

City of Rio Vista

Rio Vista, California

*Basic Financial Statements and Independent
Auditors' Report*

For the year ended June 30, 2009



City of Rio Vista

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
of the City of Rio Vista
Rio Vista, California

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

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As discussed in Note 15D to the financial statements, the City's General Fund, Sewer Enterprise Fund and Airport Enterprise Fund continue to experience operating losses, which raise substantial doubt about the City's ability to continue as a going concern. In addition, at least in part the result of the operating losses in the Sewer Enterprise Fund caused the City to be in default on certain covenants of its 2000A Water and Wastewater Revenue Bonds, which required the Sewer System Net Revenues during the year to equal at least 120% of the annual debt service. These conditions raise substantial doubt about the City's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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

- 8% of Property Taxes borrowed – to be repaid in 3 years
- Redevelopment Agency funds – proposed to be taken for fiscal year 2010

These above amounts are very significant to the local governments and may affect their ongoing operations. Certain lawsuits are in process to stop such State actions. The State legislation is also in process to aid local governments to be able to sell the 8% of property taxes borrowed by the State to a Joint Powers Authority. For more detailed information, see Note 11 attached in the Notes to Basic Financial Statements.

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To the Honorable Mayor and Members of City Council
of the City of Rio Vista
Rio Vista, California
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Our audit disclosed the following material noncompliance with default on certain covenants of the 2000A Water and Wastewater Revenue Bonds of the City during fiscal year ended June 30, 2009. As discussed in Note 16 to the financial statements, The Official Statement for the 2000A Water and Wastewater Revenue Bonds requires the City to maintain Sewer System Net Revenues during the year to equal at least 120% of the annual debt service. However, at the fiscal year ended June 30, 2009, the City's Sewer System Net Revenues were a loss of \$(894,651), which did not meet the required debt service coverage ratio.

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

As described in Note 1 to the basic financial statements, the City adopted Statement of Governmental Accounting Standards Board No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, No. 52, *Land and Other Real Estate Held as Investments by Endowments*, No. 55, *The Hierarchy of Generally Accepted Accounting Principles* and No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement of Auditing Standards*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Capricci & Carlson

Oakland, California
March 25, 2010

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, 2009. Please read this discussion and analysis in conjunction with the basic financial statements and notes to the basic financial statements.

FISCAL 2009 FINANCIAL HIGHLIGHTS

Citywide:

- The City's total net assets increased by \$4,638,378 in fiscal year 2009. At June 30, 2009 net assets Citywide totaled \$74,558,728.
- City-wide revenues include program revenues of \$11,226,351 and general revenues of \$4,712,512 totaling \$15,938,863, an increase of \$1,677,009 from the prior year. This increase was due to large developer contributions received this fiscal years for both the construction of the water reservoir and utility infrastructure located within the Trilogy Development. These payments were not a result of continuing operations and will not reoccur next fiscal year.
- Total Citywide expenses were \$11,293,907, \$2,259,809 less than the prior fiscal year.

Fund Level:

- Governmental Fund balances were \$8,850,783, an increase of \$46,654 from the prior year.
- Governmental Fund revenues were \$6,852,981, a decrease of \$1,292,744 from the prior year.
- Governmental Fund expenditures were \$6,820,293, a decrease of \$1,555,320 from the prior year.
- General Fund revenues decreased by \$846,303 from the prior year to a current year generation of \$4,888,002.
- General Fund expenditures decreased by \$1,193,115 from the prior year to current expenditures of \$5,353,895.
- General Fund balance of \$1,571,378 at fiscal year end is down from the prior year by \$474,435.

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 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.

CITY OF RIO VISTA
Management's Discussion and Analysis

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.

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.

CITY OF RIO VISTA Management's Discussion and Analysis

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, 2009 are presented in table form. Any significant changes are analyzed and discussed.

The total net assets of the City have increased by an estimated 6 percent from \$69,920,350 at June 30, 2008 to \$74,558,728 at June 30, 2009. The increase of \$4,638,378 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,	
	2009	2008
Cash and Investments	\$ 5,236,663	\$ 5,993,892
Other Assets	4,848,775	3,722,469
Capital Assets	7,737,135	6,816,616
Total Assets	17,822,573	16,532,977
Long-term debt outstanding	813,767	745,632
Other Liabilities	2,424,501	2,258,487
Total Liabilities	3,238,268	3,004,119
Net Assets:		
Invested in capital assets, net of debt	7,086,587	6,007,778
Restricted for:		
Capital projects	4,768,264	5,306,339
Debt Service	78,086	76,899
Specific projects and programs	2,459,474	1,267,258
Unrestricted	191,894	870,584
Total Net Assets	\$ 14,584,305	\$ 13,528,858

CITY OF RIO VISTA
Management's Discussion and Analysis

The City's net assets from governmental activities increased 7 percent to \$14,584,305 in 2009 from \$13,528,858 in 2008.

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

- Cash and Investments decreased by \$757,229, or 12 percent, from \$5,993,892 in 2008 to \$5,236,663 in 2009.
- Other Assets increased by \$1,126,306, or 30 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 \$920,519 from \$6,816,616 in 2008 to \$7,737,135 in 2009, due to capital additions being greater than asset retirements.
- Long-term Debt Outstanding increased by \$68,135 from \$745,632 in 2008 to \$813,767 in 2009 as a result of the reclassification of claims payable from short term to long term debt.
- Other Liabilities increased by \$166,014 from \$2,258,487 in 2008 to \$2,424,501 in 2009.
- 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 \$191,894 are available to finance day-to-day operations and other expenditures approved by City Council. This represents a 77 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 2009 was \$6,167,590. This cost was borne by those who directly benefited from the programs, fines and forfeitures and other program revenues of \$1,100,051, by other government agencies and organizations that subsidized certain programs with grants and contributions of \$1,473,745 and the balance was financed by general governmental revenues of \$4,635,275.

Total governmental revenues exceeded expenses by \$1,041,481. The following table presents the changes in net assets for governmental activities for the year ended June 30, 2009 and 2008:

CITY OF RIO VISTA
Management's Discussion and Analysis

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

Expenses	2009	2008
Administration	\$ 865,431	\$ 907,383
Police Protection	1,967,750	2,490,381
Fire Protection	978,680	1,159,179
Redevelopment	472,056	499,909
Streets & Highways	185,482	337,211
Streets & Lighting	145,436	134,525
Corporation Yard	100,914	114,469
Building regulations	61,677	142,056
Planning	254,351	642,455
Economic Development	76,427	302,120
Public Works	472,431	157,434
Parks	159,456	292,908
Swimming pool	77,695	124,188
Recreation and youth center	73,919	377,622
Solid waste	228,261	70,988
Housing	-	-
Interest on Long Term Debt	47,624	73,186
Total Expenses	\$ 6,167,590	\$ 7,826,014
Revenues		
Program Revenues:		
Charges for Services	\$ 1,100,051	\$ 1,898,780
Operating Grants and Contributions	551,318	903,789
Capital Grants and Contributions	922,427	357,685
Total Program Revenues	\$ 2,573,796	\$ 3,160,254
General Revenues:		
Taxes:		
Property Taxes	\$ 2,924,863	\$ 2,910,453
Sales Taxes	1,068,045	1,088,658
Utility Tax	-	284,372
Franchise Tax	112,288	105,160
Other Taxes	111,097	122,396
Motor Vehicle In Lieu	29,460	33,367
Investment Earnings	54,910	74,297
Royalties	242,126	383,976
Gain from sale of property	-	425,345
Miscellaneous & Transfer	92,486	525,552
Total General Revenues and Transfers	\$ 4,635,275	\$ 5,953,576
Total Revenues	\$ 7,209,071	\$ 9,113,830
Change in Net Assets	\$ 1,041,481	\$ 1,287,816
Beginning Net Assets	\$ 13,542,824	\$ 12,241,042
Ending Net Assets	\$ 14,584,305	\$ 13,528,858

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 \$704,518 for a combined Net expense of \$160,913.

- **Police Protection** - Expenditures for the Police Department decreased by 20 percent or \$522,631 from the prior year. This decrease is attributed to both a reduction in services provided and the vacancy of positions within the department.

The Police Department generated program revenues of \$152,168 resulting in a net expense of \$1,815,582.

- **Fire Protection** - Expenditures for the Fire Department decreased by \$180,499 or 15 percent from the prior year. This decrease is attributed to a reduction in services provided.

The Fire Department generated program revenues of \$319,701 resulting in a net expense of \$658,979.

- **Redevelopment** - Redevelopment expenses decreased 5 percent from \$499,909 in the prior year to the current year amount of \$472,056. This decrease was caused, in part, by a decrease in staffing levels and, in part, by a decrease in contractual services for work on redevelopment projects.

Redevelopment program revenues of \$9,493 offset the expenditures resulting in net expenditures of \$462,563 in the current fiscal year.

- **Streets and Highways** -expenditures decreased from \$337,221 in 2008 to \$185,482 in the current year. This decrease is attributable to a street project which started in Fiscal Year 2008 but not completed until this fiscal year. Although the total cost of the project was spread over two fiscal years, a majority of the work occurred in FY 2007-08.

Streets and Highways generated program revenue of \$246,035 resulting in a net income of \$60,553.

- **Streets and Lighting** - expenditures increased by 8 percent to \$145,436. No revenue was generated from this category in this or the prior year.
- **Corporation Yard** - expenditures decreased by 11 percent to \$100,914. No revenue was generated from this category in this or the prior year.

CITY OF RIO VISTA
Management's Discussion and Analysis

- **Building Regulations** – expenditures decreased by 56 percent or \$80,379 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 \$220,257 down from last years \$527,664. The combined activities in the Building Department resulted in net revenues of \$158,580 for the 2009 fiscal year.

- **Planning** – expenditures decreased by 60 percent or \$388,104 from the prior year, as a result of both a decrease in development activity of the four proposed development projects and a decrease in the staffing levels within the department.

Planning program revenues were \$227,422, down 59 percent from the previous year. This decrease is a result in the slow down in the planning applications being submitted for processing. The combined activities in the Planning Department resulted in net expense of \$26,929.

- **Economic Development** – expenditures decreased from \$302,120 in the 2008 fiscal year to \$76,427 in the 2009 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 increased from \$157,434 in 2008 to \$472,431 in 2009.

The City received capital contributions in the amount of \$356,090, resulting in net expenditures of \$116,341.

- **Parks** - expenditures decreased by 45 percent or \$133,452 to a total of \$159,456 this fiscal year.

Parks revenue of \$72,328 is down from last year's revenue of \$132,676 by 45 percent. The combined expenditures and revenues resulted in net expenditures of \$87,128 from this function.

- **Swimming Pool** - expenditures decreased 37 percent from the prior year. This decrease is a result of the reduced summer pool program offered again this year. As a result of this program reduction, the swimming Pool revenues decreased from \$2,938 in 2008 to \$1,917 in 2009. This activity continues to operate with expenditures exceeding revenues, resulting in a net expense of \$75,778.
- **Recreation and Youth Center** - expenditures decreased by 80 percent or \$303,703 to a total of \$73,919 this fiscal year. 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. Due to the continued decline in general fund revenues by the end of the 2009 fiscal year the City had eliminated all but the senior fitness program.

Fiscal year 2009 revenues decreased 44 percent over the prior year. Combined expenditures and revenues yielded net revenue for Recreation and Youth Center of \$20,523.

- **Solid Waste** - expenditures increased from \$70,988 in the prior year to \$228,261 in the current year.

Solid Waste generated revenues of \$169,425 in the current year, primarily from Franchise Fees paid by the local waste management company.

CITY OF RIO VISTA Management's Discussion and Analysis

REVENUES BY TYPE:

- **Charges for Services** - Revenues from Charges for Services decreased from the prior year by \$798,729 or 42 percent. This decrease is a result of the decline in the housing market. Not only has development of new residential properties declined but applications for building permits have also seen a decrease.
- **Operating Grants and Contributions** - Revenues from Operating Grants and Contributions decreased by \$352,471 or 38 percent. This decrease can be attributed to reduced operating cost and/or programs with designated grant revenue or dedicated revenue sources.
- **Capital Grants and Contributions** - Revenues increased by \$564,742 or 157 percent. This increase is due to both additional grant funds being received by the City to complete capital projects and infrastructure contributions which are installed by the developers and donated to the City once accepted as complete.
- **General Revenues** - decreased from the prior year by \$1,318,301 or 22 percent. This decrease is due to the discontinuance of the payment received from the water and sewer fund in lieu of taxes, one time sale of property which occurred last fiscal year and the continued decrease in royalty payments to which the City is entitled.

Business-Type Activities Analysis
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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, 2009 and 2008:

Business-Type Activities Net Assets		
at June 30,		
Business-Type Activities		
	2009	2008
Cash and Investments	\$ 3,706,618	\$ 3,042,160
Other Current Assets	1,634,225	1,841,570
Capital Assets	61,114,206	57,830,904
Total Assets	\$ 66,455,049	\$ 62,714,634
Long-term Debt Outstanding	\$ 1,285,017	\$ 1,355,762
Other Liabilities	5,195,609	4,967,380
Total Liabilities	\$ 6,480,626	\$ 6,323,142
Net Assets:		
Invested in capital assets, net of debt	\$ 59,823,192	\$ 56,475,142
Restricted	1,305,311	1,357,402
Unrestricted	(1,154,080)	(1,441,052)
Total Net Assets	\$ 59,974,423	\$ 56,391,492

CITY OF RIO VISTA Management's Discussion and Analysis

The net assets of business type activities increased by \$3,582,931 from \$56,391,492 in 2008 to \$59,974,423 in 2009.

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

	2009	2008
Expenses		
Water Utility	\$ 1,317,619	\$ 1,270,590
Sewer Utility	2,990,028	3,589,449
Airport	425,486	445,018
Business Park	60,273	87,970
Transit	332,911	334,675
Total Expenses	\$ 5,126,317	\$ 5,727,702
Revenues		
Program Revenues:		
Charges for Services	\$ 3,684,732	\$ 3,297,345
Operating Grants and Contributions	223,578	364,626
Capital Grants and Contributions	4,744,245	1,374,569
Total Program Revenues	\$ 8,652,555	\$ 5,036,540
General Revenues:		
Investment Earnings	\$ 77,237	\$ 121,484
Transfers:	-	(10,000)
Changes in Net Assets	\$ 3,603,475	\$ (579,678)
Beginning Net Assets	\$ 56,370,948	\$ 56,971,170
Ending Net Assets	\$ 59,974,423	\$ 56,391,492

This table compares fiscal year 2009 expenses and revenues of business-type activities with those of fiscal year 2008. Expenses decreased from \$5,727,702 to \$5,126,317 while program revenues increased by \$3,616,015, largely due to the increase of capital contributions. The City received ownership of the new water storage facility located in the Trilogy development.

