

# City of Rio Vista

Rio Vista, California

*Basic Financial Statements and Independent  
Auditors' Report*

*For the year ended June 30, 2010*

**C&L**  
Caporicci & Larson, Inc.  
A Subsidiary of Marcum LLP  
Certified Public Accountants

# City of Rio Vista

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Caporicci & Larson, Inc.  
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Certified Public Accountants

## 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, 2010, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rio Vista as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and the Required Supplementary Information are not a required part of the basic financial statements, but are 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 it.

To the Honorable Mayor and Members of City Council  
of the City of Rio Vista  
Rio Vista, California  
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements and schedules has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Caporicci & Larson, Inc.*

Caporicci & Larson, Inc.  
A Subsidiary of Marcum LLP  
Certified Public Accountants  
San Francisco, California  
December 1, 2011

**CITY OF RIO VISTA**  
**Management's Discussion and Analysis**

This management's discussion and analysis provides an overview of the financial reports of the City of Rio Vista (the City) for the fiscal year ended June 30, 2010. Please read this discussion and analysis in conjunction with the Basic Financial Statements (BFS) and Notes to the Basic Financial Statements (Notes).

**THE BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements include the Government-Wide Financial Statements and the Fund Financial Statements.

**Government-Wide Financial Statements**

The Government-wide Financial Statements provide the combined City's financial position as a whole on the full accrual basis. This presentation combines the position and activities of all City funds and is accomplished by converting the Governmental Funds from modified accrual to full accrual basis of accounting as required by Governmental Accounting Standards Board Statement No. 34 (GASB 34).

Government-wide Financial Statements consist of the Statement of Net Assets and the Statement of Activities and Changes in Net Assets segregate the governmental activities and the business-type activities of the City of Rio Vista. The Statement of Net Assets is similar to a balance sheet. Results of City-wide operations are in the Statement of Activities and Changes in Net Assets, which provide information about the City's revenues and all its expenses in a form that measures the net effect by function or program.

The GASB 34 presentation of the Government-wide financial statements, based on full accrual, measures the flow of all economic resources of the City as a whole, current and long-term.

**Fund Financial Statements**

The Fund Financial Statements categorize the financial statements of the City into three sections, Governmental, Proprietary and Fiduciary Funds. Within each section major funds are individually reported, non-major funds are grouped as "Other" funds. The criteria for a governmental major fund is that its assets, liabilities, revenues, or expenditures must be 10% or more of the total governmental funds; for proprietary funds, the threshold is 5% or more of the total governmental and proprietary funds combined.

Governmental funds are reported on the modified accrual basis. These are General Fund, special revenue funds and capital projects funds. The modified accrual basis measures only current revenues and expenditures, current assets, liabilities and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

<b>CITY OF RIO VISTA</b> <b>Management's Discussion and Analysis</b>
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In the Fund Financial Statements there is a Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets and a Reconciliation of the Governmental Funds Revenues, Expenditures and Change in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets. The two reconciliations provide the link of Governmental Funds in the Funds Financial Statements to the Government-Wide Statements.

Proprietary funds, the business activities of the City, are presented on the full accrual basis of accounting. These are accounted for similar to private business.

Fiduciary funds which account for assessment districts are excluded in the Government-wide Financial Statements. The fiduciary statements provide information about the cash balances and activities of the Special Assessment Districts and other entities. These statements are legally separate from, and their balances are excluded from, the City's financial statements.

Other factors to consider are changes in the City's property tax base and economic trends, such as expansion and development. Those are not reported herein.

### **Accounts and Activities**

The Government-Wide Statement of Net Assets is classified by balance sheet account categories presented by separate columns for governmental and business-type activities, and City totals.

The Statement of Activities and Changes in Net Assets itemizes the activities by function or program, including the net effect of each activity in the City's total change in net assets.

Governmental activities include 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 and grants. The City is responsible for the financial reporting of the Redevelopment Agency of the City of Rio Vista Agency and the Joint Powers Financing Authority (JPFA) but there is no activity for the JPFA.

The City's water, sewer, airport, business park and transit operations are reported in the Business-type Activities section of the Statement of Net Assets and the Statement of Activities and Changes in Net Assets.

**CITY OF RIO VISTA**  
**Management's Discussion and Analysis**

**FISCAL 2010 FINANCIAL HIGHLIGHTS**

**Analysis of Government-Wide Financial Statements**

**Government-wide**

- Total City revenues \$15,443,932, consist of two main types, program and general revenues. Program revenues consist of charges for services, \$6,715,983, operating grants and contributions, \$1,004,114, and capital grants and contributions, \$2,442,808, totaling \$10,162,805. General revenues and transfers, which include all taxes, gain from land sale, royalties and other non-program specific revenues, were \$5,281,027 in FY 2009-10.
- Total City expenses are \$10,739,884, of which \$5,717,374 are for governmental activity expenses and \$5,022,510 for business-type activity expenses.
- The City's change in net assets increased by \$4,704,048 to \$78,667,145 in fiscal year ended June 30, 2010 compared with restated net assets at June 30, 2009 of \$73,963,097.
- Comparison of Statement of Net Assets for fiscal year ending June 30, 2010 and 2009:

	2010	2009	Inc (Dec)	%
Cash and Investments	11,140,166	8,943,281	2,196,885	25%
Other Assets	2,237,621	2,359,927	(122,306)	-5%
Capital Assets	70,352,439	68,851,341	1,501,098	2%
			-	
<b>Total Assets</b>	<b>83,730,226</b>	<b>80,154,549</b>	<b>3,575,677</b>	<b>4%</b>
			-	
Long-term debt outstanding	2,578,578	2,098,784	479,794	23%
Other Liabilities	2,484,503	3,497,037	(1,012,534)	-29%
			-	
<b>Total Liabilities</b>	<b>5,063,081</b>	<b>5,595,821</b>	<b>(532,740)</b>	<b>-10%</b>
			-	
Net Assets:			-	
Invested in capital assets, net of debt	68,611,118	66,909,779	1,701,339	3%
Restricted for:			-	
Capital projects	6,455,417	5,962,358	493,059	8%
Debt Service	280,002	189,303	90,699	48%
Specific projects and programs	1,236,425	2,459,474	(1,223,049)	-50%
Unrestricted	2,084,183	191,894	1,892,289	986%
			-	
<b>Total Net Assets</b>	<b>78,667,145</b>	<b>74,558,728</b>	<b>4,108,417</b>	<b>6%</b>

<b>Restatement of net assets *</b>	<b>2010 (beg)</b>	<b>2009 (end)</b>	<b>Inc (Dec)</b>	<b>%</b>
Net assets-as restated	73,963,097	74,558,728	(595,631)	



**CITY OF RIO VISTA**  
**Management's Discussion and Analysis**

**Changes in Net Assets by Activity**

- Governmental Activities caused a deficit of \$3,342,685 to Change in Net Assets.
- Business-type Activities contributed \$2,765,706 to Change in Net Assets.
- General revenues and transfers contributed \$5,281,027 to Change in Net Assets.
- Restatement of net assets at June 30, 2009 from \$74,558,728 to \$73,963,097, or \$595,631. See Note 16.

<b>Changes in Net Assets</b>				
Functions / Programs	<b>2010</b>	<b>2009</b>	<b>Inc (Dec)</b>	<b>%</b>
Government Activities	(3,342,685)	(3,593,794)	251,109	-7%
Business-type Activities	2,765,706	3,526,238	(760,532)	-22%
Total Primary Government	(576,979)	(67,556)	(509,423)	754%
Restatement of net assets *		(595,631)	595,631	-100%
General revenues and transfers	5,281,027	4,712,512	568,515	12%
Change in Net assets	4,704,048	4,049,325	654,723	666%

Restatement of net assets *	<b>2010 (beg)</b>	<b>2009 (end)</b>	<b>Inc (Dec)</b>	<b>%</b>
Net assets-as restated	73,963,097	74,558,728	(595,631)	

<b>Note 16, Prior period adjustments</b>				
<b>Restated - net assets *</b>	<b>2009 (end)</b>			
<b><u>Governmental Activities</u></b>				
Accounts Receivable	(177,401)	Wrote off old accounts		
Capital Assets	192,500	Reclassified Land rights purchase		
Prepays	(192,500)	Reclassified Land rights purchase		
Expense	(77,000)	Reclassified TDA expense		
Deferred Revenue	(77,000)	Reclassified TDA revenue		
Effect on June 30, 2009 net assets	(331,401)			
<b><u>Business-type Activities</u></b>				
Accounts Receivable	(383,708)	Wrote off old accounts		
Accounts Payable	17,828	Wrote off balance of account settled		
Deferred Revenue	101,650	Earned in previous years		
Effect on June 30, 2009 net assets	(264,230)			
Total Net Assets-Restatement	(595,631)			

**CITY OF RIO VISTA**  
**Management's Discussion and Analysis**

**Governmental Activities Analysis**

Comparison of Governmental Activities in the Statement of Net Assets for of fiscal years ending June 30, 2010 and 2009 follows:

**Statement of Net Assets  
at June 30,**

<b>Governmental Activities</b>	<b>2010</b>	<b>2009</b>	<b>Inc (Dec)</b>	<b>%</b>
Cash and Investments	4,949,341	5,236,663	(287,322)	-5%
Other Assets	4,750,104	4,478,874	271,230	6%
Capital Assets	9,002,316	7,929,635	1,072,681	14%
			-	
<b>Total Assets</b>	<b>18,701,761</b>	<b>17,645,172</b>	<b>1,056,589</b>	<b>6%</b>
			-	
Current Liabilities	1,240,924	2,578,501	(1,337,577)	-52%
Long-term debt outstanding	1,317,838	813,767	504,071	62%
<b>Total Liabilities</b>	<b>2,558,762</b>	<b>3,392,268</b>	<b>(833,506)</b>	<b>-25%</b>
			-	
Net Assets:			-	
Invested in capital assets, net of debt	8,512,780	7,086,587	1,426,193	20%
Restricted for:			-	
Capital projects	4,577,930	4,768,264	(190,334)	-4%
Debt Service	169,154	78,086	91,068	117%
Specific projects and programs	1,236,425	2,305,474	(1,069,049)	-46%
Unrestricted	1,646,710	14,493	1,632,217	11262%
			-	
<b>Total Net Assets</b>	<b>16,142,999</b>	<b>14,252,904</b>	<b>1,890,095</b>	<b>13%</b>

**Functions / Programs – Program Revenues and Net Expense**

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. Total expenses of all governmental activities during fiscal year 2010 was \$5,717,374. This cost was financed by general government revenues of \$5,232,780, charges for services \$1,100,051, operating grants and contributions \$551,318, and capital grants and contributions \$922,427, for a net asset change of \$1,890,095.

**CITY OF RIO VISTA**  
**Management's Discussion and Analysis**

The term "net expense" is as shown in Statement of Activities and Changes in Net Assets, the net of expenses and program revenues.

- **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, \$694,075.
- **Police Protection** – generated program revenues of \$33,904, received grants of \$101,493, resulting in a net expense of \$1,648,620.
- **Fire Protection** – program revenues \$270,296, operating grants \$76,231, capital grant \$36,000, resulting in net expense of \$503,539.
- **Redevelopment** – net expense \$815,730.
- **Streets and Highways** – operating grants \$71,327, capital grants \$281,621, net revenue \$195,744.
- **Streets and Lighting** – no revenue generated, net expense \$160,117.
- **Corporation Yard** - no revenue generated, net expense \$81,472.
- **Building Regulations** – program revenues \$2,425, net expense \$73,248.
- **Planning** – program revenues \$68,873, net expense \$56,382.
- **Economic Development** – no revenue generated, net expense \$70,711.
- **Public Works** – operating grants \$353,452, capital grants \$659,773, net revenues \$663,795.
- **Parks** - operating grants \$73,024, capital grants \$198,936, net revenues \$53,823.
- **Swimming Pool** – program revenues \$10,573, net expenses \$15,943.
- **Recreation and Youth Center** - program revenues \$38,971, capital grants and contributions \$14,060, net expenses \$61,153.
- **Solid Waste** – program revenues \$87,729, net expenses \$21,415.

