</u>
Due to assessment district bondholders	<u>\$2,601,699</u>	<u>\$1,046,425</u>	<u>\$1,322,926</u>	<u>\$2,325,198</u>
<u>Community Facilities District 2006-1</u>				
Cash and investments	\$92,463	\$1,046,856	\$407,013	\$732,306
Cash and investments with fiscal agents	2,769,496	407,492	925,200	2,251,788
Total Assets	<u>\$2,861,959</u>	<u>\$1,454,348</u>	<u>\$1,332,213</u>	<u>\$2,984,094</u>
Due to assessment district bondholders	<u>2,861,959</u>	<u>\$1,454,348</u>	<u>\$1,332,213</u>	<u>\$2,984,094</u>
<u>Total Agency Funds</u>				
Cash and investments	\$1,641,597	\$1,491,496	\$916,305	\$2,216,788
Cash and investments with fiscal agents	4,790,647	2,953,404	3,803,059	3,940,992
Interest receivable	8,348	7,207	8,348	7,207
Total Assets	<u>\$6,440,592</u>	<u>\$4,452,107</u>	<u>\$4,727,712</u>	<u>\$6,164,987</u>
Accounts payable	\$22,604	\$28,676	\$22,604	\$28,676
Due to assessment district bondholders	6,417,988	4,423,431	4,705,108	6,136,311
Total Liabilities	<u>\$6,440,592</u>	<u>\$4,452,107</u>	<u>\$4,727,712</u>	<u>\$6,164,987</u>

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