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,**

	2009	2008
Total Assets	\$ 10,560,805	\$ 10,142,301
Total Liabilities	1,710,022	1,338,174
Total Fund Balances	8,850,783	8,804,129
Total Revenues	\$ 6,852,981	\$ 8,145,725
Total Expenditures	6,820,293	8,375,613
Total Other Financing Sources	-	435,345

At June 30, 2009 the City's Governmental Funds reported combined fund balances of \$8,850,783, an increase of \$45,654 from last year. However, the General Fund experienced a decrease in fund balance of \$474,435 as a direct result of annual expenditures exceeding annual revenues.

Revenues at the fund level totaled \$6,852,981, a decrease from last year's revenues of \$1,292,744 or 15 percent. Revenues for the General Fund, the Private Developers Revolving Fund, and other Governmental Funds decreased \$846,303, \$179,602 and \$266,839 respectively.

Expenditures decreased \$1,555,320 this year to \$6,820,293 from last years \$8,375,613. Expenditures for the General Fund, the Private Developers Revolving Fund, and other Governmental Funds decreased \$1,193,115, \$286,239 and \$75,966 respectively.

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.

In fiscal year 2009 General Fund revenues of \$4,888,002 were less than General Fund expenditures of \$5,353,895 thereby reducing fund balance by 465,893, before the use of other financing sources (uses) of \$92,080. Of the ending fund balance of \$1,571,378, \$578,936 is designated as reserves for economic uncertainty, innovation, equipment replacement and compensated absences; \$1,089,351 is reserved for prepaids and advances. The City no longer has undesignated funds available for future use, but rather has a negative fund balance of \$96,909.

CITY OF RIO VISTA
Management's Discussion and Analysis

General Fund revenues decreased by \$846,303, or 14 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 decreased \$25,548 due primarily to a decrease in property taxes as a result of the county wide reassessment of property valuations. Actual tax revenue was less than anticipated in the budget which resulted in a negative budget variance of \$20,865.
- Licenses and Permits – decreased by \$252,139 or 47 percent over the prior year. This decrease 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 \$7,274.
- 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 smaller than what was incorporated into the revenue budget and resulted in a negative budget variance of \$77,778.
- Charges for Services – decreased \$212,448 over the prior year. This decrease is attributable to a decrease in the development of new residential properties and planning applications submitted for processing. Revenues were smaller than what was incorporated into the revenue budget and resulted in a negative budget variance of \$17,858.
- Intergovernmental – This category includes revenues received from other branches of government including the Motor Vehicle In-Lieu and tobacco settlement funds. This category experienced a decrease from the prior year of \$285,467. Although this decrease was expected, the City received less funding than budgeted which resulted in a negative budget variance of \$3,922.
- Fine and forfeitures – This category experienced a decrease from the prior year of \$16,961. Although this decrease was expected, the City received less funding than budgeted which resulted in a negative budget variance of \$11,660.
- Other – This category includes revenues from a variety of sources, the most significant of which is Developer Reimbursements. This category experienced a decrease from the prior year of \$260,958. This decrease was expected but actual funding exceeded the anticipated revenues which resulted in a positive budget variance of \$49,044.
- Grants – This category includes grant revenues received from a variety of sources to be used for specific programs or projects. This category experienced an increase from the prior year of \$391,496. This increase was expected but actual funding was smaller than expected which resulted in a negative budget variance of \$627,466.

CITY OF RIO VISTA
Management's Discussion and Analysis

General Fund Expenditures also decreased from the prior year. Total General Fund Expenditures decreased by \$1,193,115 or 18 percent over the prior year. Significant fluctuations from the prior year are noted below:

- Administrative expenses decreased by \$28,790 from \$880,796 in 2008 to \$852,006 in the current year. Administrative expenses were less than the budget, resulting in a positive variance of \$55,584.
- Police Department expenses decreased by \$384,110 from \$2,145,080 in 2008 to \$1,760,970 in the current year. This decrease is due to both a decrease in the level of services provided to the public and 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 \$180,576.
- Fire Department expenses decreased by \$174,344 from \$1,122,151 in 2008 to \$947,807 in the current year. Fire Department actual expenses were more than the budget by \$15,479.
- Streets & Highways expenditures increased from \$533,810 in 2008 to \$567,256 in the current year. This increase is due to the street rehabilitation projects which the City continues to work on. Actual expenditures exceeded the budgeted expenditures by \$187,245.
- Building Regulations and Planning expenditures decreased by \$132,030 from a combined total of \$353,009 in 2008 to a combined total of \$220,979 in the current year. This decrease was due to the reduction in building permit activity. The actual combined expenses were greater than the budget by \$11,654.
- Economic Development expenditures decreased by \$219,033 from \$290,935 in 2008 to \$71,902 in 2009. This decrease is due to the reduction in the engineering and planning application work on the Liberty Development project. Actual expenditures were less than the budgeted expenditures by \$222,569.
- Public Works expenditures increased by \$151,192 from \$86,097 in 2008 to \$237,289 in the current year. This increase is due to the grant projects which the City is currently in the process of completing. The actual public works expenditures were less than budgeted expenses by \$757,372.
- Parks expenditures decreased by \$93,335 from \$281,723 in 2008 to \$188,388 in 2009. This decrease is due to the reduction of staffing levels to perform park maintenance along with the expenditures actually budgeted for maintenance costs. Actual expenditures were less than the budgeted expenditures by \$3,565.
- Swimming Pool expenditures decreased by \$45,500 from \$118,595 in 2008 to \$73,095 in the current year. This decrease is a result of the continued reduction of summer programs offered this fiscal year. Actual expenditures were lower than the budgeted expenditures by \$4,432.
- Recreation & Youth Center expenditures decreased by \$285,100 from \$336,317 in 2008 to \$51,217 in 2009. This decrease is due to the reduction of all but a few recreation programs offered this fiscal year. Actual expenditures were \$7,003 less than budgeted.

CITY OF RIO VISTA Management's Discussion and Analysis

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 6/30/2009 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 2009 fiscal year. When the City is reimbursed, the expenses and the revenues are recognized in the appropriate funds.

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) before contributions and transfers for the City's Enterprise Funds for the year ended June 30:

Proprietary Funds
Net Income (Loss) Before Contributions and Transfers
for the Year Ended June 30,

	2009	2008
Water Utility Fund	\$ 113,934	\$ (114,699)
Sewer Utility Fund	(1,088,915)	(1,684,260)
Airport Fund	(186,484)	(135,052)
Business Park Fund	40,982	3,463
Transit Fund	45,006	24,355
Total	\$ (1,075,477)	\$ (1,906,193)

CITY OF RIO VISTA
Management's Discussion and Analysis

The Enterprise Funds showed a decrease in net operating loss before contributions and transfers compared to the prior fiscal year. Total Enterprise Fund net loss is \$1,075,477, a decrease of \$830,716 over last year's results. Each Enterprise Fund showed a significant change from the prior year as discussed below:

- Water - Net operating income increased from prior year's net loss of \$114,699 to current net income of \$113,934 due to a combination of decreased expenditures and an increase in the rates charged to customers for the services provided. The proposed water rate increase went through a successful Prop 218 process with the new rates becoming effective in January 2009.

Expenses in the Water Fund increased from the prior fiscal year expense of \$1,270,590 to a total of \$1,317,619 in the current fiscal year. Total operating revenues were more than total operating expenditures by \$80,982 which increased to \$113,934 when the nonoperating revenue of \$32,952 from interest income is included. 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 \$13,025,535. Of this amount \$10,562,044 is invested in capital assets and \$2,463,491 is unrestricted.

- Sewer - 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 \$1,042,960. After adding non-operating revenues, including asset contributions, the sewer fund still realized a decrease in net assets. The net loss generated in the current year decreased total net assets from \$38,354,526 in 2008 down to \$38,276,483. Of this amount \$41,059,799 is restricted for either capital assets/projects or bond retirement resulting in a negative unrestricted balance of \$2,783,316.
- Airport - This year's net loss increased from a loss of \$135,052 in the prior year to a net loss of \$186,484 in the current year. Total operating revenues increased \$3,748 from the prior year while total operating expenses decreased \$13,987. 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 \$7,686,458, however, it currently has negative unrestricted net assets of \$1,042,993, 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 net income of \$40,982 in the current fiscal year.

The Business Park has ending net assets of \$654,642 with \$113,408 of those assets being unrestricted. The City continues to explore the deed restrictions on the property within the Business Park along with continuing to seek development projects for the Business Park.

- Transit - Net income from Transit decreased from a net income of \$24,355 in fiscal year 2008 to a net income of \$45,006 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 \$331,305, with \$235,975 being invested in capital assets and \$95,330 being unrestricted and available for operations. With the implementation of the suggestions made in the transit study completed in the 2006 fiscal year and annual review and modification of existing routes, the City continues to see 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, 2009, amounts to \$61,114,206 (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:

Capital Assets at Year-end

Capital Asset by Type	2009	2008
<i>Governmental Activities:</i>		
Land	\$ 1,892,169	\$ 1,892,169
Construction in Progress	617,676	659,019
Buildings and Improvements	3,479,253	3,332,730
Machinery and Equipment	942,740	927,398
Vehicles	1,602,894	1,602,894
Infrastructure	3,116,887	1,975,798
Less Accumulated Depreciation	(3,914,484)	(3,573,392)
Totals	\$ 7,737,135	\$ 6,816,616
 <i>Business-Type Activities</i>		
Land	\$ 433,497	\$ 433,497
Construction in Progress	168,290	-
Buildings and Improvements	53,918,657	50,318,875
Runways	10,783,817	10,783,817
Machinery and Equipment	1,497,169	1,497,169
Vehicles	272,379	208,120
Infrastructure	4,352,547	3,554,547
Less Accumulated Depreciation	(10,312,150)	(8,965,121)
Totals	\$ 61,114,206	\$ 57,830,904

CITY OF RIO VISTA Management's Discussion and Analysis

Major capital assets additions during fiscal year 2009 included the following:

- Buildings and Improvements:
 - Police Department Roof Replacement
 - Capitalization of the water storage facility in the Trilogy Development
- Infrastructure:
 - Second Street Rehabilitation Project
- Vehicles:
 - 2009 Type III, Starcraft Allstar
 - 2007 Mercury Grand Marquis

Additional information on the City's capital assets can be found in Note 5 to the Basic Financial Statements.

Debt Administration

The City uses a variety of indebtedness to finance various capital acquisitions. At June 30, 2009, the City's long-term debt outstanding was \$1,941,562. Of this total, \$650,548 was in governmental activities and \$1,291,014 was in business-type activities.

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

	Outstanding Debt	
	At Year-end	
	2009	2008
<i>Governmental Activity Debt:</i>		
1977 General Obligation Bonds	\$ 206,000	\$ 222,000
State of Calif. Energy Commission Loan	-	6,134
Fire Truck Capital Lease	274,548	335,704
1991 Tax Allocation Bonds	170,000	245,000
	\$ 650,548	\$ 808,838
<i>Business-type Activity Debt:</i>		
2000 Pooled Revenue Bonds	\$ 1,257,608	\$ 1,279,051
West America Capital Lease	33,406	40,673
Airport Hangar Capital Lease	-	36,038
	\$ 1,291,014	\$ 1,355,762
TOTAL OUTSTANDING DEBT	\$ 1,941,562	\$ 2,164,600

CITY OF RIO VISTA
Management's Discussion and Analysis

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 6 to the Basic Financial Statements.

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, 2009 a total of \$31,508,600 in special assessment district debt was outstanding, issued by three 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.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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.

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City of Rio Vista
Statement of Net Assets
June 30, 2009

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and investments	\$ 4,558,047	\$ 2,401,307	\$ 6,959,354
Restricted cash and investments	678,616	1,305,311	1,983,927
Receivables:			
Accounts, net	1,121,084	802,301	1,923,385
Interest	23,042	10,988	34,030
Internal balances	3,332,600	(3,332,600)	-
Prepaid items and deposits	223,642	10,083	233,725
Inventory	-	20,380	20,380
Notes receivable	148,407	-	148,407
Total current assets	<u>10,085,438</u>	<u>1,217,770</u>	<u>11,303,208</u>
Noncurrent assets:			
Capital assets:			
Land	1,892,169	433,497	2,325,666
Construction in progress	617,676	168,290	785,966
Capital assets being depreciated, net	5,227,290	60,512,419	65,739,709
Total capital assets	<u>7,737,135</u>	<u>61,114,206</u>	<u>68,851,341</u>
Total assets	<u>17,822,573</u>	<u>62,331,976</u>	<u>80,154,549</u>
LIABILITIES			
Current liabilities:			
Accounts payable	594,954	590,063	1,185,017
Accrued expenses	76,574	26,708	103,282
Interest payable	7,779	19,935	27,714
Deposits payable	33,706	19,188	52,894
Unearned revenue	529,421	367,677	897,098
Landfill post-closure	970,480	-	970,480
Compensated absences - due within one year	50,575	9,735	60,310
Long-term debt - due within one year	161,012	39,230	200,242
Total current liabilities	<u>2,424,501</u>	<u>1,072,536</u>	<u>3,497,037</u>
Noncurrent liabilities:			
Claims Payable - due in more than one year	130,114	-	130,114
Compensated absences - due in more than one year	194,117	33,233	227,350
Long-term debt - due in more than one year	489,536	1,251,784	1,741,320
Total liabilities	<u>3,238,268</u>	<u>2,357,553</u>	<u>5,595,821</u>
NET ASSETS			
Invested in capital assets, net of related debt	<u>7,086,587</u>	<u>59,823,192</u>	<u>66,909,779</u>
Restricted for:			
Capital projects	4,768,264	1,194,094	5,962,358
Debt service	78,086	111,217	189,303
Specific projects and programs	2,459,474	-	2,459,474
Total restricted	<u>7,305,824</u>	<u>1,305,311</u>	<u>8,611,135</u>
Unrestricted	191,894	(1,154,080)	(962,186)
Total net assets	<u>\$ 14,584,305</u>	<u>\$ 59,974,423</u>	<u>\$ 74,558,728</u>

See accompanying Notes to Basic Financial Statements.