**CITY OF RIO VISTA**  
**Management's Discussion and Analysis**

<b>Comparison of</b>				
<b>Statement of Activities and Changes in Net Assets</b>				
<b>Governmental Activities</b>	<b>2010</b>	<b>2009</b>	<b>Inc (Dec)</b>	<b>%</b>
<b>Revenues</b>				
Program Revenues:				
Charges for Services	508,772	1,100,051	(591,279)	-54%
Operating Grants and Contribution	675,527	551,318	124,209	23%
Capital Grants and Contributions	1,190,390	922,427	267,963	29%
General Revenues				
Taxes	3,935,331	4,216,293	(280,962)	-7%
Other Revenues	1,250,272	364,072	886,200	243%
Investment Earnings	47,177	54,910	(7,733)	-14%
<b>Total Revenues</b>	<b>7,607,469</b>	<b>7,209,071</b>	<b>398,398</b>	<b>6%</b>
<b>Expenses</b>				
Administration	694,075	865,431	(171,356)	-20%
Police protection	1,784,017	1,967,750	(183,733)	-9%
Fire protection	886,066	978,680	(92,614)	-9%
Redevelopment	815,730	472,056	343,674	73%
Streets & Highways	157,204	185,482	(28,278)	-15%
Streets & lighting	160,117	145,436	14,681	10%
Corporation yard	81,472	100,914	(19,442)	-19%
Building regulations	75,673	61,677	13,996	23%
Planning	125,255	254,351	(129,096)	-51%
Economic development	70,711	76,427	(5,716)	-7%
Public works	349,430	472,431	(123,001)	-26%
Parks	218,137	159,456	58,681	37%
Swimming pool	26,515	77,695	(51,180)	-66%
Recreation and youth center	114,184	73,919	40,265	54%
Solid waste	105,144	228,261	(123,117)	-54%
Interest on long-term debt	53,644	47,624	6,020	13%
<b>Total Expenses</b>	<b>5,717,374</b>	<b>6,167,590</b>	<b>(450,216)</b>	<b>-7%</b>
Transfers:				
			-	
			-	
Adjustments to Net Assets		(331,401)	331,401	
			-	
<b>Changes in Net Assets</b>	<b>1,890,095</b>	<b>710,080</b>	<b>1,180,015</b>	<b>166%</b>
Beginning Net Assets	14,252,904	13,542,824	710,080	5%
Ending Net Assets	16,142,999	14,252,904	1,890,095	13%

**CITY OF RIO VISTA**  
**Management's Discussion and Analysis**

**Business-Type Activities Analysis**

The City's business-type activities include Water, Beach wastewater, Northwest 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, 2010 and 2009:

**Statement of Net Assets  
at June 30,**

<b>Business-type Activities</b>	<b>2010</b>	<b>2009</b>	<b>Inc (Dec)</b>	<b>%</b>
Cash and Investments	6,190,825	3,706,618	2,484,207	67%
Other Assets	(2,512,483)	(2,872,556)	360,073	-13%
Capital Assets	61,350,123	61,114,206	235,917	0%
			-	
<b>Total Assets</b>	<b>65,028,465</b>	<b>61,948,268</b>	<b>3,080,197</b>	<b>5%</b>
			-	
Other Liabilities	1,243,579	953,058	290,521	30%
Long-term debt outstanding	1,260,740	1,285,017	(24,277)	-2%
<b>Total Liabilities</b>	<b>2,504,319</b>	<b>2,238,075</b>	<b>266,244</b>	<b>12%</b>
			-	
Net Assets:			-	
Invested in capital assets, net of debt	60,098,338	59,823,192	275,146	0%
Restricted for:			-	
Capital projects	1,877,487	1,194,094	683,393	57%
Debt Service	110,848	111,217	(369)	0%
Specific projects and programs			-	
Unrestricted	437,473	(1,418,310)	1,855,783	-131%
			-	
<b>Total Net Assets</b>	<b>62,524,146</b>	<b>59,710,193</b>	<b>2,813,953</b>	<b>5%</b>

The net assets of business type activities increased by \$2,813,953 from \$59,710,193 in 2009 to \$62,524,146 in 2010.

**Program revenues for business-type activities**

- Rate increases for water and sewer usage increased charges for services in business-type activities by 68% or \$2,522,479.
- Operating Grants and Contributions – Airport and Transit increased by \$105,009.
- Capital Grants and Contributions – Revenues decreased by \$3,491,827 as multi-year grants were completed in Water system.

**CITY OF RIO VISTA**  
**Management's Discussion and Analysis**

<b>Comparison of</b>				
<b>Statement of Activities and Changes in Net Assets</b>				
<b>Business-type Activities</b>	<b>2010</b>	<b>2009</b>	<b>Inc (Dec)</b>	<b>%</b>
<u>Revenues</u>				
Program Revenues:				
Charges for Services	6,207,211	3,684,732	2,522,479	68%
Operating Grants and Contributions	328,587	223,578	105,009	47%
Capital Grants and Contributions	1,252,418	4,744,245	(3,491,827)	-74%
General Revenues				
Investment Earnings	48,247	77,237	(28,990)	-38%
<b>Total Revenues</b>	<b>7,836,463</b>	<b>8,729,792</b>	<b>(893,329)</b>	<b>0</b>
<u>Expenses</u>				
Water	1,438,616	1,317,619	120,997	9%
Sewer		2,990,028	(2,990,028)	-100%
Beach Sewer	1,373,588		1,373,588	
NW Sewer	1,326,910		1,326,910	
Airport	427,562	425,486	2,076	0%
Business Park	46,149	60,273	(14,124)	-23%
Transit	409,685	332,911	76,774	23%
<b>Total Expenses</b>	<b>5,022,510</b>	<b>5,126,317</b>	<b>(103,807)</b>	<b>-2%</b>
Transfers:				
			-	
			-	
Adjustments to Net Assets		(264,230)	264,230	
			-	
<b>Changes in Net Assets</b>	<b>2,813,953</b>	<b>3,339,245</b>	<b>(525,292)</b>	<b>-16%</b>
Beginning Net Assets	59,710,193	56,370,948	3,339,245	6%
Ending Net Assets	62,524,146	59,710,193	2,813,953	5%

This table compares fiscal year 2010 with fiscal year 2009 revenues and expenses and changes in net assets of business-type activities. Expenses decreased from \$5,126,317 to \$5,022,510; while program revenues decreased by \$893,329.

Major changes in business-type categories are discussed in the fund level analysis-enterprise funds section below.

<b>CITY OF RIO VISTA</b> <b>Management's Discussion and Analysis</b>
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**Fund Financial Statements**

***Governmental Funds:***

Governmental Fund Financial Statements consist of the Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balances.

Also, there are two reconciliations:

- 1) Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets, and
- 2) Reconciliation of the Government Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Revenues, Expenditures and Changes in Fund Balances

Note that the major funds (each column) therein are the General Fund, Redevelopment Agency, and CDBG Grant. Minor funds are combined in Other Governmental Funds are prepared on the modified accrual basis. 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.

***Proprietary Funds***

Proprietary Funds Financial Statements are used to report the City's enterprise funds, as major funds, Water, Beach Sewer, Northwest Sewer, Airport, Business Park and Transit Funds. In fiscal year 2009-10, Water Construction, Water Fixed Assets, Sewer Construction and Sewer Fixed Assets are considered as a separate major fund. The totals in the Proprietary Funds are the same as the business-type activities reported in the City-Wide Financial Statements, but provide balances by account categories.

Charges for user 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.

***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**

**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,**

	<b>2010</b>	<b>2009</b>
Total Assets	\$ 11,205,191	\$ 10,560,805
Total Liabilities	3,398,520	1,710,022
Total Fund Balances	7,806,671	8,850,783
Total Revenues	\$ 5,998,020	\$ 6,852,981
Total Expenditures	7,230,526	6,820,293
Total Other Financing Sources	712,295	-

At June 30, 2010 the City's Governmental Funds reported combined fund balances of \$7,806,671, a decrease of \$520,211 from restated June 30, 2009 fund balance of \$8,326,882. See Note 16 to BFS, Prior Period Adjustments (PPA), Fund Financial Statements, Governmental Funds, General Fund and Non-Major, total (\$523,901).

**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 2010 General Fund financing sources included revenues of \$4,332,123, proceeds from sale of land \$712,295 and transfers in \$112,909 for a total of \$5,157,327 current year financing sources. General Fund expenditures totaled \$4,828,415 thereby increasing fund balance by \$328,912. Of the ending fund balance of \$1,823,162, \$1,062,932 is reserved for interfund advances and \$133,016 for encumbrances. Of the unreserved balance, \$48,278 is undesignated, \$578,936 is designated for economic uncertainty, innovation, equipment replacement and compensated absences.



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**Management's Discussion and Analysis**

General Fund revenues decreased by \$555,879, or 11%, under 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 \$462,540 due primarily to a decrease in property taxes as a result of the county wide reassessment of property valuations. Two largest sources, property taxes and sales taxes decreased substantially, \$236,356 and \$242,449, respectively.
- Licenses and Permits – decreased by \$14,441 or 5 percent under the prior year due to a decrease in building, energy and mechanical permit fees.
- Use of Money and Property – decreased from prior year by \$53,588 or 16%. 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.
- Charges for Services – decreased \$53,900, or 11.3%, under the prior year. This decrease is attributable to a decrease in the development of new residential properties and planning applications submitted for processing.
- Intergovernmental – This category includes revenues received from other branches of government including the Motor Vehicle In-Lieu. This category experienced a decrease from the prior year of \$19,458, or 43%, under the prior year.
- Fine and forfeitures – This category experienced a decrease from the prior year of \$4,656, or 16%.
- Other – This category includes revenues from various sources; it decreased from the prior year of \$59,134, or 73%.
- 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 \$111,838, or 20% more than prior year.

General Fund Expenditures decreased \$525,480 from the prior year, or 10%. Significant fluctuations from the prior year are noted below:

- Administrative expenses decreased by \$201,975, or 23%, from \$852,006 in 2009 to \$650,031 in the current year.
- Police Department expenses decreased by \$71,433, 4%, from \$1,760,970 in 2009 to \$1,689,537 in the current year. This decrease is due to both a decrease in the level of services provided to the public.
- Fire Department expenses decreased by \$108,558, 11%, from \$947,807 in 2009 to \$839,249 in the current year.
- Streets & Highways expenditures decreased \$480,777, or 85%, from \$567,256 in 2009 to \$86,479 in the current year. Street rehabilitation projects were completed.
- Corporation Yard expenditures decreased \$15,037, or 16%, from \$94,939 in 2009 to \$79,902 in the current year.

<b>CITY OF RIO VISTA</b> <b>Management's Discussion and Analysis</b>
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- Building Regulations and Planning expenditures decreased by \$39,588, or 18%, from a combined total of \$220,979 in 2009 to a combined total of \$181,391 in the current year. This decrease was due to the reduction in building permit activity.
- Economic Development expenditures decreased by \$2,136, or 3%, from \$71,902 in 2009 to \$69,766 in 2010.
- Public Works expenditures increased by \$420,389 from \$237,289 in 2009 to \$657,678 in the current year. This increase is due to the grant projects which the City was in the process of completing in 2010.
- Parks expenditures decreased by \$45,991, or 24%, from \$188,388 in 2009 to \$142,397 in 2010. This decrease is due to the reduction of staffing levels to perform park maintenance along with the expenditures actually budgeted for maintenance costs.
- Swimming Pool expenditures decreased by \$48,483 from \$73,095 in 2009 to \$24,612 in the current year. This decrease is a result of the continued reduction of summer programs offered this fiscal year.
- Recreation & Youth Center expenditures decreased by \$21,018 from \$51,217 in 2009 to \$30,199 in 2010. This decrease is due to the reduction of all but a few recreation programs offered this fiscal year.

#### **Redevelopment Agency**

The Redevelopment Agency received \$653,662 of tax increment revenue and other income to pay debt service for Redevelopment projects and other project costs totaling \$802,614. At the end of 2010, the net change to fund balance was negative \$148,952. Fund balance at beginning of fiscal year 2010 was \$878,626. Fund balance at end of 2010 is \$729,674.

#### **CDBG Grants**

Received transfers in from other funds for City match of CDBG grant, \$161,591. Project expenditures totaled \$938,293 in 2010. The Fund balance at the end of 2010 is negative \$855,505. Although City, has submitted reimbursement request for \$727,042, upon receiving reimbursement, it will not be sufficient to pay for the CDBG expenditures to date.