City of Rio Vista
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2009

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
Administration	\$ 865,431	\$ 133,981	\$ 4,200	\$ 566,337
Police protection	1,967,750	29,051	123,117	-
Fire protection	978,680	24,750	294,951	-
Redevelopment	472,056	9,493	-	-
Streets & highways	185,482	177,440	68,595	-
Streets & lighting	145,436	-	-	-
Corporation yard	100,914	-	-	-
Building regulations	61,677	220,257	-	-
Planning	254,351	227,422	-	-
Economic development	76,427	-	-	-
Public works	472,431	-	-	356,090
Parks	159,456	72,328	-	-
Swimming pool	77,695	1,917	-	-
Recreation and youth center	73,919	39,947	54,495	-
Solid waste	228,261	163,465	5,960	-
Interest on long-term debt (unallocated)	47,624	-	-	-
Total governmental activities	6,167,590	1,100,051	551,318	922,427
Business-type activities:				
Water	1,317,619	1,398,601	-	3,668,080
Sewer	2,990,028	1,862,902	-	1,010,872
Airport	425,486	238,983	-	-
Business park	60,273	100,187	-	-
Transit	332,911	84,059	223,578	65,293
Total business-type activities	5,126,317	3,684,732	223,578	4,744,245
Total primary government	\$ 11,293,907	\$ 4,784,783	\$ 774,896	\$ 5,666,672

General Revenues and Transfers:

Taxes:

- Property taxes
- Incremental property tax
- Sales taxes
- Franchise taxes
- Other taxes
- Total taxes

- Motor vehicle in lieu
- Investment earnings
- Royalties
- Miscellaneous
- Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (160,913)	\$ -	\$ (160,913)
(1,815,582)	-	(1,815,582)
(658,979)	-	(658,979)
(462,563)	-	(462,563)
60,553	-	60,553
(145,436)	-	(145,436)
(100,914)	-	(100,914)
158,580	-	158,580
(26,929)	-	(26,929)
(76,427)	-	(76,427)
(116,341)	-	(116,341)
(87,128)	-	(87,128)
(75,778)	-	(75,778)
20,523	-	20,523
(58,836)	-	(58,836)
(47,624)	-	(47,624)
<u>(3,593,794)</u>	<u>-</u>	<u>(3,593,794)</u>
-	3,749,062	3,749,062
-	(116,254)	(116,254)
-	(186,503)	(186,503)
-	39,914	39,914
-	40,019	40,019
<u>-</u>	<u>3,526,238</u>	<u>3,526,238</u>
<u>(3,593,794)</u>	<u>3,526,238</u>	<u>(67,556)</u>
2,038,707	-	2,038,707
886,156	-	886,156
1,068,045	-	1,068,045
112,288	-	112,288
111,097	-	111,097
<u>4,216,293</u>	<u>-</u>	<u>4,216,293</u>
29,460	-	29,460
54,910	77,237	132,147
242,126	-	242,126
92,486	-	92,486
<u>-</u>	<u>-</u>	<u>-</u>
<u>4,635,275</u>	<u>77,237</u>	<u>4,712,512</u>
1,041,481	3,603,475	4,644,956
13,542,824	56,370,948	69,913,772
<u>\$ 14,584,305</u>	<u>\$ 59,974,423</u>	<u>\$ 74,558,728</u>

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

The funds below were determined to be Major Funds by the City in fiscal 2009. Individual non-major funds may be found in the Supplementary Information 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 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.

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City of Rio Vista
Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Private Developers Revolving Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ -	\$ 73,472	\$ 4,484,575	\$ 4,558,047
Restricted cash and investments	578,936	9	99,671	678,616
Receivables:				
Accounts	770,390	174,634	176,060	1,121,084
Interest	2,811	597	19,634	23,042
Prepays and other	26,419	-	197,223	223,642
Due from other funds	44,279	16,790	-	61,069
Advances to other funds	1,062,932	-	2,683,966	3,746,898
Notes receivable	-	-	148,407	148,407
Total assets	\$ 2,485,767	\$ 265,502	\$ 7,809,536	\$ 10,560,805
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 429,723	\$ 24,112	\$ 141,119	\$ 594,954
Accrued expense	63,345	-	13,229	76,574
Deposits	4,858	23,848	5,000	33,706
Due to other funds	16,790	-	44,279	61,069
Deferred revenue	399,673	-	129,748	529,421
Advances from other funds	-	-	414,298	414,298
Total liabilities	914,389	47,960	747,673	1,710,022
Fund Balances:				
Reserved:				
Bond retirement	-	-	78,086	78,086
Notes receivable	-	-	148,407	148,407
Prepays	26,419	-	197,223	223,642
Low and moderate income housing	-	-	595,041	595,041
Advances	1,062,932	-	2,683,966	3,746,898
Total reserved	1,089,351	-	3,702,723	4,792,074
Unreserved:				
Designated for:				
Economic uncertainty	416,936	-	-	416,936
Innovation	10,000	-	-	10,000
Equipment replacement	50,000	-	-	50,000
Compensated absences	102,000	-	-	102,000
Undesignated, Reported in:				
General fund	(96,909)	-	-	(96,909)
Special revenue funds	-	217,542	1,305,723	1,523,265
Capital projects funds	-	-	2,053,417	2,053,417
Total fund balances	1,571,378	217,542	7,061,863	8,850,783
Total liabilities and fund balances	\$ 2,485,767	\$ 265,502	\$ 7,809,536	\$ 10,560,805

See accompanying Notes to Basic Financial Statements.

City of Rio Vista
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2009

Total Fund Balances - Total Governmental Funds	<u>\$ 8,850,783</u>
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Amounts reported for governmental activities in the Statement of Net Assets were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.	7,737,135
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Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

- Landfill	(970,480)
- Claims payable	(130,114)
- Interest payable	(7,779)
- Long-term debt	(650,548)
- Compensated absences	<u>(244,692)</u>

Total long-term liabilities	<u>(2,003,613)</u>
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Net Assets of Governmental Activities	<u><u>\$ 14,584,305</u></u>
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City of Rio Vista
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2009

	General Fund	Private Developers Revolving Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes	\$ 3,082,834	\$ -	\$ 1,021,189	\$ 4,104,023
Licenses and permits	275,748	-	233,876	509,624
Use of money and property	332,666	1,904	107,388	441,958
Charges for services	476,222	101,226	122,369	699,817
Intergovernmental	44,814	-	206,747	251,561
Fines and forfeitures	28,340	-	-	28,340
Other	81,041	-	9,826	90,867
Grants	566,337	-	160,454	726,791
Total revenues	4,888,002	103,130	1,861,849	6,852,981
EXPENDITURES:				
Current:				
Administration	852,006	-	-	852,006
Police protection	1,760,970	-	136,271	1,897,241
Fire protection	947,807	-	-	947,807
Redevelopment	-	-	472,056	472,056
Streets & highways	567,256	-	-	567,256
Streets & lighting	-	-	136,825	136,825
Corporation yard	94,939	-	-	94,939
Building regulations	78,724	-	-	78,724
Planning	142,255	101,226	17,154	260,635
Economic development	71,902	-	-	71,902
Public works	237,289	-	256,091	493,380
Parks	188,388	-	-	188,388
Swimming pool	73,095	-	-	73,095
Recreation and youth center	51,217	-	18,325	69,542
Solid waste	-	-	113,571	113,571
Capital outlay	204,808	-	73,595	278,403
Debt service:				
Principal repayment	67,290	-	91,000	158,290
Interest and fiscal charges	15,949	-	50,284	66,233
Total expenditures	5,353,895	101,226	1,365,172	6,820,293
REVENUES OVER (UNDER) EXPENDITURES	(465,893)	1,904	496,677	32,688
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital asset	-	-	-	-
Transfers in	99,884	-	136,512	236,396
Transfers out	(7,804)	-	(228,592)	(236,396)
Total other financing sources (uses)	92,080	-	(92,080)	-
Net change in fund balances	(373,813)	1,904	404,597	32,688
FUND BALANCES:				
Beginning of year	1,945,191	215,638	6,657,266	8,818,095
End of year	<u>\$ 1,571,378</u>	<u>\$ 217,542</u>	<u>\$ 7,061,863</u>	<u>\$ 8,850,783</u>

See accompanying Notes to Basic Financial Statements.

City of Rio Vista

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2009

The schedule below reconciles the Net Changes in Fund Balances reported in 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 in the Government-Wide Statement of Activities and Changes in Net Assets, which is prepared on the full accrual basis.

Net Change in Fund Balances - Total Governmental Funds \$ 32,688

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

Governmental funds reported additions of capital assets as capital outlay and program expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period. 1,261,611

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in Governmental Funds. (341,092)

Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets. 158,290

The amounts below are included in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, they are not reported as expenditures in governmental funds.

- Compensated absences	39,029
- Interest on long-term debt	18,609
- Claims payable	(12,964)
- Landfill closure	(114,690)

Change in Net Assets of Governmental Activities \$ 1,041,481

PROPRIETARY FUND FINANCIAL STATEMENTS

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 2009, 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

To account for all financial transactions relating to the City's water resources.

Sewer Fund

To account for all financial transactions relating to the City's sewer operations.

Airport Fund

To account for all financial transactions relating to the City's airport operations.

Business Park Fund

To account for all financial transactions relating to the City's business park operations.

Transit Fund

To account for all monies received and spent for Dial-A-Ride and transit projects.

City of Rio Vista
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-Type Activities – Enterprise Funds					Totals
	Water	Sewer	Airport	Business		
				Park	Transit	
ASSETS						
Current assets:						
Cash and investments	\$ 1,919,758	\$ -	\$ 23,228	\$ 106,827	\$ 351,494	\$ 2,401,307
Restricted cash and investments	-	1,305,311	-	-	-	1,305,311
Receivables:						
Accounts	237,323	325,758	116,282	14,212	108,726	802,301
Interest	5,580	4,093	-	246	1,069	10,988
Prepaid items	3,459	-	6,197	262	165	10,083
Due from other funds	-	-	-	-	-	-
Inventory	-	-	20,380	-	-	20,380
Total current assets	2,166,120	1,635,162	166,087	121,547	461,454	4,550,370
Noncurrent assets:						
Advances to other funds	570,465	220,008	-	-	-	790,473
Capital assets:						
Land	5,000	-	405,313	23,184	-	433,497
Construction in progress	121,973	-	46,317	-	-	168,290
Depreciable, net	10,435,071	41,012,096	8,311,227	518,050	235,975	60,512,419
Total capital assets	10,562,044	41,012,096	8,762,857	541,234	235,975	61,114,206
Total noncurrent assets	11,132,509	41,232,104	8,762,857	541,234	235,975	61,904,679
Total assets	13,298,629	42,867,266	8,928,944	662,781	697,429	66,455,049
LIABILITIES						
Current liabilities:						
Accounts payable	128,672	278,569	76,621	1,904	104,297	590,063
Accrued expense	17,991	3,118	4,830	446	323	26,708
Accrued interest payable	-	18,812	1,123	-	-	19,935
Deposit payable	-	-	14,617	4,571	-	19,188
Due to other funds	-	-	-	-	-	-
Unearned revenue	101,651	1,674	5,413	-	258,939	367,677
Compensated absences - due within one year	5,436	2,787	656	524	332	9,735
Long-term debt - due within one year	-	31,553	7,677	-	-	39,230
Total current liabilities	253,750	336,513	110,937	7,445	363,891	1,072,536
Noncurrent liabilities:						
Advances from other funds	-	3,018,934	1,104,139	-	-	4,123,073
Compensated absences - due in more than one year	19,344	9,281	1,681	694	2,233	33,233
Long-term debt:						
Revenue bonds payable	-	1,226,055	-	-	-	1,226,055
Capitalized lease obligations	-	-	25,729	-	-	25,729
Total noncurrent liabilities	19,344	4,254,270	1,131,549	694	2,233	5,408,090
Total liabilities	273,094	4,590,783	1,242,486	8,139	366,124	6,480,626
NET ASSETS						
Invested in capital assets, net of related debt	10,562,044	39,754,488	8,729,451	541,234	235,975	59,823,192
Restricted for revenue bond retirement	-	111,217	-	-	-	111,217
Restricted for capital projects	-	1,194,094	-	-	-	1,194,094
Unrestricted	2,463,491	(2,783,316)	(1,042,993)	113,408	95,330	(1,154,080)
Total net assets	\$ 13,025,535	\$ 38,276,483	\$ 7,686,458	\$ 654,642	\$ 331,305	\$ 59,974,423

See accompanying Notes to Basic Financial Statements.

City of Rio Vista
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the year ended June 30, 2009

	Business-Type Activities – Enterprise Funds					Totals
	Water	Sewer	Airport	Business Park	Transit	
OPERATING REVENUES:						
Charges for services	\$ 1,383,112	\$ 1,852,295	\$ 29,187	\$ 3,245	\$ 65,668	\$ 3,333,507
Rents	-	-	186,662	94,948	-	281,610
Sale of fuel	-	-	22,927	-	-	22,927
Other	15,489	10,607	207	1,994	18,391	46,688
Total operating revenues	1,398,601	1,862,902	238,983	100,187	84,059	3,684,732
OPERATING EXPENSES:						
Salaries & benefits	355,569	206,388	64,551	29,635	17,135	673,278
Contract services	70,563	1,658,947	11,139	933	221,831	1,963,413
Supplies & materials	74,109	56,057	21,072	3,849	57,685	212,772
Utilities	208,974	276,799	23,533	3,604	-	512,910
Payment in lieu of taxes	-	-	-	-	-	-
Insurance	18,434	61,293	9,197	1,525	2,313	92,762
Maintenance & repair	66,852	44,246	6,407	-	725	118,230
Communications	3,901	3,977	4,922	-	932	13,732
Professional services	25,424	34,758	15,819	6,844	13,037	95,882
Miscellaneous	-	-	1,680	-	-	1,680
Depreciation	493,793	563,397	256,703	13,883	19,253	1,347,029
Total operating expenses	1,317,619	2,905,862	415,023	60,273	332,911	5,031,688
OPERATING INCOME (LOSS)	80,982	(1,042,960)	(176,040)	39,914	(248,852)	(1,346,956)
NONOPERATING REVENUES (EXPENSES):						
Operating grants	-	-	-	-	223,578	223,578
Capital grants & contributions	-	-	-	-	65,293	65,293
Interest revenue	32,952	38,211	19	1,068	4,987	77,237
Interest (expense)	-	(84,166)	(10,463)	-	-	(94,629)
Loss on retirement of capital assets	-	-	-	-	-	-
Total nonoperating revenues (expenses)	32,952	(45,955)	(10,444)	1,068	293,858	271,479
INCOME (LOSS) BEFORE TRANSFERS	113,934	(1,088,915)	(186,484)	40,982	45,006	(1,075,477)
Contributions from developers	3,668,080	329,920	-	-	-	3,998,000
Contributions from property owners	-	680,952	-	-	-	680,952
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Net contributions & transfers	3,668,080	1,010,872	-	-	-	4,678,952
Change in net assets	3,782,014	(78,043)	(186,484)	40,982	45,006	3,603,475
NET ASSETS:						
Beginning of year	9,243,521	38,354,526	7,872,942	613,660	286,299	56,370,948
End of year	\$ 13,025,535	\$ 38,276,483	\$ 7,686,458	\$ 654,642	\$ 331,305	\$ 59,974,423

See accompanying Notes to Basic Financial Statements.