#### **Governmental Non-Major Funds**

The non-major funds are Police High Tech Grant, Law Enforcement, Asset Forfeiture, ATOD Grant, RDA Low/ Moderate Housing, Private Developers Revolving Fund, General Plan Revision, Gas Tax, CDBG Housing Rehab, Street Projects, Personnel Services District, Vehicle Replacement, Storm Drain, Roadway Impact, Municipal Improvements, Hazardous Waste, Landfill Closure, Army Base Reuse, Parks and Recreation and Firehouse Bonds. These funds are rolled into the Other Governmental Funds column of the Governmental Funds Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balances.

<b>CITY OF RIO VISTA</b> <b>Management's Discussion and Analysis</b>
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**Summary of Financial Statements of Governmental Non-Major Funds at Fund Level  
at June 30,**

	<b>2010</b>	<b>2009</b>
Total Assets	\$ 7,021,893	\$ 7,809,536
Total Liabilities	912,553	747,673
Total Fund Balances	6,109,340	7,061,863
Total Revenues	\$ 1,012,235	\$ 1,861,849
Total Expenditures	661,204	1,365,172
Total Other Financing Sources	(274,500)	(92,080)
Net Change in Fund Balance	\$ 76,531	404,597

**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, Beach Sewer, Northwest Sewer, Airport, Business Park and Transit Funds.

The following presents the net operating income (loss) for the City's Enterprise Funds for the year ended June 30, 2010:

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

	<b>2010</b>	<b>2009</b>
Water Fund	\$ 1,180,440	\$ 113,934
Beach Sewer	659,046	
Northwest Sewer	(105,729)	
Sewer Utility Fund		(1,088,915)
Airport Fund	(216,571)	(135,052)
Business Park Fund	52,665	3,463
Transit Fund	(300,601)	24,355
<b>Total</b>	<b>\$ 1,269,250</b>	<b>\$ (1,075,477)</b>

The Enterprise Funds showed an increase in net operating income (loss) compared to the prior fiscal year. Total Enterprise Fund net operating income (loss) is \$1,269,250, an increase of \$2,344,727 over last year's results. Each Enterprise Fund showed a significant change from the prior year as discussed below:

**CITY OF RIO VISTA**  
**Management's Discussion and Analysis**

- **Water** – Net operating income increased from prior year's net operating income of \$113,934 to current net operating income of \$1,180,440 due primarily to an increase in water rates that became effective in January 2010.
- Expenses in the Water Fund increased from the prior fiscal year expense of \$1,317,619 to a total of \$1,438,616 in the current fiscal year. Total operating revenues were more than total operating expenditures by \$1,180,440. 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 \$13,352,530. Of this amount \$10,232,500 is invested in capital assets, \$1,555,208 restricted for capital projects \$1,564,822 is unrestricted.
- **Beach Sewer** – The City split up its Sewer system with the beginning of fiscal year 2009-10 due to issues raised by the public during the rate increase public discussion. Rates were increased in late summer of 2009. The connections to Beach Sewer are core Rio Vista and all new development except for Trilogy. Total operating revenues \$1,955,226 less total operating expenditures \$1,296,180 for a net operating income of \$659,046. After net non-operating expense of \$65,339, Beach Sewer had a net change of assets of \$593,707. Adding the change to beginning net assets of \$1,938,988 results in ending net assets of \$2,532,695; of which \$130,166 is a newly restricted net asset for capital projects and \$110,848 is restricted for bond retirement from previous years from Sewer Fund.
- **Northwest Sewer** -- The City split up its Sewer system with the beginning of fiscal year 2009-10 due to issues raised by the public during the rate increase public discussion. The Northwest system connections are all located in Trilogy. Rates were increased in late summer of 2009. Total operating revenues \$1,221,181 less total operating expenditures \$1,326,910 for a net operating loss of \$105,729. Net non-operating income of \$2,407,383, Northwest Sewer had a net change of assets of \$2,301,654. Adding the change to beginning net assets of \$34,894,256 results in ending net assets of \$37,195,910; of which \$63,071 is a newly restricted net asset for capital projects.
- **Sewer (previous years)** -- The City split up its Sewer system with the beginning of fiscal year 2009-10 due to issues raised by the public during the rate increase public discussion. The City wide Sewer system was divided into Beach and Northwest connections. Fiscal year ending net assets were transferred into Beach and Northwest, \$1,938,988 and \$34,894,256.
- **Airport** – This year's net loss of \$193,706 compares with the prior year net loss of \$186,484. Depreciation expense of \$259,404 contributes entirely to the negative change in net assets. Ending balance of net assets is \$7,402,516, however, unrestricted net assets is negative \$1,075,207.
- **Business Park** –net income of \$53,233 in the current fiscal year. The Business Park has ending net assets of \$696,831 with \$169,213 of those assets being unrestricted. The City continues to seek development projects for the Business Park.
- **Transit** – Current year net income \$6,257 compares with last year net income of \$45,006. Although net income decreased, fare income increased. The Transit Fund has ending net assets of \$337,562, with \$219.123 invested in capital assets and \$118,439 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.

<b>CITY OF RIO VISTA</b> <b>Management's Discussion and Analysis</b>
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<b>Capital Assets</b>
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The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$61,350,123 (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, 2010:

**Capital Assets at Year-end**

<b>Capital Asset by Type</b>	<b>2010</b>	<b>2009</b>
<i><b>Governmental Activities:</b></i>		
Land	\$ 1,968,598	\$ 1,892,169
Construction in Progress	332,754	617,676
Buildings and Improvements	4,855,103	3,479,253
Vehicles	927,398	927,398
Machinery and Equipment	1,618,236	1,618,236
Infrastructure	3,620,455	3,116,887
Less Accumulated Depreciation	(4,320,228)	(3,914,484)
<b>Totals</b>	<b>\$ 9,002,316</b>	<b>\$ 7,737,135</b>
<i><b>Business-Type Activities</b></i>		
Land	\$ 433,497	\$ 433,497
Construction in Progress	211,491	168,290
Buildings and Improvements	53,973,268	53,918,657
Runways	10,796,860	10,783,817
Machinery and Equipment	1,624,757	1,497,169
Vehicles	272,379	272,379
Infrastructure	5,770,786	4,352,547
Less Accumulated Depreciation	(11,732,915)	(10,312,150)
<b>Totals</b>	<b>\$ 61,350,123</b>	<b>\$ 61,114,206</b>

<b>CITY OF RIO VISTA</b> <b>Management's Discussion and Analysis</b>
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Major capital assets additions during fiscal year 2010 included the following:

- Buildings and Improvements:
  - CDBG Improvements
  - Fire Station Improvements
- Infrastructure:
  - Various Street Improvement Projects

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, 2010, the City's long-term debt outstanding was \$1,741,192. Of this total, \$489,536 was in governmental activities and \$1,251,785 was in business-type activities.

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

	<b>Outstanding Debt</b>	
	<b>At Year-end</b>	
	<b>2010</b>	<b>2009</b>
<b><i>Governmental Activity Debt:</i></b>		
1997 General Obligation Bonds	\$ 189,000	\$ 206,000
State of Calif. Energy Commission Loan	-	-
Fire Truck Capital Lease	210,536	274,548
1991 Tax Allocation Bonds	90,000	170,000
	<b>\$ 489,536</b>	<b>\$ 650,548</b>
<b><i>Business-type Activity Debt:</i></b>		
2000 Pooled Revenue Bonds	\$ 1,226,056	\$ 1,258,608
West America Capital Lease	25,729	33,406
Airport Hangar Capital Lease	-	-
	<b>\$ 1,251,785</b>	<b>\$ 1,291,014</b>
<b>TOTAL OUTSTANDING DEBT</b>	<b>\$ 1,741,321</b>	<b>\$ 1,941,562</b>

**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 7 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, 2010 a total of \$30,902,100 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 \$14,815,000 and \$14,750,000. Also, Reassessment District No. 2007-1R Refunding Bonds had a balance of \$1,337,100. 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.

**Impact of future events on City's finances**

**Governmental activities**

General revenues from City's main sources will continue to fall short relative to peak fiscal years of the not to distant past. Since public safety expenditures account for 55-60% of General Fund expenditures, the City needs to provide an expenditure cap that is related to its revenue sources until the local economy recovers. In the alternative, the City must generate additional revenue from future development activity, land sales, etc.

**Business activities**

While the utility rate increases initiated in 2009 practically saved the City's utility funds, adjusting rates to meet the needs of maintaining adequate water and sewer services and improving the utility infrastructure will continue to be challenges that need to be addressed.

**CITY OF RIO VISTA**  
**Management's Discussion and Analysis**

**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.



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## **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, 2010**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 4,265,433	\$ 4,202,490	\$ 8,467,923
Restricted cash and investments	683,908	1,988,335	2,672,243
Receivables:			
Accounts, net	1,307,422	743,972	2,051,394
Interest	7,177	3,681	10,858
Internal balances	3,288,597	(3,288,597)	-
Prepaid items and deposits	523	-	523
Inventory	-	28,461	28,461
Notes receivable	146,385	-	146,385
<b>Total current assets</b>	<b>9,699,445</b>	<b>3,678,342</b>	<b>13,377,787</b>
Noncurrent assets:			
Capital assets:			
Land	1,968,598	433,497	2,402,095
Construction in progress	332,754	211,491	544,245
Capital assets being depreciated, net	6,700,964	60,705,135	67,406,099
<b>Total capital assets</b>	<b>9,002,316</b>	<b>61,350,123</b>	<b>70,352,439</b>
<b>Total assets</b>	<b>18,701,761</b>	<b>65,028,465</b>	<b>83,730,226</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	422,036	803,430	1,225,466
Accrued expenses	70,701	10,287	80,988
Interest payable	11,117	18,934	30,051
Deposits payable	86,175	70,431	156,606
Unearned revenue	295,634	285,858	581,492
Claims Payable	130,114	-	130,114
Compensated absences - due within one year	50,146	11,529	61,675
Long-term debt - due within one year	175,001	43,110	218,111
<b>Total current liabilities</b>	<b>1,240,924</b>	<b>1,243,579</b>	<b>2,484,503</b>
Noncurrent liabilities:			
Compensated absences - due in more than one year	190,467	42,446	232,913
Net OPEB obligations	51,467	9,619	61,086
Landfill post-closure	761,369	-	761,369
Long-term debt - due in more than one year	314,535	1,208,675	1,523,210
<b>Total liabilities</b>	<b>2,558,762</b>	<b>2,504,319</b>	<b>5,063,081</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	8,512,780	60,098,338	68,611,118
Restricted for:			
Capital projects	4,577,930	1,877,487	6,455,417
Debt service	169,154	110,848	280,002
Specific projects and programs	1,236,425	-	1,236,425
<b>Total restricted</b>	<b>5,983,509</b>	<b>1,988,335</b>	<b>7,971,844</b>
Unrestricted	1,646,710	437,473	2,084,183
<b>Total net assets</b>	<b>\$ 16,142,999</b>	<b>\$ 62,524,146</b>	<b>\$ 78,667,145</b>

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, 2010**

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
Administration	\$ 694,075	\$ -	\$ -	\$ -
Police protection	1,784,017	33,904	101,493	-
Fire protection	886,066	270,296	76,231	36,000
Redevelopment	815,730	-	-	-
Streets & highways	157,204	-	71,327	281,621
Streets & lighting	160,117	-	-	-
Corporation yard	81,472	-	-	-
Building regulations	75,673	2,425	-	-
Planning	125,255	68,873	-	-
Economic development	70,711	-	-	-
Public works	349,430	-	353,452	659,773
Parks	218,137	-	73,024	198,936
Swimming pool	26,515	10,573	-	-
Recreation and youth center	114,184	38,971	-	14,060
Solid waste	105,144	83,729	-	-
Interest on long-term debt (unallocated)	53,644	-	-	-
Total governmental activities	5,717,374	508,772	675,527	1,190,390
<b>Business-type activities:</b>				
Water	1,438,616	2,619,056	-	-
Beach drive treatment facility	1,373,588	1,955,226	-	-
NW Wastewater treatment facilities	1,326,910	1,221,181	-	1,246,001
Airport	427,562	203,850	30,000	-
Business park	46,149	98,814	-	-
Transit	409,685	109,084	298,587	6,417
Total business-type activities	5,022,510	6,207,211	328,587	1,252,418
<b>Total primary government</b>	<b>\$ 10,739,884</b>	<b>\$ 6,715,983</b>	<b>\$ 1,004,114</b>	<b>\$ 2,442,808</b>

**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  
 Gain from sale of assets  
 Miscellaneous

**Total general revenues and transfers**

**Change in net assets**

**Net assets - beginning of year, as restated**

**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
\$ (694,075)	\$ -	\$ (694,075)
(1,648,620)	-	(1,648,620)
(503,539)	-	(503,539)
(815,730)	-	(815,730)
195,744	-	195,744
(160,117)	-	(160,117)
(81,472)	-	(81,472)
(73,248)	-	(73,248)
(56,382)	-	(56,382)
(70,711)	-	(70,711)
663,795	-	663,795
53,823	-	53,823
(15,943)	-	(15,943)
(61,153)	-	(61,153)
(21,415)	-	(21,415)
(53,644)	-	(53,644)
<u>(3,342,685)</u>	<u>-</u>	<u>(3,342,685)</u>
-	1,180,440	1,180,440
-	581,638	581,638
-	1,140,272	1,140,272
-	(193,712)	(193,712)
-	52,665	52,665
-	4,403	4,403
-	<u>2,765,706</u>	<u>2,765,706</u>
<u>(3,342,685)</u>	<u>2,765,706</u>	<u>(576,979)</u>
1,802,351	-	1,802,351
807,286	-	807,286
825,596	-	825,596
177,373	-	177,373
322,725	-	322,725
<u>3,935,331</u>	<u>-</u>	<u>3,935,331</u>
24,191	-	24,191
47,177	48,247	95,424
183,763	-	183,763
596,224	-	596,224
446,094	-	446,094
<u>5,232,780</u>	<u>48,247</u>	<u>5,281,027</u>
1,890,095	2,813,953	4,704,048
<u>14,252,904</u>	<u>59,710,193</u>	<u>73,963,097</u>
<u>\$ 16,142,999</u>	<u>\$ 62,524,146</u>	<u>\$ 78,667,145</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.