City of Rio Vista
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2009

	Business-Type Activities – Enterprise Funds					Totals
	Water	Sewer	Airport	Park	Transit	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 1,388,327	\$ 1,615,052	\$ 259,272	\$ 101,549	\$ 84,059	\$ 3,448,259
Payments to suppliers/other fund	(350,789)	(2,436,885)	(27,248)	(14,556)	(328,249)	(3,157,727)
Payments to employees	(375,270)	(213,529)	(65,800)	(31,833)	(16,835)	(703,267)
Insurance premiums and claims paid	(18,434)	(61,293)	(9,197)	(1,525)	(2,313)	(92,762)
Net cash provided (used) by operating activities	643,834	(1,096,655)	157,027	53,635	(263,338)	(505,497)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Interfund receipts	21,061	827,857	-	-	-	848,918
Interfund payments	-	-	(33,733)	-	-	(33,733)
Operating grants received	-	-	-	-	320,784	320,784
Net cash provided (used) by noncapital financing activities	21,061	827,857	(33,733)	-	320,784	1,135,969
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets	(121,972)	(399,785)	(46,317)	-	(64,257)	(632,331)
Receipt of capital grants and contributions	-	-	-	-	65,293	65,293
Contributions for treatment plant	-	680,952	-	-	-	680,952
Principal payments on capital debt	-	(21,442)	(43,305)	-	-	(64,747)
Interest paid	-	(84,526)	(10,463)	-	-	(94,989)
Net cash provided (used) by capital and related financing activities	(121,972)	175,199	(100,085)	-	1,036	(45,822)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest income	32,206	41,308	19	997	5,278	79,808
Net cash provided (used) by investing activities	32,206	41,308	19	997	5,278	79,808
Net increase (decrease) in cash and cash equivalents	575,129	(52,291)	23,228	54,632	63,760	664,458
CASH AND CASH EQUIVALENTS:						
Beginning of year	1,344,629	1,357,602	-	52,195	287,734	3,042,160
End of year	\$ 1,919,758	\$ 1,305,311	\$ 23,228	\$ 106,827	\$ 351,494	\$ 3,706,618
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 80,982	\$ (1,042,960)	\$ (176,040)	\$ 39,914	\$ (248,852)	\$ (1,346,956)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	493,793	563,397	256,703	13,883	19,253	1,347,029
Changes in current assets and liabilities:						
Receivables, net	94,380	(247,850)	19,520	1,026	-	(132,924)
Prepaid expense	566	3,283	(107)	135	(57)	3,820
Deposits	-	-	769	336	-	1,105
Inventory	-	-	24,958	-	-	24,958
Unearned revenue	(104,654)	-	-	-	-	(104,654)
Accounts payable and other accrued expenses	98,468	(365,384)	32,473	539	(33,982)	(267,886)
Compensated absences	(19,701)	(7,141)	(1,249)	(2,198)	300	(29,989)
Total adjustments	562,852	(53,695)	333,067	13,721	(14,486)	841,459
Net cash provided (used) by operating activities	\$ 643,834	\$ (1,096,655)	\$ 157,027	\$ 53,635	\$ (263,338)	\$ (505,497)

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds

These 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 Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

City of Rio Vista
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Agency Funds
ASSETS	
Cash and investments	\$ 2,493,407
Restricted cash and investments	3,256,928
Accounts receivable	184
Interest receivable	5,765
Prepaid expense and other	550
Total assets	\$ 5,756,834
LIABILITIES	
Accounts payable	\$ 21,648
Due to assessment district bondholders	5,735,186
Total liabilities	\$ 5,756,834

See accompanying Notes to Basic Financial Statements.

City of Rio Vista
Notes to Basic Financial Statements
For the year ended June 30, 2009

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.

Redevelopment Agency of the City of Rio Vista (Agency) - The Agency 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.

City of Rio Vista Public Financing Authority (Authority) - The 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.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus

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 Financial Statements

The Government-Wide Financial Statements include a Statement of Net Assets and the Statement of Activities and Changes in Net Assets 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.

The Statement of Activities and Changes in Net Assets 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.

Governmental 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.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

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.

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.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 or 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:

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.

The Private Developers Revolving Special Revenue 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:

The Water Fund – accounts for all the City’s water resources.

The Sewer Fund – accounts for all the City’s sewer operations.

The Airport Fund – accounts for all financial transactions relating to the City’s airport operations.

The Business Park Fund – accounts for all financial transactions relating to the City’s business park operations.

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

The City also reports the following fund types:

The Agency Funds – account for assets held by the City as an agent for various assessment districts.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. 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.

E. 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 at the City-wide level in the Statement of Net Assets for Governmental Activities or in the 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.

F. Cash, Cash Equivalents and Investments

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

In accordance with GASB Statement No. 40, Deposit and Investment Disclosures (Amendment of GASB No. 3), certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Cash, Cash Equivalents and Investments, Continued

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

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

G. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects. Cash and investments are also restricted for deposits held for others within the enterprise funds.

H. Receivables

During the course of normal operations, the City carries various receivable balances for taxes, interest, services, utilities and special assessments. Accounts receivables are shown net of an allowance for doubtful accounts.

I. Notes Receivable

For the purposes of the governmental fund financial statements, expenditures related to long-term notes, arising from subsidy programs are charges to operations upon funding and the notes are offset by fund balance reserves.

J. Interfund Transactions

Interfund transactions are reflected as loans, services provided reimbursements or transfers. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Advances between funds, reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Interfund Transactions, Continued

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the Government-Wide Financial Statements presentation.

K. 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. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Assets acquired with grant funds may be capitalized even though their individual cost is less than \$5,000.

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 purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. The City has assigned the useful lives listed below to capital assets:

Buildings and Improvements	10-100 years
Equipment and machinery	5-20 years
Vehicles	5-12 years
Runways	50 years
Infrastructure	50 years

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 asset constructed, net of interest earned on the invested proceeds over the same period.

The Governmental Accounting Standards Board (GASB) issued Statement No. 34 requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with Statement No. 34, the City has included the value of all infrastructures into its Basic Financial Statements.

The City defines infrastructure as the basic physical assets that allow the City to function, which consists of two major networks:

- Roadway
- Recreation such as major park facilities and landscaped areas, park trails and bike paths used by the City in the conduct of its business.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Capital Assets, Continued

The City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City conducted a valuation of its infrastructure assets as of June 30, 2004. This valuation determined the estimated acquisition cost using one of the following methods:

1. Use of historical records where available.
2. Standard unit costs appropriate for the construction/acquisition date.
3. Present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date.

The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line method using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost. The City updates its infrastructure each year.

L. Long-Term Debt

Government-Wide Financial Statements - Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Fund Financial Statements - The governmental fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

Bond premiums and discounts, as well as issuance costs, are recognized during the current period as other financing sources or uses. Bond proceeds are reported as other financing sources.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Net Assets / Fund Balance

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

N. Fund Balances - Reserves and Designations

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

O. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

P. 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.

Q. New Pronouncements

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

- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* - the Statement establishes accounting and financial reporting standards for pollution/contamination remediation obligations and remediation activities to address the detrimental effects of existing pollution.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. New Pronouncements, Continued

- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments* – the Statement requires endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.
- GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards* – these Statements incorporate certain accounting and financial reporting guidance for state and local governments into GASB’s authoritative literature.

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool for all funds. Certain restricted funds which are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include cash and investment held by trustees.

The following is a summary of cash and investments at June 30, 2009:

	Government-Wide Statement of Net Assets		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Statement of Net Assets	
Cash and investments	\$ 4,558,047	\$ 2,401,307	\$ 2,493,407	\$ 9,452,761
Restricted cash and investments	678,616	1,305,311	3,256,928	5,240,855
Total	\$ 5,236,663	\$ 3,706,618	\$ 5,750,335	\$ 14,693,616

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

2. CASH AND INVESTMENTS, Continued

At June 30, 2009 the City's pooled cash and investments, including restricted funds consisted of the following:

	<u>Fair Value</u>
	<u>June 30, 2009</u>
Cash and Investments:	
Deposits:	
Cash on hand	\$ 400
Deposits with banks	35,062
Total deposits	<u>35,462</u>
Investments:	
California Local Agency Investment Fund (Unrestricted)	9,417,299
Total investments	<u>9,417,299</u>
Total Cash and Investments	<u><u>9,452,761</u></u>
Restricted Cash and Investments:	
Cash with Fiscal Agent	3,595,966
California Local Agency Investment Fund (Restricted)	1,644,889
Total Restricted Cash and Investments	<u><u>\$ 5,240,855</u></u>

A. Deposits

The carrying amount of the City's cash deposit was \$35,062 at June 30, 2009. Bank balances before reconciling items were \$414,558, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

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

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may and has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

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

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

2. CASH AND INVESTMENTS, Continued

B. Investments

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of 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.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method in all funds and component units. In fiscal year ended June 30, 2009, no fair value adjustment was recorded for the City's investment in the Local Agency Investment Fund.

Interest income	\$ 132,147
Unrealized gain in changes in fair value of investments	<u>-</u>
Total investment income	<u>\$ 132,147</u>

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

2. CASH AND INVESTMENTS, Continued

B. Investments, Continued

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

The City's investments are carried at fair value as required by generally accepted accounting principles.

The City is a voluntary 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 balance is available for withdrawal on demand. The City's investments with LAIF at June 30, 2009, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

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

As of June 30 2009, the City had \$11,062,188 invested in LAIF, which had invested 14.71% of the pool investment funds in Structured Notes and Asset-Backed Securities. 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 fair value of LAIF was calculated by applying a factor of 1.001364207 to total investments held by LAIF.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

2. CASH AND INVESTMENTS, Continued

C. 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 with 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:

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
State of California - 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.

D. Risk Disclosures

Interest Risk: Interest rate risk is the market value fluctuation due to overall changes in the interest rates. It is mitigated by limiting the average maturity of the City's portfolio not to exceed five years. At June 30, 2009, the City had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (in years)			
		1 year or less	1-2 years	2-3 years	3-4 years
Local Agency Investment Funds	\$ 11,062,188	\$ 11,062,188	\$ -	\$ -	\$ -
Total	\$ 11,062,188	\$ 11,062,188	\$ -	\$ -	\$ -

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

3 INTERFUND TRANSACTIONS

A. Interfund Receivables / Payables

The composition of interfund balances as of June 30, 2009 is as follows:

Due to/from Other Funds

As of June 30, 2009, balances of due to/from other funds were as follows:

Due to other funds	Due from other funds	
	General Fund	Total
Governmental Funds:		
Non-Major Governmental Funds	\$ 44,279	\$ 44,279
Total	\$ 44,279	\$ 44,279

The balances represent short-term loans, which were made to eliminate temporary negative cash balances. These loans are expected to be repaid shortly after the end of the fiscal year.

Advances To/From

Advance from other funds	Advance to other funds				Total
	General Fund	Water Fund	Sewer Fund	Non-Major Governmental Funds	
Sewer Fund	\$ 88,476	\$ 400,000	\$ -	\$ 2,530,458	\$ 3,018,934
Airport Fund	801,656	49,716	99,259	153,508	1,104,139
Non-Major Governmental Funds	172,800	120,749	120,749	-	414,298
Total	\$ 1,062,932	\$ 570,465	\$ 220,008	\$ 2,683,966	\$ 4,537,371

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 \$146,894 in fiscal year 2007. The General Fund loaned the Army Base Reuse Capital Project Fund an additional \$17,653 in fiscal year 2008. The General Fund loaned the Army Base Reuse Capital Project Fund an additional \$8,253 in fiscal year 2009. Payment on both of the loans is not expected in fiscal 2010.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

3 INTERFUND TRANSACTIONS, Continued

A. Interfund Receivables / Payables, Continued

Advances To/From, Continued

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. The fund borrowed an additional \$795,529 from the Municipal Improvements Capital Project Fund during fiscal year 2009. Payment on all of the loans is not expected in fiscal 2010.

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 \$241,498 at June 30, 2009.

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 \$148,975 at June 30, 2009.

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 2010.

Transfers In/Out

Transfers in/out for the year ended June 30, 2009, were as follows:

	Transfers In		
	General Fund	Non-Major Governmental Funds	Total
Transfers Out	Governmental Funds:		
	\$ -	\$ 7,804	\$ 7,804
	99,884	128,708	228,592
Total	\$ 99,884	\$ 136,512	\$ 236,396

The transfers of \$7,804 to the ATOD Grant Fund and \$128,708 to the CDBG Fund represent local grant match to the grant funds. The transfer of \$ 99,884 represents the grant expenditure/cash into the General Fund.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

4. 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, 2009 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, 2009, the principal outstanding is \$34,132.