### **Redevelopment Agency Fund**

This fund is used to improve the conditions of cities through urban renewal. Programs should alleviate physical decay, stagnation, blight and correct economic and social problems.

### **CDBG Fund**

This fund is used to account for community development block grants that the City has been awarded and income received from loans granted to participants. The funds are primarily used for local home improvements and public infrastructure enhancements.

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**City of Rio Vista**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

	General Fund	Redevelopment Agency	CDBG Grant	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 373,134	\$ 49,759	\$ -	\$ 3,842,540	\$ 4,265,433
Restricted cash and investments	578,936	91,301	-	13,671	683,908
Receivables:					
Accounts	258,105	1,439	727,042	320,836	1,307,422
Interest	985	1,160	-	5,032	7,177
Special Assessment	-	-	-	-	-
Prepays and other	-	-	-	523	523
Due from other funds	220,078	818,427	-	8,940	1,047,445
Advances to other funds	1,062,932	-	-	2,683,966	3,746,898
Notes receivable	-	-	-	146,385	146,385
<b>Total assets</b>	<b>\$ 2,494,170</b>	<b>\$ 962,086</b>	<b>\$ 727,042</b>	<b>\$ 7,021,893</b>	<b>\$ 11,205,191</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 335,438	\$ 9,532	\$ 37,078	\$ 39,988	\$ 422,036
Accrued salaries and wages	64,265	2,253	-	4,183	70,701
Accrued expense	4,622	-	-	381	5,003
Deposits	4,858	-	-	81,317	86,175
Due to other funds	64,875	-	818,427	229,018	1,112,320
Deferred revenue	196,950	-	727,042	384,867	1,308,859
Advances from other funds	-	220,627	-	172,799	393,426
<b>Total liabilities</b>	<b>671,008</b>	<b>232,412</b>	<b>1,582,547</b>	<b>912,553</b>	<b>3,398,520</b>
<b>Fund Balances:</b>					
<b>Reserved:</b>					
Encumbrance	133,016	-	-	5,883	138,899
Bond retirement	-	91,301	-	77,853	169,154
Notes receivable	-	-	-	146,385	146,385
Prepays	-	-	-	523	523
Low and moderate income housing	-	-	-	641,059	641,059
Advances	1,062,932	-	-	2,683,966	3,746,898
<b>Total reserved</b>	<b>1,195,948</b>	<b>91,301</b>	<b>-</b>	<b>3,555,669</b>	<b>4,842,918</b>
<b>Unreserved:</b>					
<b>Designated for:</b>					
Economic uncertainty	416,936	-	-	-	416,936
Innovation	10,000	-	-	-	10,000
Equipment replacement	50,000	-	-	-	50,000
Compensated absences	102,000	-	-	-	102,000
<b>Undesignated, Reported in:</b>					
General fund	48,278	-	-	-	48,278
Special revenue funds	-	638,373	(855,505)	549,893	332,761
Capital projects funds	-	-	-	2,003,778	2,003,778
<b>Total fund balances</b>	<b>1,823,162</b>	<b>729,674</b>	<b>(855,505)</b>	<b>6,109,340</b>	<b>7,806,671</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,494,170</b>	<b>\$ 962,086</b>	<b>\$ 727,042</b>	<b>\$ 7,021,893</b>	<b>\$ 11,205,191</b>

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, 2010**

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<b>Total Fund Balances - Total Governmental Funds</b>	<u>\$ 7,806,671</u>
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.	9,002,316
Deferred revenues recorded in the governmental fund resulting from activities in which revenues were earned but funds were not available are classified as revenues in the Government-Wide Financial Statements.	1,013,225
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.	
- Other post-employment benefit	(51,467)
- Landfill	(761,369)
- Claims payable	(130,114)
- Interest payable	(6,114)
- Long-term debt	(489,536)
- Compensated absences	<u>(240,613)</u>
Total long-term liabilities	<u>(1,679,213)</u>
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 16,142,999</u></u>

See accompanying Notes to Basic Financial Statements.

**City of Rio Vista**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2010**

	General Fund	Redevelopment Agency	CDBG Grants	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Taxes	\$ 2,620,294	\$ 645,829	\$ -	\$ 298,536	\$ 3,564,659
Licenses and permits	261,307	-	-	202,837	464,144
Use of money and property	279,078	7,775	-	56,569	343,422
Charges for services	422,322	-	-	86,451	508,773
Intergovernmental	25,356	-	-	193,299	218,655
Fines and forfeitures	23,684	-	-	-	23,684
Other	21,907	58	-	27	21,992
Grants	678,175	-	-	174,516	852,691
<b>Total revenues</b>	<b>4,332,123</b>	<b>653,662</b>	<b>-</b>	<b>1,012,235</b>	<b>5,998,020</b>
<b>EXPENDITURES:</b>					
Current:					
Administration	650,031	-	-	-	650,031
Police protection	1,689,537	-	-	33,477	1,723,014
Fire protection	839,249	-	-	-	839,249
Redevelopment	-	692,607	-	120,289	812,896
Streets & highways	86,479	-	-	-	86,479
Streets & lighting	-	-	-	143,078	143,078
Corporation yard	79,902	-	-	-	79,902
Building regulations	74,372	-	-	-	74,372
Planning	107,019	-	-	16,314	123,333
Economic development	69,766	-	-	-	69,766
Public works	657,678	-	938,293	139,691	1,735,662
Parks	142,397	-	-	-	142,397
Swimming pool	24,612	-	-	-	24,612
Recreation and youth center	30,199	-	-	74,417	104,616
Solid waste	-	-	-	104,457	104,457
Capital outlay	300,341	-	-	-	300,341
Debt service:					
Principal repayment	64,012	80,000	-	17,000	161,012
Interest and fiscal charges	12,821	30,007	-	12,481	55,309
<b>Total expenditures</b>	<b>4,828,415</b>	<b>802,614</b>	<b>938,293</b>	<b>661,204</b>	<b>7,230,526</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(496,292)</b>	<b>(148,952)</b>	<b>(938,293)</b>	<b>351,031</b>	<b>(1,232,506)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of capital asset	712,295	-	-	-	712,295
Transfers in	112,909	-	161,591	-	274,500
Transfers out	-	-	-	(274,500)	(274,500)
<b>Total other financing sources (uses)</b>	<b>825,204</b>	<b>-</b>	<b>161,591</b>	<b>(274,500)</b>	<b>712,295</b>
<b>Net change in fund balances</b>	<b>328,912</b>	<b>(148,952)</b>	<b>(776,702)</b>	<b>76,531</b>	<b>(520,211)</b>
<b>FUND BALANCES:</b>					
Beginning of year, as restated	1,494,250	878,626	(78,803)	6,032,809	8,326,882
End of year	\$ 1,823,162	\$ 729,674	\$ (855,505)	\$ 6,109,340	\$ 7,806,671

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, 2010

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** \$ (520,211)

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. 1,594,496

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. (405,744)

Proceeds from sale of capital assets are recorded as revenues in the governmental funds, however, only the gain/loss from the sale of assets are recorded in the Government-Wide Statement of Activities and Changes in Net Assets.

- Proceeds from sale of assets (712,295)  
- Gain from sale of assets 596,224

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. 161,012

Revenues that have not met the revenue recognition criteria in the fund financial statements are recognized as revenue in the Government-Wide Financial Statements. This amount represents the change in deferred revenue from prior year. 1,013,225

Increases in net OPEB obligations are not expenditures in the governmental funds, but are expenditures in the Government-Wide Statement of Activities and Changes in Net Assets. (51,467)

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 4,079  
- Interest on long-term debt 1,665  
- Claims payable -  
- Landfill closure 209,111

**Change in Net Assets of Governmental Activities** \$ 1,890,095

See accompanying Notes to Basic Financial Statements.

## 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 2010, 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.

### **Water Construction Fund**

To account for collection of Impact fees paid by developers to fund future expansion of, and improvements to, the City's water facilities.

### **Water Fixed Assets Fund**

To account for reserves for the replacement and addition of fixed assets in the water system.

### **Beach Drive Treatment Fund**

To account for the cost of providing services to residents and businesses connected to the Beach Drive Sewer Facility.

### **NW Wastewater Treatment Facility Fund**

To account for the cost of providing services to residents and businesses connected to the Northwest Sewer Facility.

### **Sewer Construction Fund**

To account for collection of Impact fees paid by developers to fund future expansion of, and improvements to, the City's wastewater facilities.

### **Sewer Fixed Assets Fund**

To account for reserves for the replacement and addition of fixed assets for the sewer system.

### **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, 2010**

	Business-Type Activities – En				
	Water	Water Construction	Water Fixed Assets	Beach Drive Treatment Facility	NW Wastewater Treatment Facility
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 1,081,787	\$ 577,982	\$ 151,531	\$ 114,079	\$ 1,601,284
Restricted cash and investments	1,555,208	-	-	241,014	63,071
Receivables:					
Accounts	265,011	-	-	224,319	125,175
Interest	943	752	204	-	1,223
Prepaid items	-	-	-	-	-
Due from other funds	-	-	-	129,042	-
Inventory	-	-	-	-	-
<b>Total current assets</b>	<b>2,902,949</b>	<b>578,734</b>	<b>151,735</b>	<b>708,454</b>	<b>1,790,753</b>
Noncurrent assets:					
Advances to other funds	438,033	110,313	-	186,173	-
Capital assets:					
Land	5,000	-	-	-	-
Construction in progress	111,425	-	-	100,066	-
Depreciable, net	10,116,075	-	-	4,674,843	37,092,521
<b>Total capital assets</b>	<b>10,232,500</b>	<b>-</b>	<b>-</b>	<b>4,774,909</b>	<b>37,092,521</b>
<b>Total noncurrent assets</b>	<b>10,670,533</b>	<b>110,313</b>	<b>-</b>	<b>4,961,082</b>	<b>37,092,521</b>
<b>Total assets</b>	<b>13,573,482</b>	<b>689,047</b>	<b>151,735</b>	<b>5,669,536</b>	<b>38,883,274</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	138,944	-	-	364,321	166,393
Accrued salary and wages	4,139	-	-	1,755	1,116
Accrued expense	-	-	-	-	-
Accrued interest payable	-	-	-	18,383	-
Deposit payable	43,831	-	-	3,961	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	1,674	-
Compensated absences - due within one year	5,831	-	-	1,762	1,762
Long-term debt - due within one year	-	-	-	35,000	-
<b>Total current liabilities</b>	<b>192,745</b>	<b>-</b>	<b>-</b>	<b>426,856</b>	<b>169,271</b>
Noncurrent liabilities:					
Advances from other funds	-	-	-	1,509,467	1,509,467
Compensated absences - due in more than one year	23,205	-	-	7,512	7,512
OPEB liabilities	5,002	-	-	1,950	1,114
Long-term debt:					
Revenue bonds payable	-	-	-	1,191,056	-
Capitalized lease obligations	-	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>28,207</b>	<b>-</b>	<b>-</b>	<b>2,709,985</b>	<b>1,518,093</b>
<b>Total liabilities</b>	<b>220,952</b>	<b>-</b>	<b>-</b>	<b>3,136,841</b>	<b>1,687,364</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	10,232,500	-	-	3,548,853	37,092,521
Restricted for revenue bond retirement	-	-	-	110,848	-
Restricted for capital projects	1,555,208	-	-	130,166	63,071
Unrestricted	1,564,822	689,047	151,735	(1,257,172)	40,318
<b>Total net assets</b>	<b>\$ 13,352,530</b>	<b>\$ 689,047</b>	<b>\$ 151,735</b>	<b>\$ 2,532,695</b>	<b>\$ 37,195,910</b>
See accompanying Notes to Basic Financial Statements.	-	-	-	-	-