5. 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:

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, Continued
For the year ended June 30, 2009

5. CAPITAL ASSETS, Continued

Capital asset activity for the year ended June 30, 2009, was as follows:

	Balance July 1, 2008	Additions	Retirements	Transfers	Balance June 30, 2009
Governmental activities:					
Nondepreciable assets:					
Land	\$ 1,892,169	\$ -	\$ -	\$ -	\$ 1,892,169
Construction in progress	659,019	715,770	-	(757,113)	617,676
Total nondepreciable assets	<u>2,551,188</u>	<u>715,770</u>	<u>-</u>	<u>(757,113)</u>	<u>2,509,845</u>
Depreciable assets:					
Buildings and improvements	3,332,730	32,534	-	113,989	3,479,253
Vehicles	927,398	-	-	-	927,398
Machinery and equipment	1,602,894	15,342	-	-	1,618,236
Infrastructure	1,975,798	497,965	-	643,124	3,116,887
Total depreciable assets	<u>7,838,820</u>	<u>545,841</u>	<u>-</u>	<u>757,113</u>	<u>9,141,774</u>
Less accumulated depreciation:					
Buildings and improvements	(1,773,173)	(115,569)	-	-	(1,888,742)
Vehicles	(564,592)	(62,422)	-	-	(627,014)
Machinery and equipment	(1,175,109)	(102,452)	-	-	(1,277,561)
Infrastructure	(60,518)	(60,649)	-	-	(121,167)
Total accumulated depreciation	<u>(3,573,392)</u>	<u>(341,092)</u>	<u>-</u>	<u>-</u>	<u>(3,914,484)</u>
Net depreciable assets	<u>4,265,428</u>	<u>204,749</u>	<u>-</u>	<u>757,113</u>	<u>5,227,290</u>
Governmental activities capital assets, net	<u>\$ 6,816,616</u>	<u>\$ 920,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,737,135</u>
Business-type activities:					
Nondepreciable assets:					
Land	\$ 433,497	\$ -	\$ -	\$ -	\$ 433,497
Construction in progress	-	168,290	-	-	168,290
Total nondepreciable assets	<u>433,497</u>	<u>168,290</u>	<u>-</u>	<u>-</u>	<u>601,787</u>
Depreciable assets:					
Buildings and improvements	50,318,875	3,599,782	-	-	53,918,657
Runways	10,783,817	-	-	-	10,783,817
Machinery and equipment	1,497,169	-	-	-	1,497,169
Vehicles	208,120	64,259	-	-	272,379
Infrastructure	3,554,547	798,000	-	-	4,352,547
Total depreciable assets	<u>66,362,528</u>	<u>4,462,041</u>	<u>-</u>	<u>-</u>	<u>70,824,569</u>
Less accumulated depreciation:					
Buildings and improvements	(5,020,172)	(922,465)	-	-	(5,942,637)
Runways	(2,834,710)	(236,276)	-	-	(3,070,986)
Machinery and equipment	(999,092)	(87,013)	-	-	(1,086,105)
Vehicles	(17,148)	(19,253)	-	-	(36,401)
Infrastructure	(93,999)	(82,022)	-	-	(176,021)
Total accumulated depreciation	<u>(8,965,121)</u>	<u>(1,347,029)</u>	<u>-</u>	<u>-</u>	<u>(10,312,150)</u>
Net depreciable assets	<u>57,397,407</u>	<u>3,115,012</u>	<u>-</u>	<u>-</u>	<u>60,512,419</u>
Business-type activities capital assets, net	<u>\$ 57,830,904</u>	<u>\$ 3,283,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,114,206</u>

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

5. CAPITAL ASSETS, Continued

A. 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 year 2009 the developers donated to the City the water tank located within the Trilogy development with an assessed value of \$3,668,080. The same developers also donated to the City the sewer infrastructure with an assessed value of \$329,920.

In fiscal year 2009 the property owners within the Community Facilities Districts Nos. 2004-1 and 2006-1 contributed \$680,952 toward the construction of the Northwest Waste Water Treatment Plan.

B. Depreciation

Depreciation expense was charged to various governmental functions as follows:

Governmental Activities:	
Administrative	\$ 51,982
Police protection	119,406
Fire protection	59,651
Streets and highways	17,700
Streets and lighting	8,611
Corporation yard	5,975
Building regulations	4,955
Planning	16,403
Economic development	4,525
Public Works	31,051
Parks	11,856
Swimming pool	4,600
Recreation and youth center	4,377
Total depreciation expense - governmental functions	\$ 341,092
Business-Type Activities:	
Water	\$ 493,793
Sewer	563,397
Airport	256,703
Business Park	13,883
Transit	19,253
Total depreciation expense - business-type functions	\$ 1,347,029

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

6. LONG-TERM LIABILITIES

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.

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

	Original Issue Amount	Balance July 1, 2008	Retirements	Balance June 30, 2009	Amounts Due Within One Year
Governmental Activities:					
<i>City Debt:</i>					
1997 Firehouse General Obligation Bonds 5.5-6.375%, due 9/01/2018	\$ 420,000	\$ 222,000	\$ (16,000)	\$ 206,000	\$ 17,000
State of California Energy Commission Loan 5.9%, due 6/22/09	50,650	6,134	(6,134)	-	-
Fire Truck Capital Lease 4.67%, due 5/21/2013	394,131	335,704	(61,156)	274,548	64,012
<i>Redevelopment Agency Debt:</i>					
1991 Tax Allocation Bonds 7.0-7.5%, due 5/01/2011	920,000	245,000	(75,000)	170,000	80,000
Total Governmental Activity Debt		\$ 808,838	\$ (158,290)	\$ 650,548	\$ 161,012
Business-Type Activities:					
2000 Water and Wastewater Revenue Bonds 4.2-5.8%, due 10/01/2030	\$ 1,550,000	\$ 1,360,000	\$ (30,000)	\$ 1,330,000	\$ 35,000
Airport Hangar Capital Lease 5.57%, due 2013	95,069	40,673	(7,267)	33,406	7,677
Airport Hangar Capital Lease 5.57%, due 12/17/2008	716,530	36,038	(36,038)	-	-
Less: unamortized discount		(75,839)	3,447	(72,392)	(3,447)
Less: deferred amount on refunding		(5,110)	5,110	-	-
Total Business-Type Activity Debt		\$ 1,355,762	\$ (64,748)	\$ 1,291,014	\$ 39,230

1977 Firehouse General Obligation Bonds

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.

State of California Energy Commission Loan

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%. The loan was paid-off in fiscal year ended June 30, 2009.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

6. LONG-TERM LIABILITIES, Continued

Fire Truck Capital Lease

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.

1991 Redevelopment Agency Tax Allocation Bonds

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 2009, net tax increment revenue amounted to \$708,925, which represented coverage of 749% over the \$94,600 of debt service.

2000 Water and Wastewater Revenue Bonds

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 \$2,332,974. The Sewer Fund's principal and interest paid for the current year and total customer net revenues were \$105,968 and (\$894,651), 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, 2009 was (844.27%).

1998 Airport Hangar Capital Lease

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.

1994 Airport Hangar Capital Lease

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. The lease was paid-off in fiscal year ended June 30, 2009.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

6. LONG-TERM LIABILITIES, Continued

Annual debt service requirements are shown below:

Year Ending June 30, 2009	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 161,012	\$ 38,009	\$ 42,677	\$ 76,144
2011	175,001	27,948	43,110	73,978
2012	90,130	16,893	43,567	71,753
2013	94,405	12,336	49,052	69,347
2014	23,000	7,528	40,000	66,838
2015-2019	107,000	14,175	230,000	298,188
2020-2024	-	-	310,000	221,638
2025-2029	-	-	410,000	117,950
2030-2031	-	-	195,000	11,455
Total	\$ 650,548	\$ 116,889	\$ 1,363,406	\$ 1,007,291
Reconciliation of long-term debt				
Less unamortized discount				(72,392)
Total			\$	1,291,014

A. 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 are amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter.

B. Special Assessment Debt without City Commitment

At June 30, 2009, the outstanding principal amount of bonded debt issued by special assessment districts in the City to provide for improvements was as follows:

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	1,408,600

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, Continued
For the year ended June 30, 2009

6. LONG-TERM LIABILITIES, Continued

C. 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, 2009, bonds outstanding that are considered defeased totaled \$50,000.

7. COMPENSATED ABSENCES

The City records a liability to recognize the financial effect of unused vacation and other compensated absences. The total of vacation and other compensated absences is \$287,660.

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
Governmental Activities	\$ 283,721	\$ 79,072	\$ (118,101)	\$ 244,692	\$ 50,575
Business-Type Activities	72,956	16,622	(46,610)	42,968	9,735
Total	<u>\$ 356,677</u>	<u>\$ 95,694</u>	<u>\$ (164,711)</u>	<u>\$ 287,660</u>	<u>\$ 60,310</u>

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 - 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 - 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 - The portion of Net Assets which is which is not restricted to use.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

8. NET ASSETS AND FUND BALANCES, Continued

B. Reservations of Governmental Fund Balances

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.

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, 2009, reserves included:

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

Reserved for notes receivable, prepaids and advances - The portion 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 - The portion of fund balance legally restricted to expenditures for low- and moderate-income housing under the California Health and Safety Code.

C. Designations of Governmental Fund Balances

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 - Amounts set aside 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 - Amounts set aside 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 - Amounts set aside to provide sufficient funds for the anticipated replacement of capital equipment.

Designated for compensated absences - Amounts set aside to fund the City's liability to pay employees for unused vacation benefits upon termination.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

8. NET ASSETS AND FUND BALANCES, Continued

D. Fund Equity Deficits

At June 30, 2009, the Law Enforcement Special Revenue Fund had a deficit fund balance of \$3,252, the CDBG Grants Special Revenue Fund had a deficit fund balance of \$78,803, and the Army Base Reuse Capital Projects Fund had a deficit fund balance of \$181,284. Deficit balances will be cured by future grant revenues or transfers from the General Fund.

9. DEFINED BENEFIT PENSION PLAN

A. California Public Employees' Retirement Plan (PERS)

Plan Description - The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability retirement benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of the PERS annual financial report may be obtained from their Executive Office located at 400 Q Street, Sacramento, California 95814.

Funding Policy - Active members are required by State statute to contribute 8% of their annual salary if a miscellaneous member, and 9% if a safety member. The City employer makes the contributions required of City employees on their behalf and for their account, which amounted to \$153,095 for the year ended June 30, 2009. The City's employer required contributions rate for Safety employees was 26.639% and for Miscellaneous employees was 13.257% for the fiscal year.

Annual Pension Cost - For 2008-09, the City's annual pension cost of \$385,719 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases range from 3.25% to 14.45% for miscellaneous employees and 3.25% to 14.45% for safety employees depending on age, service, and type of employment, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period. PERS unfunded actuarial liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period as of June 30, 2006 was 14 years for safety employees and 16 years for miscellaneous employees for prior and current service unfunded liability.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

9. DEFINED BENEFIT PENSION PLAN, Continued

A. California Public Employees' Retirement Plan (PERS), Continued

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 564,863	100%	\$ -
6/30/2008	578,140	100%	-
6/30/2009	385,719	100%	-

B. Funding Status as of the Most Recent Actuarial Date

The City retirement plans for miscellaneous and safety employees are parts of the CalPERS risk pool for cities and other governmental entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, stand alone information of the schedule of the funding progress for the City's miscellaneous and safety employees is no longer available.

C. Miscellaneous Plan and Safety Plan Side Funds

In July 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 6 and 8 years, respectively. The balance of the Miscellaneous Plan side fund was \$546,517 at June 30, 2009. The balance of the Safety Plan side fund was \$1,154,280 at June 30, 2009.

10. POSTEMPLOYMENT HEALTH CARE BENEFITS

The City provides health care benefits for all retired employees based on retirement age of 50 for safety employees and 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 integral into the Medicare plan. The cost of retiree health care benefits is recognized as an expenditure as health premiums are paid. For year ended June 30, 2009, these costs totaled \$25,798.86 on behalf of 3 retirees.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

11. 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.

12. 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 and up to \$5,000,000 for employer's liability. 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 \$100,000 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, 2009, the City contributed \$454,932 for current year premiums.

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

The City also has commercial policies which provide commercial property and airport liability coverage up to a maximum of \$16.1 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.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

12. RISK MANAGEMENT, Continued

B. Liability for Uninsured Claims, Continued

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	
	2009	2008
Balance at beginning of year	\$ 117,150	\$ 159,135
Liability for current fiscal year claims	10,870	55,720
Liability for prior fiscal year claims and claims incurred but not reported (IBNR)	8,484	44,217
Claims paid	(6,390)	(141,922)
Balance at end of year	<u>\$ 130,114</u>	<u>\$ 117,150</u>

13. LANDFILL POST-CLOSURE 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, 2009, the City has accrued \$970,480 to cover the costs of these functions.

14. 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 \$242,126.

15. COMMITMENTS AND CONTINGENT LIABILITIES

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.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

15. COMMITMENTS AND CONTINGENT LIABILITIES, Continued

A. *Litigation, Continued*

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, and paid in July 2009.

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 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, 2009:

Northwest Wastewater Treatment Plant Construction	\$1,102,005 (paid 12/21/2009)
Rio Vista Bridge Study	\$282,468

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.

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

The General Fund's actual expenditures exceeded revenues by \$316 thousand, \$813 thousand and \$466 thousand for the years ended June 30, 2007 2008 and 2009 respectively.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

15. COMMITMENTS AND CONTINGENT LIABILITIES, Continued

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

For the fiscal years ended June 30, 2007, 2008 and 2009, the Sewer Enterprise Fund had operating losses of \$391 thousand, \$1.6 million and \$1 million, respectively, and had accumulated a \$1.5 million of deficit in unrestricted net assets. As of June 30, 2009, the Sewer Enterprise Fund owed \$3 million to other funds. While the fund does have cash and investments of \$1.3 million, these funds are restricted for the construction of the Northwest Wastewater Treatment Plant and cannot be used for operational cost. To address the Sewer Fund operations, the City approved an increase in sewer rates in fiscal year ended June 30, 2009, which did not go into effect until September 1, 2009.

As of June 30, 2009, the Airport Enterprise Fund had \$23 thousand cash and had borrowed \$1.1 million from other City funds to cover its cash flows. In addition, the Fund had operating losses of \$240 thousand, \$194 thousand and \$176 thousand for the years ended June 30, 2007, 2008 and 2009, 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 2009-10 shows no expected losses for the General Fund and the Sewer Enterprise Fund.

16. MATERIAL COMPLIANCE WITH BOND COVENANTS

The Official Statement for the City's 2000A Water and Wastewater Revenue Bonds requires the City to maintain Sewer System Net Revenues during the year to equal at least 120% of the annual debt service. The Net Revenues are defined as operating revenues minus operating expenses. However, we noted that at the fiscal year ended June 30, 2009, the City's Sewer System Net Revenues were a loss of \$(894,651), which did not meet the required debt service coverage ratio.

17. PRIOR PERIOD ADJUSTMENTS

In the FY08/09, the City made following prior period adjustments to restate its previously issued financial statements:

- Wrote off accounts payable balances of \$288,237 due to Eco Resources Inc, which were settled in fiscal year ended June 30, 2008.
- Wrote off unsupported accounts receivable balances and adjusted some accounts receivable balances brought forward from prior years.
- Deferred grant revenues of \$19,478 received in fiscal year ended June 30, 2008, which had not yet been used.
- Corrected the TDA grant revenues of \$129,684 and Sales Tax revenues of \$11,173 that were earned in fiscal year ended June 30, 2008, but recorded in fiscal year ended June 30, 2009.

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

17. PRIOR PERIOD ADJUSTMENTS, Continued

Government-Wide Financial Statements

	Net Assets, as Previously Reported	Prior Period Adjustments			Revenues	Net Assets, as Restated
		Accounts Receivable	Accounts Payable	Deferred Revenues		
Governmental Activities						
Net assets	\$ 13,528,858	\$ (92,329)	\$ 114,600	\$ (19,478)	\$ 11,173	\$ 13,542,824
Business-type Activities						
Net assets	\$ 56,391,492	\$ (323,865)	\$ 173,637	\$ -	\$ 129,684	\$ 56,370,948

Fund Financial Statements

	Fund Balance, as Previously Reported	Prior Period Adjustment			Revenues	Fund Balance, as Restated
		Accounts Payable	Accounts Receivable	Deferred Revenues		
Governmental Funds:						
General Fund	\$ 2,045,813	\$ -	\$ (92,317)	\$ (19,478)	\$ 11,173	\$ 1,945,191
Private Developers Special Revenue Fund	\$ 101,038	\$ 114,600	\$ -	\$ -	\$ -	\$ 215,638
Gas Tax Special Revenue Fund	\$ 200,205	\$ -	\$ (37)	\$ -	\$ -	\$ 200,168
Storm Drain Capital Projects Fund	\$ 115,335	\$ -	\$ 25	\$ -	\$ -	\$ 115,360
Enterprise Funds:						
Water Fund	\$ 8,906,017	\$ 49,308	\$ 288,196	\$ -	\$ -	\$ 9,243,521
Sewer Fund	\$ 38,843,455	\$ 124,329	\$ (613,258)	\$ -	\$ -	\$ 38,354,526
Airport Fund	\$ 7,885,216	\$ -	\$ (12,274)	\$ -	\$ -	\$ 7,872,942
Business Park Fund	\$ 629,545	\$ -	\$ (15,885)	\$ -	\$ -	\$ 613,660
Transit Fund	\$ 127,259	\$ -	\$ 29,356	\$ -	\$ 129,684	\$ 286,299

City of Rio Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

18. SUBSEQUENT EVENT

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

- 8% of property taxes \$ 171,017
- Redevelopment Agency \$ 281,830

Property taxes borrowed by the State for fiscal year 2009-10 were nearly \$2 billion statewide to help the State's budget shortfall. Legislators and the Governor promised to allow local agencies to sell their eventual repayment from the State to investors to cover the property taxes and to pay the full cost of the sale, or securitization. Passage of Senate Bill 67 (SB 67) was accomplished on October 14, 2009. A future bond sale is necessary to complete the funding or securitization. The City is participating in this bond issue. The securitization transaction closed on November 19, 2009. The City received the first of two payments of the proceeds on January 15, 2010. The second payment will be made on May 3, 2010. The City has planned to use these funds in the 2009-10 budget. Any delay in funding may mean that the City will have no choice but to adopt mid-year service reductions, layoffs and other measures to manage significant cash-flow shortfalls that will occur.

The State's budget for fiscal year 2009-10 also included taking \$1.7 billion from redevelopment agencies throughout the State and an additional \$350 million in fiscal year 2010-11. These funds will be deposited in county "Supplemental" Educational Revenue Augmentation Funds and are to be distributed to schools to meet the State's Prop 98 obligations to education. On October 30, 2009, the City's Redevelopment Agency (Agency), the Fountain Valley Redevelopment Agency and the California Redevelopment Association (CRA) filed suit in Sacramento Superior Court alleging that taking local redevelopment funds to use for state purposes violates several provisions of the state and federal constitutions. The CRA is providing the legal support for this law suit.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 2,944,853	\$ 3,103,699	\$ 3,082,834	\$ (20,865)
Licenses and permits	276,992	268,474	275,748	7,274
Use of money and property	421,567	410,444	332,666	(77,778)
Charges for services	539,713	494,080	476,222	(17,858)
Intergovernmental	51,736	48,736	44,814	(3,922)
Fines and forfeitures	40,000	40,000	28,340	(11,660)
Other	399,062	31,997	81,041	49,044
Grants	1,168,303	1,193,803	566,337	(627,466)
Total revenues	5,842,226	5,591,233	4,888,002	(703,231)
EXPENDITURES:				
Current:				
Administrative	1,084,689	907,590	852,006	55,584
Police protection	2,173,668	1,941,546	1,760,970	180,576
Fire protection	1,182,617	932,328	947,807	(15,479)
Streets and highways	362,527	380,011	567,256	(187,245)
Corporation yard	96,908	96,349	94,939	1,410
Building regulations	72,028	66,969	78,724	(11,755)
Planning	147,852	142,356	142,255	101
Economic development	41,365	294,471	71,902	222,569
Public works	859,370	994,661	237,289	757,372
Parks	125,185	191,953	188,388	3,565
Swimming pool	78,949	77,527	73,095	4,432
Recreation and youth center	79,786	58,220	51,217	7,003
Capital outlay	397,450	226,801	204,808	21,993
Debt Service:				
Principal repayment	67,289	67,289	67,290	(1)
Interest and fiscal charges	15,950	15,950	15,949	1
Total expenditures	6,785,633	6,394,021	5,353,895	1,040,126
REVENUE OVER (UNDER) EXPENDITURES	(943,407)	(802,788)	(465,893)	336,895
OTHER FINANCING SOURCES (USES):				
Transfers in	276,513	239,513	99,884	(139,629)
Transfers out	(14,021)	(20,386)	(7,804)	12,582
Total other financing sources (uses)	262,492	219,127	92,080	(127,047)
Net change in fund balances	\$ (680,915)	\$ (583,661)	(373,813)	\$ 209,848
FUND BALANCES:				
Beginning of year			1,945,191	
End of year			\$ 1,571,378	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Private Developers Revolving Special Revenue Fund For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,786	\$ 2,786	\$ 1,904	\$ (882)
Charges for services	292,363	292,363	101,226	(191,137)
Total revenues	295,149	295,149	103,130	(192,019)
EXPENDITURES:				
Planning	295,149	295,149	101,226	193,923
Total expenditures	295,149	295,149	101,226	193,923
REVENUE OVER (UNDER) EXPENDITURES	-	-	1,904	1,904
Net change in fund balances	\$ -	\$ -	1,904	\$ 1,904
FUND BALANCES:				
Beginning of year			215,638	
End of year			\$ 217,542	

City of Rio Vista
Required Supplementary Information
For the year ended June 30, 2009

1. BUDGETARY BASIS OF ACCOUNTING

A. Budgetary Control and Budgetary Accounting

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.

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 Funds:		
Law Enforcement	\$	49,068
General Plan Revision		23,757
Personnel Services District		3,082

2. DEFINED BENEFIT PENSION PLAN

The City retirement plans for miscellaneous and safety employees are part of the CalPERS risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of funding progress for the City's miscellaneous and safety employees is no longer available.

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SUPPLEMENTARY INFORMATION

City of Rio Vista
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009

	Special Revenue Funds				
	Police High Tech Grant	Law Enforcement	Asset Forfeiture	ATOD Grant	Redevelopment Agency Low/Mod Housing
ASSETS					
Cash and investments	\$ -	\$ -	\$ 13,482	\$ -	\$ 593,065
Restricted cash and investments	-	-	8,361	-	-
Receivables:					
Accounts	-	40,789	-	22,565	1,248
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	164,011
Interest receivable	-	-	53	-	1,916
Prepaid expense and other	-	-	-	166	398
Notes receivable	-	-	-	-	-
Total assets	\$ -	\$ 40,789	\$ 21,896	\$ 22,731	\$ 760,638
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 6,960	\$ 190
Accrued expense	-	-	1,902	567	998
Deposits	-	-	-	-	-
Due to other funds	-	44,041	-	-	-
Deferred Revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	-	44,041	1,902	7,527	1,188
Fund Balances:					
Reserved:					
Bond retirement	-	-	-	-	-
Notes	-	-	-	-	-
Prepaid items	-	-	-	166	398
Low- and moderate-income housing	-	-	-	-	595,041
Advances	-	-	-	-	164,011
Total reserved	-	-	-	166	759,450
Unreserved:					
Undesignated reported in:					
Special revenue funds	-	(3,252)	19,994	15,038	-
Capital project funds	-	-	-	-	-
Total fund balances	-	(3,252)	19,994	15,204	759,450
Total liabilities and fund balances	\$ -	\$ 40,789	\$ 21,896	\$ 22,731	\$ 760,638

Special Revenue Funds

Redevelopment Agency	General Plan Revision	Gas Tax	CDBG Housing Rehabilitation	CDBG Grants	Street Projects	Personnel Services District
\$ 1,034,617	\$ 57,476	\$ 257,753	\$ 94,010	\$ -	\$ -	\$ 70,019
91,310	-	-	-	-	-	-
1,440	-	16,594	49	1,483	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,592	281	747	315	-	-	79
1,150	-	617	-	-	-	-
-	-	-	148,407	-	-	-
<u>\$ 1,132,109</u>	<u>\$ 57,757</u>	<u>\$ 275,711</u>	<u>\$ 242,781</u>	<u>\$ 1,483</u>	<u>\$ -</u>	<u>\$ 70,098</u>
\$ 9,825	\$ 15,878	\$ 1,755	\$ -	\$ 73,492	\$ -	\$ 3,680
2,159	-	740	-	6,556	-	-
-	-	-	-	-	-	-
-	-	-	-	238	-	-
-	-	-	-	-	-	-
241,499	-	-	-	-	-	-
<u>253,483</u>	<u>15,878</u>	<u>2,495</u>	<u>-</u>	<u>80,286</u>	<u>-</u>	<u>3,680</u>
-	-	-	-	-	-	-
-	-	-	148,407	-	-	-
1,150	-	617	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,150</u>	<u>-</u>	<u>617</u>	<u>148,407</u>	<u>-</u>	<u>-</u>	<u>-</u>
877,476	41,879	272,599	94,374	(78,803)	-	66,418
-	-	-	-	-	-	-
<u>878,626</u>	<u>41,879</u>	<u>273,216</u>	<u>242,781</u>	<u>(78,803)</u>	<u>-</u>	<u>66,418</u>
<u>\$ 1,132,109</u>	<u>\$ 57,757</u>	<u>\$ 275,711</u>	<u>\$ 242,781</u>	<u>\$ 1,483</u>	<u>\$ -</u>	<u>\$ 70,098</u>

(Continued)

City of Rio Vista
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2009

	Capital Project Funds				
	Vehicle Replacement	Storm Drain	Roadway Impact	Municipal Improvements	Hazardous Waste
ASSETS					
Cash and investments	\$ 51,290	\$ 134,975	\$ 496,425	\$ 901,193	\$ 57,842
Restricted cash and investments	-	-	-	-	-
Receivables:					
Accounts	-	2,736	899	-	36,960
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	2,419,955	-
Interest receivable	104	420	2,354	6,752	178
Prepaid expense and other	-	-	-	-	374
Notes receivable	-	-	-	-	-
Total assets	\$ 51,394	\$ 138,131	\$ 499,678	\$ 3,327,900	\$ 95,354
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 94	\$ -	\$ -	\$ 17,442
Accrued expense	-	-	-	-	307
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred Revenue	-	-	3,348	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	-	94	3,348	-	17,749
Fund Balances:					
Reserved:					
Bond retirement	-	-	-	-	-
Notes	-	-	-	-	-
Prepaid items	-	-	-	-	374
Low- and moderate-income housing	-	-	-	-	-
Advances	-	-	-	2,419,955	-
Total reserved	-	-	-	2,419,955	374
Unreserved:					
Undesignated reported in:					
Special revenue funds	-	-	-	-	-
Capital project funds	51,394	138,037	496,330	907,945	77,231
Total fund balances	51,394	138,037	496,330	3,327,900	77,605
Total liabilities and fund balances	\$ 51,394	\$ 138,131	\$ 499,678	\$ 3,327,900	\$ 95,354

Capital Project Funds			Debt Service Fund		Total Non-Major Governmental Funds
Landfill Closure	Army Base Reuse	Parks and Recreation	Firehouse Bond		
\$ 235,947	\$ -	\$ 408,632	\$ 77,849		\$ 4,484,575
-	-	-	-		99,671
45,850	228	5,219	-		176,060
-	-	-	-		-
-	-	100,000	-		2,683,966
914	-	1,692	237		19,634
2,018	-	192,500	-		197,223
-	-	-	-		148,407
<u>\$ 284,729</u>	<u>\$ 228</u>	<u>\$ 708,043</u>	<u>\$ 78,086</u>		<u>\$ 7,809,536</u>
\$ 8,090	\$ 3,713	\$ -	\$ -		\$ 141,119
-	-	-	-		13,229
-	5,000	-	-		5,000
-	-	-	-		44,279
-	-	126,400	-		129,748
-	172,799	-	-		414,298
<u>8,090</u>	<u>181,512</u>	<u>126,400</u>	<u>-</u>		<u>747,673</u>
-	-	-	78,086		78,086
-	-	-	-		148,407
2,018	-	192,500	-		197,223
-	-	-	-		595,041
-	-	100,000	-		2,683,966
<u>2,018</u>	<u>-</u>	<u>292,500</u>	<u>78,086</u>		<u>3,702,723</u>
-	-	-	-		1,305,723
<u>274,621</u>	<u>(181,284)</u>	<u>289,143</u>	<u>-</u>		<u>2,053,417</u>
<u>276,639</u>	<u>(181,284)</u>	<u>581,643</u>	<u>78,086</u>		<u>7,061,863</u>
<u>\$ 284,729</u>	<u>\$ 228</u>	<u>\$ 708,043</u>	<u>\$ 78,086</u>		<u>\$ 7,809,536</u>

(Concluded)