Enterprise Funds					
Sewer Construction	Sewer Fixed Assets	Airport	Business Park	Transit	Totals
\$ -	\$ 165,097	\$ -	\$ 166,346	\$ 344,384	\$ 4,202,490
129,042	-	-	-	-	1,988,335
-	-	44,945	3,013	81,509	743,972
-	223	-	77	259	3,681
-	-	-	-	-	-
-	-	-	8,364	64,875	202,281
-	-	28,461	-	-	28,461
129,042	165,320	73,406	177,800	491,027	7,169,220
-	-	-	-	-	734,519
-	-	405,313	23,184	-	433,497
-	-	-	-	-	211,491
-	-	8,098,139	504,434	219,123	60,705,135
-	-	8,503,452	527,618	219,123	61,350,123
-	-	8,503,452	527,618	219,123	62,084,642
129,042	165,320	8,576,858	705,418	710,150	69,253,862
-	-	40,583	1,289	91,900	803,430
-	-	2,476	444	-	9,930
-	-	-	-	357	357
-	-	551	-	-	18,934
-	-	17,280	5,359	-	70,431
129,042	-	8,364	-	-	137,406
-	-	5,413	-	278,771	285,858
-	-	1,337	445	392	11,529
-	-	8,110	-	-	43,110
129,042	-	84,114	7,537	371,420	1,380,985
-	-	1,069,057	-	-	4,087,991
-	-	2,280	1,050	887	42,446
-	-	1,272	-	281	9,619
-	-	-	-	-	1,191,056
-	-	17,619	-	-	17,619
-	-	1,090,228	1,050	1,168	5,348,731
129,042	-	1,174,342	8,587	372,588	6,729,716
-	-	8,477,723	527,618	219,123	60,098,338
-	-	-	-	-	110,848
129,042	-	-	-	-	1,877,487
(129,042)	165,320	(1,075,207)	169,213	118,439	437,473
\$ -	\$ 165,320	\$ 7,402,516	\$ 696,831	\$ 337,562	\$ 62,524,146
-	-	-	-	-	-

**City of Rio Vista**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the year ended June 30, 2010**

	Business-Type Activities – E				
	Water	Water Construction	Water Fixed Assets	Beach Drive Treatment Facility	NW Wastewater Treatment Facility
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 2,617,906	\$ -	\$ -	\$ 1,936,605	\$ 1,221,181
Rents	-	-	-	-	-
Sale of fuel	-	-	-	-	-
Grant revenues	-	-	-	-	-
Other	1,150	-	-	18,621	-
<b>Total operating revenues</b>	<b>2,619,056</b>	<b>-</b>	<b>-</b>	<b>1,955,226</b>	<b>1,221,181</b>
<b>OPERATING EXPENSES:</b>					
Salaries & benefits	282,286	-	-	112,005	64,021
Contract services	87,082	-	-	708,504	534,662
Supplies & materials	64,635	-	-	17,089	4,836
Utilities	238,577	-	-	148,445	167,322
Payment in lieu of taxes	-	-	-	-	-
Insurance	16,031	-	-	26,560	26,553
Maintenance & repair	43,068	-	-	95,262	38,553
Communications	3,813	-	-	2,830	515
Professional services	120,580	-	-	10,935	13,044
Miscellaneous	-	-	-	16,208	13,474
Bad Debt Expense	45,198	-	-	7,610	27,532
Depreciation	537,346	-	-	150,732	436,398
<b>Total operating expenses</b>	<b>1,438,616</b>	<b>-</b>	<b>-</b>	<b>1,296,180</b>	<b>1,326,910</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,180,440</b>	<b>-</b>	<b>-</b>	<b>659,046</b>	<b>(105,729)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Operating grants	-	-	-	-	-
Capital grants & contributions	-	-	-	-	1,246,001
Transfers in	-	-	-	-	1,152,732
Transfers out	-	-	-	-	-
Interest revenue	10,567	11,844	1,285	12,069	8,650
Interest (expense)	-	-	-	(77,408)	-
<b>Total nonoperating revenues (expenses)</b>	<b>10,567</b>	<b>11,844</b>	<b>1,285</b>	<b>(65,339)</b>	<b>2,407,383</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>1,191,007</b>	<b>11,844</b>	<b>1,285</b>	<b>593,707</b>	<b>2,301,654</b>
<b>Change in net assets</b>	<b>1,191,007</b>	<b>11,844</b>	<b>1,285</b>	<b>593,707</b>	<b>2,301,654</b>
<b>NET ASSETS:</b>					
Beginning of year, restated	12,161,523	677,203	150,450	1,938,988	34,894,256
End of year	\$ 13,352,530	\$ 689,047	\$ 151,735	\$ 2,532,695	\$ 37,195,910

See accompanying Notes to Basic Financial Statements.

Enterprise Funds

Sewer Construction	Sewer Fixed Assets	Airport	Business Park	Transit	Totals
\$ -	\$ -	\$ 3,165	\$ 3,614	\$ 108,038	\$ 5,890,509
-	-	173,378	94,183	-	267,561
-	-	20,310	-	-	20,310
-	-	-	-	-	-
-	-	6,997	1,017	1,046	28,831
-	-	203,850	98,814	109,084	6,207,211
-	-	73,775	19,662	15,028	566,777
-	-	14,749	1,338	268,399	1,614,734
-	-	5,095	3,528	82,371	177,554
-	-	25,314	2,420	-	582,078
-	-	-	-	-	-
-	-	8,471	1,315	1,831	80,761
-	-	23,723	-	262	200,868
-	-	5,464	-	6,112	18,734
-	-	4,426	4,270	12,413	165,668
-	-	-	-	-	29,682
-	-	-	-	-	80,340
-	-	259,404	13,616	23,269	1,420,765
-	-	420,421	46,149	409,685	4,937,961
-	-	(216,571)	52,665	(300,601)	1,269,250
-	-	30,000	-	298,587	328,587
-	-	-	-	6,417	1,252,418
(1,152,732)	-	-	-	-	1,152,732
-	1,404	6	568	1,854	48,247
-	-	(7,141)	-	-	(84,549)
(1,152,732)	1,404	22,865	568	306,858	1,544,703
(1,152,732)	1,404	(193,706)	53,233	6,257	2,813,953
(1,152,732)	1,404	(193,706)	53,233	6,257	2,813,953
1,152,732	163,916	7,596,222	643,598	331,305	59,710,193
\$ -	\$ 165,320	\$ 7,402,516	\$ 696,831	\$ 337,562	\$ 62,524,146

**City of Rio Vista**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2010**

	Business-Type Activities – Enterprise Funds					
	Water	Water Construction	Water Fixed Assets	Beach Drive Treatment Facility	NW Wastewater Treatment Facility	Sewer Construction
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers & other agencies	\$ 2,497,189	\$ -	\$ -	\$ 1,781,936	\$ 1,192,731	\$ 1,754
Payments to suppliers/ other fund	(481,100)	(121,972)	-	(801,081)	(749,477)	(381)
Payments to employees	(273,028)	-	-	(108,690)	(57,958)	-
Insurance premiums and claims paid	(16,031)	-	-	-	-	-
<b>Net cash provided (used) by operating activities</b>	<b>1,727,030</b>	<b>(121,972)</b>	<b>-</b>	<b>872,165</b>	<b>385,296</b>	<b>1,373</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Interfund receipts	11,683	10,435	-	-	-	249,791
Interfund payments	-	-	-	(215,956)	-	(1,152,732)
Operating grants received	-	-	-	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>11,683</b>	<b>10,435</b>	<b>-</b>	<b>(215,956)</b>	<b>-</b>	<b>(902,941)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition of capital assets	(207,802)	-	-	(315,113)	-	-
Receipt of capital grants and contributions	-	-	-	-	118,800	-
Transfers (to)/from other funds	-	-	-	-	1,152,732	-
Principal payments on debt	-	-	-	(35,000)	-	-
Interest paid on capital debt	-	-	-	(74,389)	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(207,802)</b>	<b>-</b>	<b>-</b>	<b>(424,502)</b>	<b>1,271,532</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest income	12,035	13,682	1,659	12,069	7,427	-
<b>Net cash provided (used) by investing activities</b>	<b>12,035</b>	<b>13,682</b>	<b>1,659</b>	<b>12,069</b>	<b>7,427</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,542,946</b>	<b>(97,855)</b>	<b>1,659</b>	<b>243,776</b>	<b>1,664,255</b>	<b>(901,568)</b>
<b>CASH AND CASH EQUIVALENTS:</b>						
Beginning of year	1,094,049	675,837	149,872	111,317	100	1,030,610
End of year	\$ 2,636,995	\$ 577,982	\$ 151,531	\$ 355,093	\$ 1,664,355	\$ 129,042
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ 1,180,440	\$ -	\$ -	\$ 659,046	\$ (105,729)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	537,346	-	-	150,732	436,398	-
Changes in current assets and liabilities:						
Receivables, net	(64,047)	-	-	(165,680)	(918)	1,754
Prepaid expense	3,459	-	-	-	-	-
Deposits	43,831	-	-	3,961	-	-
Inventory	-	-	-	-	-	-
Unearned revenue	(101,651)	-	-	-	-	-
Accounts payable and other accrued expenses	118,394	(121,972)	-	220,791	49,482	(381)
Accrued salary	-	-	-	(229)	63	-
OPEB liabilities	5,002	-	-	1,950	1,114	-
Compensated absences	4,256	-	-	1,594	4,886	-
Total adjustments	546,590	(121,972)	-	213,119	491,025	1,373
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,727,030</b>	<b>\$ (121,972)</b>	<b>\$ -</b>	<b>\$ 872,165</b>	<b>\$ 385,296</b>	<b>\$ 1,373</b>
<b>NONCASH Capital &amp; Financing Activities</b>						
Capital grants & contributions	-	-	-	-	1,127,201	-

See accompanying Notes to Basic Financial Statements.

Sewer Fixed Assets	Airport	Business Park	Transit	Totals
\$ -	\$ 187,615	\$ 99,757	\$ 109,084	\$ 5,870,066
-	(119,047)	(11,911)	(365,705)	(2,650,674)
-	(71,223)	(19,385)	(33,915)	(564,199)
-	(8,471)	(1,315)	-	(25,817)
-	(11,126)	67,146	(290,536)	2,629,376
-	8,364	(8,364)	(64,875)	207,034
-	(35,082)	-	-	(1,403,770)
-	30,000	-	345,637	375,637
-	3,282	(8,364)	280,762	(821,099)
-	-	-	(6,417)	(529,332)
-	-	-	6,417	125,217
-	-	-	-	1,152,732
-	(7,677)	-	-	(42,677)
-	(7,713)	-	-	(82,102)
-	(15,390)	-	-	623,838
1,813	6	737	2,664	52,092
1,813	6	737	2,664	52,092
1,813	(23,228)	59,519	(7,110)	2,484,207
163,284	23,228	106,827	351,494	3,706,618
\$ 165,097	\$ -	\$ 166,346	\$ 344,384	\$ 6,190,825
\$ -	\$ (216,571)	\$ 52,665	\$ (300,601)	\$ 1,269,250
-	259,404	13,616	23,269	1,420,765
-	(18,898)	155	-	(247,634)
-	6,197	262	165	10,083
-	2,663	788	-	51,243
-	(8,081)	-	-	(8,081)
-	-	-	-	(101,651)
-	(38,392)	(617)	(12,364)	215,322
-	1,272	-	281	-
-	1,280	277	(1,286)	11,007
-	205,445	14,481	10,065	1,351,054
\$ -	\$ (11,126)	\$ 67,146	\$ (290,536)	\$ 2,629,376
-	-	-	-	1,127,201



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## 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, 2010**

	Agency Funds
<b>ASSETS</b>	
Cash and investments	\$ 2,351,640
Restricted cash and investments	2,133,750
Accounts receivable	247
Interest receivable	1,128
Prepaid expense and other	-
<b>Total assets</b>	<b>\$ 4,486,765</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 53,534
Accrued Expense	1,067
Due to assessment district bondholders	4,432,164
<b>Total liabilities</b>	<b>\$ 4,486,765</b>

See accompanying Notes to Basic Financial Statements.

**City of Rio Vista**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Rio Vista, California (the City) was incorporated 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, water and sewer, 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. The Agency issued separate financial statements, which can 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. The Authority does not issue separate financial statements.

**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.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Accounting and Measurement Focus, Continued**

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 for 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.

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.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Accounting and Measurement Focus, Continued**

Governmental Fund Financial Statements, Continued

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 applies all applicable GASB pronouncements (including all National Council on Governmental Accounting (NCGA) Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business-type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City has elected not to apply private sector standards issued after November 30, 1989.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**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 Redevelopment Agency Fund – is used to improve the conditions of cities through urban renewal. Programs should alleviate physical decay, stagnation, blight and correct economic and social problems.

The CDBG Grant Fund – is used to account for community development block grants that the City has been awarded and income received from loans granted to participants. The funds are primarily used for local home improvements and public infrastructure enhancements.

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

The Water Fund – accounts for all financial transactions relating to the City's water resources.

The Water Construction Fund – accounts for collection of Impact fees paid by developers to fund future expansion of, and improvements to, the City's water facilities.

The Water Fixed Assets Fund – accounts for reserves for the replacement and addition of fixed assets in the water system.

The Beach Drive Treatment Facility Fund – accounts for the cost of providing services to residents and businesses connected to the Beach Drive Sewer Facility.

The NW Wastewater Treatment Facility Fund – accounts for the cost of providing services to residents and businesses connected to the Northwest Sewer Facility.

The Sewer Construction Fund – accounts for collection of Impact fees paid by developers to fund future expansion of, and improvements to, the City's wastewater facilities.

The Sewer Fixed Assets Fund – accounts for reserves for the replacement and addition of fixed assets for the sewer system.

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

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. Major Funds, Continued**

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.

**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.



**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**F. Cash, Cash Equivalents and Investments, Continued**

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

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.

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.

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

**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.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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."

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 for enterprise funds construction projects only.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***K. Capital Assets, Continued***

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.

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, 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**M. Net Assets and 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."

**Fund Financial Statements**

Governmental 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 expenditures.

Reserves are restrictions placed by outside entities, such as other governments, which 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 restrictions or reserves. In addition, the City Council may reserve funds by resolution to set aside funds which are not available for current appropriation or expenditure.

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 City Council action.

Following are descriptions of the reserves and designations:

- **Reserved for Encumbrances** represents commitments for materials and services on purchase orders and contracts, which are unperformed.
- **Reserved for Prepaid and Other Assets** is provided to indicate that inventory and prepaid items are not "available" as a resource to meet expenditures of the current year.
- **Reserved for Debt Service** represents amounts accumulated in accordance with a bond indenture or similar covenant.
- **Reserved for Advances to Other Funds** represents funds reserved for the inter-fund advances.
- **Designated for General Government** represents funds reserved to cover future general government operations.
- **Designated for Public Safety** represents funds reserved for public safety building improvements as a result of growth.
- **Designated for Planning Community Development** represents funds reserved for planning and community development department building improvements as a result of growth.
- **Designated for Public Works** represents funds reserved for public works building improvements as a result of growth.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**N. 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 revenues and expenditures or expenses as applicable. Actual results could differ from these estimates and assumptions.

**O. Prepaids**

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.

**P. New Pronouncements**

In 2010, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statement:

- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Asset* - This Statement established accounting and financial reporting requirements for intangible assets to reduce inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. There was no impact on the City's net assets as a result of this implementation during the fiscal year.

**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, 2010:

	Government-Wide Statement of Net Assets		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Statement of Net Assets	
Cash and investments	\$ 4,265,433	\$ 4,202,490	\$ 2,351,640	\$ 10,819,563
Restricted cash and investments	683,908	1,988,335	2,133,750	4,805,993
<b>Total</b>	<b>\$ 4,949,341</b>	<b>\$ 6,190,825</b>	<b>\$ 4,485,390</b>	<b>\$ 15,625,556</b>

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**2. CASH AND INVESTMENTS, Continued**

At June 30, 2010 the City's pooled cash and investments, including restricted funds consisted of the following:

	<u>Fair Value</u>
	<u>June 30, 2010</u>
<b>Cash and Investments:</b>	
Deposits:	
Cash on hand	\$ 420
Deposits with banks	<u>2,733,758</u>
Total deposits	<u>2,734,178</u>
Demand Deposit:	
California Local Agency Investment Fund (Unrestricted)	<u>8,085,385</u>
Total investments	<u>8,085,385</u>
<b>Total Cash and Investments</b>	<u><u>10,819,563</u></u>
<b>Restricted Cash and Investments:</b>	
Cash with Fiscal Agent	4,227,057
California Local Agency Investment Fund (Restricted)	<u>578,936</u>
<b>Total Restricted Cash and Investments</b>	<u><u>\$ 4,805,993</u></u>

**A. Deposits**

The carrying amount of the City's cash deposit was \$2,733,758 at June 30, 2010. Bank balances before reconciling items were \$2,557,633, 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, 2010**

**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.

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, 2010, 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.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**2. CASH AND INVESTMENTS, Continued**

**B. Investments, Continued**

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 2010, the City had \$8,664,321 invested in LAIF, which had invested 5.42% 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 1.001643776 to total investments held by LAIF.

**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.



**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**3 INTERFUND TRANSACTIONS**

*Due to/from Other Funds*

As of June 30, 2010, balances of due to/from other funds were as follows:

		Due from						Total
		Governmental Funds			Enterprise Funds			
		General Fund	Redevelopment		Beach Drive			
Agency	Non-Major		Treatment Facility	Transit	Business Park			
<b>Due to</b>	<b>Governmental Funds:</b>							
	General Fund	\$ -	\$ -	\$ -	\$ -	\$ 64,875	\$ -	\$ 64,875
	CDBG Grant Fund	-	818,427	-	-	-	-	818,427
	Non-Major	220,078	-	8,940	-	-	-	229,018
	<b>Enterprise Funds:</b>							
	NW Wastewater treatment facility	-	-	-	-	-	-	-
	Sewer construction	-	-	-	129,042	-	-	129,042
	Airport	-	-	-	-	-	8,364	8,364
	<b>Total</b>	<b>\$ 220,078</b>	<b>\$ 818,427</b>	<b>\$ 8,940</b>	<b>\$ 129,042</b>	<b>\$ 64,875</b>	<b>\$ 8,364</b>	<b>\$ 1,249,726</b>

The balances represent short-term loans, which were made to eliminate temporary negative cash balances. The negative cash balances of \$818,427 and \$220,078 in the CDBG grant fund and the non-major Street Project Fund, respectively, represented grant revenues not received in FYE09/10. These loans are expected to be repaid shortly after the end of the fiscal year.

*Advances to/from Other Funds*

		Advance to other funds					Total
		Governmental Funds		Enterprise Funds			
		General Fund	Non-Major	Water	Water	Beach Drive	
Construction	Treatment Facility						
<b>Advance from other funds</b>	<b>Governmental Funds:</b>						
	Redevelopment Agency	\$ -	\$ -	\$ -	\$ 110,313	\$ 110,314	\$ 220,627
	Non-Major	172,799	-	-	-	-	172,799
	<b>Enterprise Funds:</b>						
	Beach Drive Treatment	44,238	1,265,229	200,000	-	-	1,509,467
	NW Wastewater Treatment	44,238	1,265,229	200,000	-	-	1,509,467
	Airport Enterprise Funds	801,657	153,508	38,033	-	75,859	1,069,057
<b>Total</b>	<b>\$ 1,062,932</b>	<b>\$ 2,683,966</b>	<b>\$ 438,033</b>	<b>\$ 110,313</b>	<b>\$ 186,173</b>	<b>\$ 4,481,417</b>	

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**3 INTERFUND TRANSACTIONS, Continued**

*Advances To/From, Continued*

The General Fund loaned the Airport Enterprise Fund \$489,842, \$300,601 and \$11,214 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, \$17,653 in fiscal year 2008 and an additional \$8,253 in fiscal year 2009. Payment on both of the loans is not expected in fiscal 2011.

The Beach Drive Treatment Facility and NW Wastewater Treatment Facility Enterprise Funds 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. These same entities borrowed an additional \$870,918 from the Municipal Improvements Capital Project Fund during fiscal year 2008, and 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 2011.

The Water Construction and Beach Drive Treatment Facility 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 \$220,627 at June 30, 2010.

The Water and Beach Drive Treatment Facility 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 \$113,892 at June 30, 2010.

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 2011.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**3 INTERFUND TRANSACTIONS, Continued**

Transfers In/Out

Transfers in/out for the year ended June 30, 2010, were as follows:

	<u>Governmental Funds</u>		<u>Enterprise Fund</u>	<u>Total</u>	
	<u>General</u>	<u>CDBG Grant</u>	<u>NW Wastewater Treatment Facility</u>		
<b>Transfers Out</b>	Governmental Funds:				
	Non-Major Governmental Funds	\$ 112,909	\$ 161,591	\$ -	\$ 274,500
	Enterprise Fund:				
	Sewer Construction	-	-	1,152,732	1,152,732
Total	<u>\$ 112,909</u>	<u>\$ 161,591</u>	<u>\$ 1,152,732</u>	<u>\$ 1,427,232</u>	

The transfers of \$161,591 to the CDBG Grant Fund represent local grant match to the grant funds. The transfer of \$ 112,909 represents the grant expenditure/cash into the General Fund.

The Sewer Construction Fund was utilized to record all construction-in-progress projects for the NW Wastewater Treatment Facility. The transfers of \$1,151,732 represent the transfers out of the remaining completed construction balance.

**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, 2010 were \$146,385. 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, 2010, the principal outstanding is \$32,109.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010, was as follow:

	Balance July 1, 2009	Prior Year Adjustment	Adjusted Balance July 1, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
<b>Governmental activities:</b>							
Nondepreciable assets:							
Land	\$ 1,892,169	\$ 192,500	\$ 2,084,669	\$ -	\$ (116,071)	\$ -	\$ 1,968,598
Construction in progress	617,676	-	617,676	1,594,496	-	(1,879,418)	332,754
Total nondepreciable assets	2,509,845	192,500	2,702,345	1,594,496	(116,071)	(1,879,418)	2,301,352
Depreciable assets:							
Buildings and improvements	3,479,253	-	3,479,253	-	-	1,375,850	4,855,103
Vehicles	927,398	-	927,398	-	-	-	927,398
Machinery and equipment	1,618,236	-	1,618,236	-	-	-	1,618,236
Infrastructure	3,116,887	-	3,116,887	-	-	503,568	3,620,455
Total depreciable assets	9,141,774	-	9,141,774	-	-	1,879,418	11,021,192
Less accumulated depreciation:							
Buildings and improvements	(1,888,742)	-	(1,888,742)	(157,428)	-	-	(2,046,170)
Vehicles	(627,014)	-	(627,014)	(53,936)	-	-	(680,950)
Machinery and equipment	(1,277,561)	-	(1,277,561)	(102,558)	-	-	(1,380,119)
Infrastructure	(121,167)	-	(121,167)	(91,822)	-	-	(212,989)
Total accumulated depreciation	(3,914,484)	-	(3,914,484)	(405,744)	-	-	(4,320,228)
Net depreciable assets	5,227,290	-	5,227,290	(405,744)	-	1,879,418	6,700,964
<b>Governmental activities capital assets, net</b>	<b>\$ 7,737,135</b>	<b>\$ 192,500</b>	<b>\$ 7,929,635</b>	<b>\$ 1,188,752</b>	<b>\$ (116,071)</b>	<b>\$ -</b>	<b>\$ 9,002,316</b>
<b>Business-type activities:</b>							
Nondepreciable assets:							
Land	\$ 433,497	-	\$ 433,497	\$ -	\$ -	\$ -	\$ 433,497
Construction in progress	168,290	-	168,290	211,491	-	(168,290)	211,491
Total nondepreciable assets	601,787	-	601,787	211,491	-	(168,290)	644,988
Depreciable assets:							
Buildings and improvements	53,918,657	-	53,918,657	8,294	-	46,317	53,973,268
Runways	10,783,817	-	10,783,817	13,043	-	-	10,796,860
Machinery and equipment	1,497,169	-	1,497,169	127,588	-	-	1,624,757
Vehicles	272,379	-	272,379	-	-	-	272,379
Infrastructure	4,352,547	-	4,352,547	1,296,266	-	121,973	5,770,786
Total depreciable assets	70,824,569	-	70,824,569	1,445,191	-	168,290	72,438,050
Less accumulated depreciation:							
Buildings and improvements	(5,942,637)	-	(5,942,637)	(847,479)	-	-	(6,790,116)
Runways	(3,070,986)	-	(3,070,986)	(351,896)	-	-	(3,422,882)
Machinery and equipment	(1,086,105)	-	(1,086,105)	(87,257)	-	-	(1,173,362)
Vehicles	(36,401)	-	(36,401)	(23,269)	-	-	(59,670)
Infrastructure	(176,021)	-	(176,021)	(110,864)	-	-	(286,885)
Total accumulated depreciation	(10,312,150)	-	(10,312,150)	(1,420,765)	-	-	(11,732,915)
Net depreciable assets	60,512,419	-	60,512,419	24,426	-	168,290	60,705,135
<b>Business-type activities capital assets, net</b>	<b>\$ 61,114,206</b>	<b>\$ -</b>	<b>\$ 61,114,206</b>	<b>\$ 235,917</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 61,350,123</b>

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**5. CAPITAL ASSETS, Continued**

**A. Capital Asset Contributions**

In Fiscal Year 2010, the City did not receive donated assets.