City of Rio Vista
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2009

	Special Revenue Funds				
	Police High Tech Grant	Law Enforcement	Asset Forfeiture	ATOD Grant	Redevelopment Agency Low/Mod Housing
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 177,231
Licenses and permits	-	-	-	-	-
Use of money and property	314	117	279	1	10,058
Charges for services	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Other	-	-	-	82	1,308
Grants	-	100,000	-	53,292	-
Total revenues	314	100,117	279	53,375	188,597
EXPENDITURES:					
Current:					
Police protection	-	99,068	-	-	-
Redevelopment	-	-	-	-	107,928
Streets & highways	-	-	-	-	-
Streets & lighting	-	-	-	-	-
Public works	-	-	-	45,890	-
Recreation and youth center	-	-	-	18,325	-
Planning	-	-	-	-	-
Solid waste	-	-	-	-	-
Housing	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal repayment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	99,068	-	64,215	107,928
REVENUES OVER (UNDER) EXPENDITURES	314	1,049	279	(10,840)	80,669
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	7,803	-
Transfers out	(19,478)	-	-	-	-
Total other financing sources (uses)	(19,478)	-	-	7,803	-
Net change in fund balances	(19,164)	1,049	279	(3,037)	80,669
FUND BALANCES:					
Beginning of year	19,164	(4,301)	19,715	18,241	678,781
End of year	\$ -	\$ (3,252)	\$ 19,994	\$ 15,204	\$ 759,450

Special Revenue Funds

Redevelopment Agency	General Plan Revision	Gas Tax	CDBG Housing Rehabilitation	CDBG Grants	Street Projects	Personnel Services District
\$ 708,925	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,601
-	-	-	-	-	-	-
15,133	1,205	3,072	4,198	1	21	269
-	3,230	-	-	-	-	-
-	-	206,747	-	-	-	-
-	-	-	-	-	-	-
8,307	-	54	-	-	-	-
-	-	-	-	1,203	-	-
<u>732,365</u>	<u>4,435</u>	<u>209,873</u>	<u>4,198</u>	<u>1,204</u>	<u>21</u>	<u>105,870</u>
-	-	-	-	-	-	37,203
330,371	33,757	-	-	-	-	-
-	-	-	-	-	-	-
-	-	136,825	-	-	-	-
-	-	-	-	210,201	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
75,000	-	-	-	-	-	-
36,845	-	-	-	-	-	-
<u>442,216</u>	<u>33,757</u>	<u>136,825</u>	<u>-</u>	<u>210,201</u>	<u>-</u>	<u>37,203</u>
<u>290,149</u>	<u>(29,322)</u>	<u>73,048</u>	<u>4,198</u>	<u>(208,997)</u>	<u>21</u>	<u>68,667</u>
-	-	-	-	128,709	-	-
-	-	-	-	-	(3,572)	-
-	-	-	-	128,709	(3,572)	-
<u>290,149</u>	<u>(29,322)</u>	<u>73,048</u>	<u>4,198</u>	<u>(80,288)</u>	<u>(3,551)</u>	<u>68,667</u>
<u>588,477</u>	<u>71,201</u>	<u>200,168</u>	<u>238,583</u>	<u>1,485</u>	<u>3,551</u>	<u>(2,249)</u>
<u>\$ 878,626</u>	<u>\$ 41,879</u>	<u>\$ 273,216</u>	<u>\$ 242,781</u>	<u>\$ (78,803)</u>	<u>\$ -</u>	<u>\$ 66,418</u>

(Continued)

City of Rio Vista
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds, Continued
For the year ended June 30, 2009

	Capital Project Funds				
	Vehicle Replacement	Storm Drain	Roadway Impact	Municipal Improvements	Hazardous Waste
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	115,131	-
Use of money and property	673	1,947	12,280	43,316	718
Charges for services	24,750	21,937	-	-	72,452
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Other	-	-	-	-	75
Grants	-	-	-	-	5,959
Total revenues	25,423	23,884	12,280	158,447	79,204
EXPENDITURES:					
Current:					
Police protection	-	-	-	-	-
Redevelopment	-	-	-	-	-
Streets & highways	-	-	-	-	-
Streets & lighting	-	-	-	-	-
Public works	-	-	-	-	-
Recreation and youth center	-	-	-	-	-
Planning	-	1,207	-	-	-
Solid waste	-	-	-	-	67,357
Housing	-	-	-	-	-
Capital outlay	15,342	-	-	58,253	-
Debt service:					
Principal repayment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	15,342	1,207	-	58,253	67,357
REVENUES OVER (UNDER) EXPENDITURES	10,081	22,677	12,280	100,194	11,847
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	(100,000)	(76,833)	-
Total other financing sources (uses)	-	-	(100,000)	(76,833)	-
Net change in fund balances	10,081	22,677	(87,720)	23,361	11,847
FUND BALANCES:					
Beginning of year	41,313	115,360	584,050	3,304,539	65,758
End of year	<u>\$ 51,394</u>	<u>\$ 138,037</u>	<u>\$ 496,330</u>	<u>\$ 3,327,900</u>	<u>\$ 77,605</u>

Capital Project Funds			Debt Service	Total
Landfill Closure	Army Base Reuse	Parks and Recreation	Firehouse Bond	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 29,432	\$ 1,021,189
86,824	-	31,921	-	233,876
4,185	-	8,407	1,194	107,388
-	-	-	-	122,369
-	-	-	-	206,747
-	-	-	-	-
-	-	-	-	9,826
-	-	-	-	160,454
91,009	-	40,328	30,626	1,861,849
-	-	-	-	136,271
-	-	-	-	472,056
-	-	-	-	-
-	-	-	-	136,825
-	-	-	-	256,091
-	-	-	-	18,325
-	15,947	-	-	17,154
46,214	-	-	-	113,571
-	-	-	-	-
-	-	-	-	73,595
-	-	-	16,000	91,000
-	-	-	13,439	50,284
46,214	15,947	-	29,439	1,365,172
44,795	(15,947)	40,328	1,187	496,677
-	-	-	-	136,512
-	-	(28,709)	-	(228,592)
-	-	(28,709)	-	(92,080)
44,795	(15,947)	11,619	1,187	404,597
231,844	(165,337)	570,024	76,899	6,657,266
\$ 276,639	\$ (181,284)	\$ 581,643	\$ 78,086	\$ 7,061,863

(Concluded)

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Police High Tech Grant Special Revenue Fund For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 553	\$ 553	\$ 314	\$ (239)
Total revenues	553	553	314	(239)
EXPENDITURES:				
Current:				
Police protection	553	553	-	553
Total expenditures	553	553	-	553
REVENUES OVER (UNDER) EXPENDITURES	-	-	314	314
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(19,478)	(19,478)
Total other financing sources (uses)	-	-	(19,478)	(19,478)
Net change in fund balances	\$ -	\$ -	(19,164)	\$ (19,164)
FUND BALANCES:				
Beginning of year			19,164	
End of year			\$ -	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Law Enforcement Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 117	\$ 117
Grants	-	50,000	100,000	50,000
Total revenues	-	50,000	100,117	50,117
EXPENDITURES:				
Current:				
Police protection	-	50,000	99,068	(49,068)
Total expenditures	-	50,000	99,068	(49,068)
REVENUES OVER (UNDER) EXPENDITURES	-	-	1,049	1,049
Net change in fund balances	\$ -	\$ -	1,049	\$ 1,049
FUND BALANCES:				
Beginning of year			(4,301)	
End of year			<u>\$ (3,252)</u>	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Asset Forfeiture Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 629	\$ 629	\$ 279	\$ (350)
Total revenues	629	629	279	(350)
EXPENDITURES:				
Current:				
Police protection	629	629	-	629
Total expenditures	629	629	-	629
REVENUES OVER (UNDER) EXPENDITURES	-	-	279	279
Net change in fund balances	\$ -	\$ -	279	\$ 279
FUND BALANCES:				
Beginning of year			19,715	
End of year			<u>\$ 19,994</u>	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

ATOD Grant Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1	\$ 1
Other	172	172	82	(90)
Grants	73,267	73,267	53,292	(19,975)
Total revenues	73,439	73,439	53,375	(20,064)
EXPENDITURES:				
Current:				
Public works	62,330	68,938	45,890	23,048
Recreation and youth center	24,885	24,885	18,325	6,560
Total expenditures	87,215	93,823	64,215	29,608
REVENUES OVER (UNDER) EXPENDITURES	(13,776)	(20,384)	(10,840)	9,544
OTHER FINANCING SOURCES (USES):				
Transfers in	13,776	20,384	7,803	(12,581)
Total other financing sources (uses)	13,776	20,384	7,803	(12,581)
Net change in fund balances	\$ -	\$ -	(3,037)	\$ (3,037)
FUND BALANCES:				
Beginning of year			18,241	
End of year			\$ 15,204	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Redevelopment Agency Low- and Moderate-Income Housing Special Revenue Fund For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 173,596	\$ 173,596	\$ 177,231	\$ 3,635
Use of money and property	-	-	10,058	10,058
Other	2,158	2,158	1,308	(850)
Total revenues	<u>175,754</u>	<u>175,754</u>	<u>188,597</u>	<u>12,843</u>
EXPENDITURES:				
Current:				
Redevelopment	<u>175,754</u>	<u>182,851</u>	<u>107,928</u>	<u>74,923</u>
Total expenditures	<u>175,754</u>	<u>182,851</u>	<u>107,928</u>	<u>74,923</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(7,097)</u>	<u>80,669</u>	<u>87,766</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>-</u>	<u>243</u>	<u>-</u>	<u>(243)</u>
Total other financing sources (uses)	<u>-</u>	<u>243</u>	<u>-</u>	<u>(243)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (6,854)</u>	<u>80,669</u>	<u>\$ 87,523</u>
FUND BALANCES:				
Beginning of year			<u>678,781</u>	
End of year			<u>\$ 759,450</u>	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Redevelopment Agency Special Revenue Fund For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 694,382	\$ 694,382	\$ 708,925	\$ 14,543
Use of money and property	-	-	15,133	15,133
Other	4,178	4,178	8,307	4,129
Total revenues	698,560	698,560	732,365	33,805
EXPENDITURES:				
Current:				
Redevelopment	517,810	525,317	330,371	194,946
Debt service:				
Principal repayment	75,000	75,000	75,000	-
Interest and fiscal charges	38,735	38,735	36,845	1,890
Total expenditures	631,545	639,052	442,216	196,836
REVENUES OVER (UNDER) EXPENDITURES	67,015	59,508	290,149	(163,031)
OTHER FINANCING SOURCES (USES):				
Transfers in	243	7,589	-	(7,589)
Transfers out	(47,600)	(56,106)	-	56,106
Total other financing sources (uses)	(47,357)	(48,517)	-	48,517
Net change in fund balances	\$ 19,658	\$ 10,991	290,149	\$ (114,514)
FUND BALANCES:				
Beginning of year			588,477	
End of year			<u>\$ 878,626</u>	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Plan Revision Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,927	\$ 1,927	\$ 1,205	\$ (722)
Charges for services	2,550	2,550	3,230	680
Total revenues	4,477	4,477	4,435	(42)
EXPENDITURES:				
Current:				
Redevelopment	10,000	10,000	33,757	(23,757)
Total expenditures	10,000	10,000	33,757	(23,757)
REVENUES OVER (UNDER) EXPENDITURES	(5,523)	(5,523)	(29,322)	23,715
OTHER FINANCING SOURCES (USES):				
Transfers in	5,523	5,523	-	(5,523)
Total other financing sources (uses)	5,523	5,523	-	(5,523)
Net change in fund balances	\$ -	\$ -	(29,322)	\$ 18,192
FUND BALANCES:				
Beginning of year			71,201	
End of year			<u>\$ 41,879</u>	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Gas Tax Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,673	\$ 3,673	\$ 3,072	\$ (601)
Intergovernmental	185,000	185,000	206,747	21,747
Other	680	680	54	(626)
Total revenues	189,353	189,353	209,873	20,520
EXPENDITURES:				
Current:				
Streets & lighting	167,146	169,168	136,825	32,343
Total expenditures	167,146	169,168	136,825	32,343
REVENUES OVER (UNDER) EXPENDITURES	22,207	20,185	73,048	52,863
OTHER FINANCING SOURCES (USES):				
Transfers in	27,573	27,573	-	(27,573)
Transfers out	(49,780)	(47,755)	-	47,755
Total other financing sources (uses)	(22,207)	(20,182)	-	20,182
Net change in fund balances	\$ -	\$ 3	73,048	\$ 73,045
FUND BALANCES:				
Beginning of year			200,168	
End of year			<u>\$ 273,216</u>	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual CDBG Housing Rehabilitation Special Revenue Fund For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 4,765	\$ 4,765	\$ 4,198	\$ (567)
Total revenues	4,765	4,765	4,198	(567)
EXPENDITURES:				
Current:				
Redevelopment	2,514	2,514	-	2,514
Total expenditures	2,514	2,514	-	2,514
REVENUES OVER (UNDER) EXPENDITURES	2,251	2,251	4,198	1,947
OTHER FINANCING SOURCES (USES):				
Transfers out	(2,251)	(2,251)	-	2,251
Total other financing sources (uses)	(2,251)	(2,251)	-	2,251
Net change in fund balances	\$ -	\$ -	4,198	\$ 4,198
FUND BALANCES:				
Beginning of year			238,583	
End of year			<u>\$ 242,781</u>	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