**B. Depreciation**

Depreciation expense was charged to various governmental functions as follows:

Governmental Activities:		
Administrative	\$	37,069
Police protection		40,844
Fire protection		139,680
Streets and highways		70,534
Streets and lighting		15,210
Corporation yard		750
Economic development		300
Public Works		16,985
Parks		73,957
Swimming pool		1,665
Recreation and youth center		8,750
<b>Total depreciation expense - governmental functions</b>	\$	<u>405,744</u>
Business-Type Activities:		
Water	\$	537,346
Beach Drive Treatment Facility		150,732
NW Wastewater Treatment Facility		436,398
Airport		259,404
Business Park		13,616
Transit		23,269
<b>Total depreciation expense - business-type functions</b>	\$	<u>1,420,765</u>

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**5. UNEARNED /DEFERRED REVENUE**

**A. Government-Wide Financial Statements**

Unearned revenues in the Government-Wide Financial Statements represent amounts for which revenues have not been earned. At June 30, 2010, deferred revenues in the Government-Wide Financial Statements were as follows:

	Governmental Activities	Business-Type Activities	Totals
Developer Payments	\$ 126,400	\$ -	\$ 126,400
Unearned grant revenues	160,000	278,771	438,771
Miscellaneous unearned revenue	9,234	7,087	16,321
<b>Totals</b>	<b>\$ 295,634</b>	<b>\$ 285,858</b>	<b>\$ 581,492</b>

**B. Fund Financial Statements**

At June 30, 2010, the following deferred revenues were recorded in the Governmental Fund Financial Statements because either the revenues had not been earned or the funds were not available to finance expenditures of the current period because the revenues were not received within 60 days after the fiscal year end:

	Governmental Funds			Total
	General Fund	CDBG Grant	Non-Major Governmental Funds	
Receivables not received within 90 days	\$ 36,950	\$ 727,042	\$ 249,233	\$ 1,013,225
Developer Payment	-	-	126,400	126,400
Unearned grant revenues	160,000	-	-	160,000
Miscellaneous unearned revenue	-	-	9,234	9,234
	<b>\$ 196,950</b>	<b>\$ 727,042</b>	<b>\$ 384,867</b>	<b>\$ 1,308,859</b>

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**7. 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, 2010:

	Original Issue Amount	Balance July 1, 2009	Retirements	Balance June 30, 2010	Amounts Due Within One Year
<b>Governmental Activities:</b>					
<i>City Debt:</i>					
1997 Firehouse General Obligation Bonds 5.5-6.375%, due 9/01/2018	\$ 420,000	\$ 206,000	\$ (17,000)	\$ 189,000	\$ 18,000
Fire Truck Capital Lease 4.67%, due 5/21/2013	394,131	274,548	(64,012)	210,536	67,001
<i>Redevelopment Agency Debt:</i>					
1991 Tax Allocation Bonds 7.0-7.5%, due 5/01/2011	920,000	170,000	(80,000)	90,000	90,000
<b>Total Governmental Activity Debt</b>		<u>\$ 650,548</u>	<u>\$ (161,012)</u>	<u>\$ 489,536</u>	<u>\$ 175,001</u>
<b>Business-Type Activities:</b>					
2000 Water and Wastewater Revenue Bonds 4.2-5.8%, due 10/01/2030	\$ 1,550,000	\$ 1,330,000	\$ (35,000)	\$ 1,295,000	\$ 35,000
Airport Hangar Capital Lease 5.57%, due 2013	95,069	33,406	(7,677)	25,729	8,110
Less: unamortized discount		<u>(72,392)</u>	<u>3,448</u>	<u>(68,944)</u>	<u>-</u>
<b>Total Business-Type Activity Debt</b>		<u>\$ 1,291,014</u>	<u>\$ (39,229)</u>	<u>\$ 1,251,785</u>	<u>\$ 43,110</u>

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.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**7. 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. The fire truck is included in capital assets at \$215,834, net of accumulated depreciation of \$178,297.

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 \$96,750 remaining debt service on the Bonds, which is scheduled to occur on May 1, 2011. For fiscal year 2010, net tax increment revenue amounted to \$645,829 which represented coverage of 696% over the \$92,750 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 \$2,223,584. The Sewer Fund's principal and interest paid for the current year and total customer net revenues were \$109,390 and \$1,577,658, 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, 2010 was 2,055%.



**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**7. LONG-TERM LIABILITIES, Continued**

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. The airport hangar is included in capital assets at \$72,411, net of accumulated amortization of \$22,658.

Annual debt service requirements are shown below:

Year Ending June 30, 2009	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
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	24,000	604	40,000	64,638
2016-2020	83,000	13,571	245,000	284,806
2021-2025			330,000	203,237
2026-2030			430,000	93,650
2031			100,000	2,900
<b>Total</b>	<b>\$ 489,536</b>	<b>\$ 78,880</b>	<b>\$ 1,320,729</b>	<b>\$ 931,147</b>
Reconciliation of long-term debt				
Less unamortized discount			(68,944)	
<b>Total</b>			<b>\$ 1,251,785</b>	

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.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**7. LONG-TERM LIABILITIES, Continued**

**A. Special Assessment Debt without City Commitment**

At June 30, 2010, 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	\$ 14,815,000
Community Facilities District No. 2006-1	14,750,000
Reassessment District No. 2007-1R Refunding Bonds	1,337,100

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.

**B. 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. The Bonds was paid off in July 2009.

**8. 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 \$294,588.

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Due Within One Year
<b>Governmental Activities</b>	\$ 244,692	\$ 81,173	\$ (85,252)	\$ 240,613	\$ 50,146
<b>Business-Type Activities</b>	42,968	19,966	(8,959)	53,975	11,529
<b>Total</b>	<u>\$ 287,660</u>	<u>\$ 101,139</u>	<u>\$ (94,211)</u>	<u>\$ 294,588</u>	<u>\$ 61,675</u>

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**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 7% 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 \$140,673 for the year ended June 30, 2010. The City's employer required contributions rate for Safety employees was 25.262% and for Miscellaneous employees was 12.789% for the fiscal year.

Annual Pension Cost - For 2009-10, the City's annual pension cost of \$338,484 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected 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, 2007 was 13 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, 2010**

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**9. DEFINED BENEFIT PENSION PLAN, Continued**

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

**THREE-YEAR TREND INFORMATION FOR PERS**

Fiscal Year	Pension Cost (APC)	APC Contributed	Net Pension Obligation
6/30/2008	\$ 578,140	100%	\$ -
6/30/2009	385,719	100%	-
6/30/2010	338,484	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 \$503,816 at June 30, 2010. The balance of the Safety Plan side fund was \$1,094,166 at June 30, 2010.

**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

*Plan Description*

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. After one year period, a retired full time City employee is permitted to participate in the City health, dental and eye care program, provided, however, that said retiree pay his or her entire premium, and that if eligible for Medicare that said benefits be integrated into said Medicare plan. As an exception to the City's OPEB benefit plan, the City approved a retirement plan with a retired employee, which grants full health, dental and eye care benefits to the retired employee for his life time.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued**

*Funding Policy, Status and Progress*

The City accounts for its OPEB obligations on a pay-as-you-go basis. As of June 30, 2010, the most recent actuarial valuation date, the funding status of the plan, was as follows:

Actuarial accrued liability (AAL)	\$548,759
Actuarial value of assets	-
Unfunded actuarial accrued liability (UAAL)	\$548,759
Funded ratio	0%
Covered payroll	\$2,045,769
UAAL as a percentage of covered payroll	26.82%

*Annual OPEB Cost and Net OPEB Obligation*

For the fiscal year ended June 30, 2010, the City's annual OPEB cost was \$75,267; of this amount \$14,181 was expensed and funded by payments to current retirees and the remaining \$61,086 net OPEB obligation was expensed and recorded as a liability. As it is the first year of the implementation of GASB 45, the total net OPEB obligation as of June 30, 2010 was \$61,086.

Normal Costs	\$	50,409
Amortization UAAL		24,858
Annual Required Contribution		<u>75,267</u>
Interest on beginning net OPEB obligation		-
Annual OPEB Expense		<u>75,267</u>
Contributions made		14,181
Increase in net OPEB obligation		<u>61,086</u>
NET OPEB obligation - beginning of year		-
NET OPEB obligation end of year	\$	<u>61,086</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009/10 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$75,267	\$14,181	18.8%	\$61,086

*Actuarial Methods and Assumptions*

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

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued**

The annual required contribution was determined as part of the June 30, 2010, actuarial valuation using the Entry Age Actuarial Cost Method. The actuarial assumptions included (a) salary increases of 2% per year (b) a discount rate of 4%, (c) assumed retirement age of 64, (d) medical premium inflation rates ranging from 4% to 6% over time. The actuarial present value of future benefits was calculated for each individual using the economic assumptions and specific member data, then aggregated. The amortization component of the unfunded actuarial accrued liability was based on a 30 year amortization period.

**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, 2010, the City contributed \$247,346 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, 2010**

**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		
	2010	2009	2008
Balance at beginning of year	\$ 130,114	\$ 117,150	\$ 159,135
Addition	33,310	19,354	99,937
Deletion	(33,310)	(6,390)	(141,922)
Balance at end of year	<u>\$ 130,114</u>	<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, 2010, the City has accrued \$761,369 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 there is gas available for production. Royalty payments for the fiscal year amounted to \$234,381.

**15. COMMITMENTS AND CONTINGENT LIABILITIES**

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.

*A. Construction and Other Commitments*

The City received Federal earmark fund in the amount of \$560,000 for two projects. The first project, of which \$362,000 was allocated, was for the Rio Vista Bridge Study. There was a city match of \$90,500. The second project, in the amount of \$198,000, was for installation of street signs throughout Rio Vista. The City has the following outstanding commitments at June 30, 2010:

Rio Vista Bridge Study	\$44,842
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**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**15. COMMITMENTS AND CONTINGENT LIABILITIES, Continued**

***B. 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. On October 16, 2008, the City Council and Delta Rural Fire amended the agreement to reflect that aside from receiving all property taxes generated by Delta Rural Fire, the City would also be entitled to 75% of all Delta Rural Fire assessments for capital purchases. Additionally, if either party chooses to terminate the agreement prior to the term of the contract which ends in 2016, parties must provide three years advance written notice to the other party.

**16. PRIOR PERIOD ADJUSTMENTS**

In the fiscal year 2010, the City made following prior period adjustments to restate its previously issued financial statements:

- Wrote off/adjusted accounts receivable balances of \$561,109 due to old unsupported receivables and uncollectible receivables.
- Reclassified prepaid expense to intangible assets by \$192,500 due to reclassification of land rights purchased.
- Wrote off accounts payable balance of \$17,828 due to outstanding old payables carried from previous years.
- Wrote off deferred revenues of \$101,651 which was earned in prior years.
- Moved prior year's TDA grant expenditures & related deferred revenues of \$77,000 from General Fund to Street Project Special revenue Fund.
- Corrected beginning capital assets balances for Water, Water Construction Funds.