CDBG Grants Special Revenue Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1	\$ 1
Grants	836,700	836,700	1,203	(835,497)
Total revenues	836,700	836,700	1,204	(835,496)
EXPENDITURES:				
Current:				
Public works	1,131,700	1,131,700	210,201	921,499
Total expenditures	1,131,700	1,131,700	210,201	921,499
REVENUES OVER (UNDER) EXPENDITURES	(295,000)	(295,000)	(208,997)	86,003
OTHER FINANCING SOURCES (USES):				
Transfers in	295,000	295,000	128,709	(166,291)
Total other financing sources (uses)	295,000	295,000	128,709	(166,291)
Net change in fund balances	\$ -	\$ -	(80,288)	\$ (80,288)
FUND BALANCES:				
Beginning of year			1,485	
End of year			\$ (78,803)	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Street Projects Special Revenue Fund For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 21	\$ 21
Total revenues	-	-	21	21
EXPENDITURES:				
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	21	21
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(3,572)	(3,572)
Total other financing sources (uses)	-	-	(3,572)	(3,572)
Net change in fund balances	\$ -	\$ -	(3,551)	\$ (3,551)
FUND BALANCES:				
Beginning of year			3,551	
End of year			\$ -	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Personnel Services District Special Revenue Fund For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 120,686	\$ 120,686	\$ 105,601	\$ (15,085)
Use of money and property	-	-	269	269
Total revenues	120,686	120,686	105,870	(14,816)
EXPENDITURES:				
Current:				
Police protection	62,867	34,121	37,203	(3,082)
Total expenditures	62,867	34,121	37,203	(3,082)
REVENUES OVER (UNDER) EXPENDITURES	57,819	86,565	68,667	(17,898)
OTHER FINANCING SOURCES (USES):				
Transfers out	(57,819)	(86,564)	-	86,564
Total other financing sources (uses)	(57,819)	(86,564)	-	86,564
Net change in fund balances	\$ -	\$ 1	68,667	\$ 68,666
FUND BALANCES:				
Beginning of year			(2,249)	
End of year			<u>\$ 66,418</u>	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Vehicle Replacement Capital Project Fund For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,198	\$ 1,198	\$ 673	\$ (525)
Charges for services	-	-	24,750	24,750
Total revenues	1,198	1,198	25,423	24,225
EXPENDITURES:				
Current:				
Capital outlay	1,198	15,342	15,342	-
Total expenditures	1,198	15,342	15,342	-
REVENUES OVER (UNDER) EXPENDITURES	-	(14,144)	10,081	24,225
OTHER FINANCING SOURCES (USES):				
Transfers in	-	14,144	-	(14,144)
Total other financing sources (uses)	-	14,144	-	(14,144)
Net change in fund balances	\$ -	\$ -	10,081	\$ 10,081
FUND BALANCES:				
Beginning of year			41,313	
End of year			\$ 51,394	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Storm Drain Capital Project Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,077	\$ 3,077	\$ 1,947	\$ (1,130)
Charges for services	22,556	22,556	21,937	(619)
Total revenues	25,633	25,633	23,884	(1,749)
EXPENDITURES:				
Current:				
Planning	6,000	6,280	1,207	5,073
Capital outlay	19,633	19,353	-	19,353
Total expenditures	25,633	25,633	1,207	24,426
REVENUES OVER (UNDER) EXPENDITURES	-	-	22,677	22,677
Net change in fund balances	\$ -	\$ -	22,677	\$ 22,677
FUND BALANCES:				
Beginning of year			115,360	
End of year			\$ 138,037	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Roadway Impact Capital Project Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 16,927	\$ 16,927	\$ 12,280	\$ (4,647)
Total revenues	<u>16,927</u>	<u>16,927</u>	<u>12,280</u>	<u>(4,647)</u>
EXPENDITURES:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>16,927</u>	<u>16,927</u>	<u>12,280</u>	<u>(4,647)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	83,073	83,073	-	(83,073)
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(16,927)</u>	<u>(16,927)</u>	<u>(100,000)</u>	<u>(83,073)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(87,720)</u>	<u>\$ (87,720)</u>
FUND BALANCES:				
Beginning of year			<u>584,050</u>	
End of year			<u>\$ 496,330</u>	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Municipal Improvements Capital Project Fund For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 71,220	\$ 71,220	\$ 115,131	\$ 43,911
Use of money and property	80,917	80,917	43,316	(37,601)
Total revenues	152,137	152,137	158,447	6,310
EXPENDITURES:				
Current:				
Capital outlay	68,765	68,765	58,253	10,512
Total expenditures	68,765	68,765	58,253	10,512
REVENUES OVER (UNDER) EXPENDITURES	83,372	83,372	100,194	16,822
OTHER FINANCING SOURCES (USES):				
Transfers in	125,461	125,461	-	(125,461)
Transfers out	(208,833)	(208,833)	(76,833)	132,000
Total other financing sources (uses)	(83,372)	(83,372)	(76,833)	6,539
Net change in fund balances	\$ -	\$ -	23,361	\$ 23,361
FUND BALANCES:				
Beginning of year			3,304,539	
End of year			<u>\$ 3,327,900</u>	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Hazardous Waste Capital Project Fund For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 956	\$ 956	\$ 718	\$ (238)
Charges for services	71,040	71,040	72,452	1,412
Other	-	-	75	75
Grants	10,000	10,000	5,959	(4,041)
Total revenues	81,996	81,996	79,204	(2,792)
EXPENDITURES:				
Current:				
Solid waste	81,996	81,997	67,357	14,640
Total expenditures	81,996	81,997	67,357	14,640
REVENUES OVER (UNDER) EXPENDITURES	-	(1)	11,847	11,848
Net change in fund balances	\$ -	\$ (1)	11,847	\$ 11,848
FUND BALANCES:				
Beginning of year			65,758	
End of year			\$ 77,605	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Landfill Closure Capital Project Fund For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 80,000	\$ 80,000	\$ 86,824	\$ 6,824
Use of money and property	5,854	5,854	4,185	(1,669)
Total revenues	85,854	85,854	91,009	5,155
EXPENDITURES:				
Current:				
Solid waste	85,854	85,854	46,214	39,640
Total expenditures	85,854	85,854	46,214	39,640
REVENUES OVER (UNDER) EXPENDITURES	-	-	44,795	44,795
Net change in fund balances	\$ -	\$ -	44,795	\$ 44,795
FUND BALANCES:				
Beginning of year			231,844	
End of year			\$ 276,639	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Army Base Reuse Capital Project Fund

For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other	\$ 65,000	\$ 65,000	\$ -	\$ (65,000)
Total revenues	65,000	65,000	-	(65,000)
EXPENDITURES:				
Current:				
Planning	65,000	65,000	15,947	49,053
Total expenditures	65,000	65,000	15,947	49,053
REVENUES OVER (UNDER) EXPENDITURES	-	-	(15,947)	(15,947)
Net change in fund balances	\$ -	\$ -	(15,947)	\$ (15,947)
FUND BALANCES:				
Beginning of year			(165,337)	
End of year			\$ (181,284)	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Parks and Recreation Capital Project Fund For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 22,860	\$ 22,860	\$ 31,921	\$ 9,061
Use of money and property	10,074	10,074	8,407	(1,667)
Total revenues	32,934	32,934	40,328	7,394
EXPENDITURES:				
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	32,934	32,934	40,328	7,394
OTHER FINANCING SOURCES (USES):				
Transfers in	67,066	67,066	-	(67,066)
Transfers out	(100,000)	(100,000)	(28,709)	71,291
Total other financing sources (uses)	(32,934)	(32,934)	(28,709)	4,225
Net change in fund balances	\$ -	\$ -	11,619	\$ 11,619
FUND BALANCES:				
Beginning of year			570,024	
End of year			\$ 581,643	

City of Rio Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Firehouse Bond Debt Service Fund For the year ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 30,300	\$ 30,300	\$ 29,432	\$ (868)
Use of money and property	2,209	2,209	1,194	(1,015)
Total revenues	32,509	32,509	30,626	(1,883)
EXPENDITURES:				
Debt service:				
Principal repayment	16,000	16,000	16,000	-
Interest and fiscal charges	13,439	13,439	13,439	-
Total expenditures	29,439	29,439	29,439	-
REVENUES OVER (UNDER) EXPENDITURES	3,070	3,070	1,187	(1,883)
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,071)	(3,071)	-	3,071
Total other financing sources (uses)	(3,071)	(3,071)	-	3,071
Net change in fund balances	\$ (1)	\$ (1)	1,187	\$ 1,188
FUND BALANCES:				
Beginning of year			76,899	
End of year			<u>\$ 78,086</u>	

AGENCY FUNDS

City of Rio Vista
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Riverview Point				
Assets:				
Cash and investments	\$ 222,978	\$ 1,232,432	\$ 1,223,843	\$ 231,567
Accounts receivable	-	10	4	6
Interest receivable	987	611	987	611
Prepaid expense and other	-	110	-	110
Total assets	\$ 223,965	\$ 1,233,053	\$ 1,224,834	\$ 232,294
Liabilities:				
Accounts payable	\$ 45	\$ 143,949	\$ 143,884	\$ 110
Accrued Expense	-	-	-	-
Due to assessment district bondholders	223,920	159,837	151,573	232,184
Total liabilities	\$ 223,965	\$ 303,786	\$ 295,457	\$ 232,294
Summerset				
Assets:				
Cash and investments	\$ 312,106	\$ 703,152	\$ 839,053	\$ 176,205
Accounts receivable	-	73	4	69
Interest receivable	1,642	1,169	1,940	871
Prepaid expense and other	-	110	-	110
Total assets	\$ 313,748	\$ 704,394	\$ 840,997	\$ 177,255
Liabilities:				
Due to assessment district bondholders	\$ 313,748	\$ 169,707	\$ 306,200	\$ 177,255
Total liabilities	\$ 313,748	\$ 169,707	\$ 306,200	\$ 177,255
Summerset L & L District				
Assets:				
Cash and investments	\$ 307,083	\$ 1,203,656	\$ 1,090,081	\$ 420,658
Accounts receivable	-	75	4	71
Interest receivable	1,937	1,157	1,937	1,157
Prepaid expense and other	-	110	-	110
Total assets	\$ 309,020	\$ 1,204,888	\$ 1,092,022	\$ 421,996
Liabilities:				
Accounts payable	\$ 28,631	\$ 115,587	\$ 122,680	\$ 21,538
Due to assessment district bondholders	280,389	247,264	127,195	400,458
Total liabilities	\$ 309,020	\$ 362,851	\$ 249,875	\$ 421,996

City of Rio Vista
Agency Funds
Combining Statement of Changes in Assets and Liabilities, Continued
For the year ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Los Ulpinos				
Assets:				
Cash and investments	\$ 8,923	\$ 23,402	\$ 25,934	\$ 6,391
Restricted cash and investments	1	-	1	-
Interest receivable	38	-	38	-
Total assets	\$ 8,962	\$ -	\$ 25,973	\$ 6,391
Liabilities:				
Due to assessment district bondholders	\$ 8,962	\$ 13,887	\$ 16,458	\$ 6,391
Total liabilities	\$ 8,962	\$ 13,887	\$ 16,458	\$ 6,391
Community Facilities District 2004-1				
Assets:				
Cash and investments	\$ 633,392	\$ 6,840,816	\$ 6,823,055	\$ 651,153
Restricted cash and investments	1,689,203	12,674	167,523	1,534,354
Accounts receivable	-	23	4	19
Interest receivable	2,603	1,230	2,603	1,230
Prepaid expense and other	-	110	-	110
Total assets	\$ 2,325,198	\$ 6,854,853	\$ 6,993,185	\$ 2,186,866
Liabilities:				
Due to assessment district bondholders	\$ 2,325,198	\$ 1,191,456	\$ 1,329,788	\$ 2,186,866
Total liabilities	\$ 2,325,198	\$ 1,191,456	\$ 1,329,788	\$ 2,186,866
Community Facilities District 2006-1				
Assets:				
Cash and investments	\$ 732,306	\$ 7,329,361	\$ 7,054,234	\$ 1,007,433
Restricted cash and investments	2,251,788	16,404	545,618	1,722,574
Accounts receivable	-	1,358	1,339	19
Interest receivable	-	1,896	-	1,896
Prepaid expense and other	-	110	-	110
Total assets	\$ 2,984,094	\$ 7,349,019	\$ 7,601,191	\$ 2,732,032
Liabilities:				
Due to assessment district bondholders	\$ 2,984,094	\$ 1,103,336	\$ 1,355,398	\$ 2,732,032
Total liabilities	\$ 2,984,094	\$ 1,103,336	\$ 1,355,398	\$ 2,732,032

City of Rio Vista

Agency Funds

Combining Statement of Changes in Assets and Liabilities, Continued

For the year ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Total Agency Funds				
Assets:				
Cash and investments	\$ 2,216,788	\$ 17,332,819	\$ 17,056,200	\$ 2,493,407
Restricted cash and investments	3,940,992	29,078	713,142	3,256,928
Accounts receivable	-	1,539	1,355	184
Interest receivable	7,207	6,063	7,505	5,765
Prepaid expense and other	-	550	-	550
Total assets	\$ 6,164,987	\$ 17,369,499	\$ 17,778,202	\$ 5,756,834
Liabilities:				
Accounts payable	\$ 28,676	\$ 259,536	\$ 266,564	\$ 21,648
Due to assessment district bondholders	6,136,311	2,885,487	3,286,612	5,735,186
Total liabilities	\$ 6,164,987	\$ 3,145,023	\$ 3,553,176	\$ 5,756,834



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

To the Honorable Mayor and Members of City Council
of the City of Rio Vista
Rio Vista, California

We have audited the financial statements of the City of Rio Vista (City) as of and for the year ended June 30, 2009, and have issued our report thereon dated March 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We did identify some deficiencies in internal control over financial reporting that we consider to be significant deficiencies, as defined above. We have reported these deficiencies to management of the City in a separate letter dated March 25, 2010.

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To the Honorable Mayor and Members of City Council
of the City of Rio Vista
Rio Vista, California
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A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary of findings and responses as item 09-01.

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

This report is intended solely for the information and use of City management, the Mayor and Members of City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Capricci & Carlson

Oakland, California
March 25, 2010

City of Rio Vista
Schedule of Findings and Responses
For the year ended June 30, 2009

1. CURRENT YEAR COMPLIANCE FINDINGS & RESPONSES

Finding 09-1	Noncompliance with the Covenants of the 2000A Water and Wastewater Revenue Bonds
Criteria:	According to the Official Statement for the City's 2000A Water and Wastewater Revenue Bonds, the City needs to maintain Sewer System Net Revenues during each year to equal at least 120% of the annual debt service.
Condition:	At the fiscal year ended June 30, 2009, the City's Sewer System Net Revenues were a loss of \$(894,651), which did not meet the required debt service coverage ratio.
Cause:	The sewer rates assessed by the City did not appear to be able to generate enough revenues to cover sewer operating expenses.
Questioned Costs:	No questionable costs were noted.
Context and Effect:	Due to the operating losses in the sewer funds, the City was not in compliance with the 2000A Water and Wastewater Revenue Bonds Covenants.
Recommendation:	We recommend that the City take actions to generate enough sewer revenues to ensure the Sewer System Net Revenues during each year to equal at least 120% of the annual debt service.
Management Response:	<p>This recommendation has already been implemented. In October 2005, the City started the process of studying the current sewer rate structure to ensure adequate funding was available to not only meet the ongoing operational cost of the system, but also to ensure the minimum debt service coverage ration could be met. Through this process many different goals and objectives were reviewed by both Council and staff. Once a five year rate structure was developed, these rates were presented to the citizens through a successful Prop 218 process and were approved in July 2009 with a September effective date.</p> <p>A tax payers association has since been form with the intent to place a measure to repeal the rates on the November 2010 ballot. Staff will continue to educate the citizens on the need for the sewer rate increase and the impacts of a successful ballot measure. If the ballot measure is successful, staff will quickly work to revise the current goals and objectives outlined in the rate structure and work to implement a new rate structure which accomplished those revised goals and objectives.</p>