**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

**16. PRIOR PERIOD ADJUSTMENTS, Continued**

Government-Wide Financial Statements

	Net Assets, as Previously Reported	Prior Period Adjustments						Net Assets, as Restated
		Accounts Receivable	Capital Assets	Prepays	Expense	Accounts Payable	Deferred Revenues	
<b>Governmental Activities</b>								
Net assets	\$ 14,584,305	\$ (177,401)	\$ 192,500	\$ (192,500)	\$ (77,000)	\$ -	\$ (77,000)	\$ 14,252,904
<b>Business-type Activities</b>								
Net assets	\$ 59,974,423	\$ (383,708)	\$ -	\$ -	\$ -	\$ 17,828	\$ 101,650	\$ 59,710,193

Fund Financial Statements

	Fund Balance, as Previously Reported	Prior Period Adjustments						Fund Balance, as Restated
		Capital assets	Prepays	Accounts Receivable	Expense	Accounts Payable	Deferred Revenues	
<b>Governmental Funds:</b>								
General Fund	\$ 1,571,378	\$ -	\$ -	\$ (77,128)	\$ -	\$ -	\$ -	\$ 1,494,250
Non-major governmental funds	\$ 6,479,582	\$ -	\$ (192,500)	\$ (100,273)	\$ (77,000)	\$ -	\$ (77,000)	\$ 6,032,809
<b>Enterprise Funds:</b>								
Water Fund	\$ 12,075,908	\$ 121,973	\$ -	\$ (138,008)	\$ -	\$ -	\$ 101,650	\$ 12,161,523
Water Construction	\$ 799,176	\$ (121,973)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 677,203
Beach Drive Treatment Facility	\$ 2,075,223	\$ -	\$ -	\$ (154,063)	\$ -	\$ 17,828	\$ -	\$ 1,938,988
NW Wastewater Treatment Facility	\$ 34,884,612	\$ -	\$ -	\$ 9,644	\$ -	\$ -	\$ -	\$ 34,894,256
Airport Fund	\$ 7,686,458	\$ -	\$ -	\$ (90,236)	\$ -	\$ -	\$ -	\$ 7,596,222
Business Park Fund	\$ 654,642	\$ -	\$ -	\$ (11,044)	\$ -	\$ -	\$ -	\$ 643,598

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2010**

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**17. STATE OF CALIFORNIA PROPOSITION 1A SECURITIZATION PROGRAM**

Under the provisions of Proposition 1A, and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City of Rio Vista was \$171,017.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

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**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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 2,686,392	\$ 2,653,361	\$ 2,620,294	\$ (33,067)
Licenses and permits	269,921	273,787	261,307	(12,480)
Use of money and property	324,320	252,320	279,078	26,758
Charges for services	432,887	436,599	422,322	(14,277)
Intergovernmental	33,600	33,600	25,356	(8,244)
Fines and forfeitures	5,650	21,250	23,684	2,434
Other	26,909	189,994	21,907	(168,087)
Grants	846,250	845,985	678,175	(167,810)
<b>Total revenues</b>	<b>4,625,929</b>	<b>4,706,896</b>	<b>4,332,123</b>	<b>(374,773)</b>
<b>EXPENDITURES:</b>				
Current:				
Administrative	792,793	741,130	650,031	91,099
Police protection	1,918,915	1,773,347	1,689,537	83,810
Fire protection	970,158	999,475	839,249	160,226
Redevelopment			-	-
Streets and highways	92,295	217,668	86,479	131,189
Streets and lighting			-	-
Corporation yard	88,044	90,152	79,902	10,250
Building regulations	71,237	73,316	74,372	(1,056)
Planning	117,803	105,338	107,019	(1,681)
Economic development	39,722	58,349	69,766	(11,417)
Public works	703,476	691,964	657,678	34,286
Parks	151,250	154,239	142,397	11,842
Swimming pool	30,549	32,077	24,612	7,465
Recreation and youth center	27,828	47,584	30,199	17,385
Capital outlay	211,500	129,221	300,341	(171,120)
Debt Service:				
Principal repayment			64,012	(64,012)
Interest and fiscal charges			12,821	(12,821)
<b>Total expenditures</b>	<b>5,215,570</b>	<b>5,113,860</b>	<b>4,828,415</b>	<b>285,445</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(589,641)</b>	<b>(406,964)</b>	<b>(496,292)</b>	<b>(89,328)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	500,000	500,000	712,295	
Transfers in	76,833		112,909	112,909
Transfers out				-
<b>Total other financing sources (uses)</b>	<b>576,833</b>	<b>500,000</b>	<b>825,204</b>	<b>825,204</b>
<b>Net change in fund balances</b>	<b>\$ (12,808)</b>	<b>\$ 93,036</b>	<b>328,912</b>	<b>\$ 235,876</b>
<b>FUND BALANCES:</b>				
Beginning of year			1,494,250	
End of year			<b>\$ 1,823,162</b>	

# City of Rio Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Redevelopment Agency Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 620,904	\$ 750,000	\$ 645,829	\$ (104,171)
Use of money and property	11,100	11,100	7,775	(3,325)
Other	-	-	58	58
<b>Total revenues</b>	<b>632,004</b>	<b>761,100</b>	<b>653,662</b>	<b>(107,496)</b>
<b>EXPENDITURES:</b>				
Redevelopment	523,025	460,165	692,607	(232,442)
Debt service:				
Principal repayment	80,000	80,000	80,000	-
Interest and fiscal charges	17,100	17,100	30,007	(12,907)
<b>Total expenditures</b>	<b>620,125</b>	<b>557,265</b>	<b>802,614</b>	<b>(245,349)</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>11,879</b>	<b>203,835</b>	<b>(148,952)</b>	<b>(352,787)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital asset	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(11,879)	(203,837)	-	203,837
<b>Total other financing sources (uses)</b>	<b>(11,879)</b>	<b>(203,837)</b>	<b>-</b>	<b>203,837</b>
<b>Net change in fund balances</b>	<b>\$ 11,879</b>	<b>\$ 203,835</b>	<b>(148,952)</b>	<b>\$ (352,787)</b>
<b>FUND BALANCES:</b>				
Beginning of year			878,626	
End of year			\$ 729,674	

# City of Rio Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Development Block Grant Fund For the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Grants	\$ 763,328	\$ 763,328	\$ -	\$ (763,328)
<b>Total revenues</b>	<u>763,328</u>	<u>763,328</u>	<u>-</u>	<u>(763,328)</u>
<b>EXPENDITURES:</b>				
Public Works	1,033,328	1,033,328	938,293	95,035
<b>Total expenditures</b>	<u>1,033,328</u>	<u>1,033,328</u>	<u>938,293</u>	<u>95,035</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(270,000)</u>	<u>(270,000)</u>	<u>(938,293)</u>	<u>(668,293)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	270,000	270,000	161,591	(108,409)
Transfers out				-
<b>Total other financing sources (uses)</b>	<u>270,000</u>	<u>270,000</u>	<u>161,591</u>	<u>(108,409)</u>
<b>Net change in fund balances</b>	<u>\$ (270,000)</u>	<u>\$ (270,000)</u>	<u>(776,702)</u>	<u>\$ (506,702)</u>
<b>FUND BALANCES:</b>				
Beginning of year			(78,803)	
End of year			<u>\$ (855,505)</u>	



**City of Rio Vista**  
**Notes to Required Supplementary Information**  
**For the year ended June 30, 2010**

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**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. Deficit Fund Balances**

At June 30, 2010, the funds below had the following deficit fund balance:

<b>Governmental Funds:</b>		
CDBG Grants Fund	\$	855,505
Street Projects Special Revenue Fund		220,078
Army Base Reuse Capital Projects Fund		176,508

Deficit balances will be cured by future grant revenues or transfers from the General Fund.

At June 30, 2010, the funds below had the following deficit unrestricted net assets:

<b>Enterprise Funds:</b>		
Beach Drive Treatment Facility Fund	\$	1,257,172
Sewer Construction Fund		129,042
Airport Fund		1,075,207

**City of Rio Vista**  
**Notes to Required Supplementary Information**  
**For the year ended June 30, 2010**

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**1. BUDGETARY BASIS OF ACCOUNTING, Continued**

*C. Excess of Expenditures over Appropriations*

*The following funds had expenditures that exceeded appropriations:*

<b>Non-Major Governmental Funds:</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Asset Forfeiture Special Revenue Fund	\$ -	\$ 43	\$ (43)
ATOD Grant Special Revenue Fund	73,267	74,418	(1,151)
Street Projects Special Revenue Fund	-	143,078	(143,078)
Personnel Services District Special Revenue Fund	27,818	33,477	(5,659)
Municipal Improvements Capital Projects Fund	1,000	9,092	(8,092)
Hazardous Waste Capital Projects Fund	50,490	68,201	(17,711)

**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.

**3. OTHER POSTEMPLOYMENT BENEFIT PLAN**

As of June 30, 2010, the most recent actuarial valuation date, the funding status of the plan, was as follows:

Actuarial accrued liability (AAL)	\$548,759
Actuarial value of assets	-
Unfunded actuarial accrued liability (UAAL)	\$548,759
Funded ratio	0%
Covered payroll	\$2,045,769
UAAL as a percentage of covered payroll	26.82%

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## **SUPPLEMENTARY INFORMATION**

**City of Rio Vista**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2010**

	Special Revenue Funds				
	Police High Tech Grant	Law Enforcement	Asset Forfeiture	ATOD Grant	Redevelopment Agency Low/Mod Housing
<b>ASSETS</b>					
Cash and investments	\$ 2	\$ -	\$ 12,344	\$ -	\$ 632,343
Restricted cash and investments	-	-	13,662	-	-
Receivables:					
Accounts	-	15,427	-	24,761	1,248
Due from other funds	-	-	-	-	8,940
Advances to other funds	-	-	-	-	164,011
Interest receivable	-	-	18	-	671
Prepaid expense and other	-	-	-	523	-
Notes receivable	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2</b>	<b>\$ 15,427</b>	<b>\$ 26,024</b>	<b>\$ 25,284</b>	<b>\$ 807,213</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 2,145	\$ 1,172
Accrued wages and salary	-	-	-	356	971
Accrued expense	-	-	-	-	-
Deposits	-	-	-	-	-
Due to other funds	-	-	-	8,940	-
Deferred Revenue	-	-	5,886	-	-
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>5,886</b>	<b>11,441</b>	<b>2,143</b>
<b>Fund Balances:</b>					
Reserved:					
Encumbrance	-	-	-	-	-
Bond retirement	-	-	-	-	-
Notes	-	-	-	-	-
Prepaid items	-	-	-	523	-
Low- and moderate-income housing	-	-	-	-	641,059
Advances	-	-	-	-	164,011
Total reserved	<b>-</b>	<b>-</b>	<b>-</b>	<b>523</b>	<b>805,070</b>
Unreserved:					
Undesignated reported in:					
Special revenue funds	2	15,427	20,138	13,320	-
Capital project funds	-	-	-	-	-
<b>Total fund balances</b>	<b>2</b>	<b>15,427</b>	<b>20,138</b>	<b>13,843</b>	<b>805,070</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2</b>	<b>\$ 15,427</b>	<b>\$ 26,024</b>	<b>\$ 25,284</b>	<b>\$ 807,213</b>

Special Revenue Funds

Private Developers Revolving Fund	General Plan Revision	Gas Tax	CDBG Housing Rehabilitation	Street Projects	Personnel Services District
\$ 127,017 9	\$ 44,822 -	\$ 350,796 -	\$ 99,238 -	\$ - -	\$ 143,025 -
-	-	24	-	220,078	-
-	-	-	-	-	-
-	34	242	128	-	28
-	-	-	-	-	-
-	-	-	146,385	-	-
<u>\$ 127,026</u>	<u>\$ 44,856</u>	<u>\$ 351,062</u>	<u>\$ 245,751</u>	<u>\$ 220,078</u>	<u>\$ 143,053</u>
\$ 7,135	\$ -	\$ 6,244	\$ -	\$ -	\$ 41
-	-	1,273	-	-	1,583
-	-	-	-	-	-
76,317	-	-	-	-	-
-	-	-	-	220,078	-
-	-	-	-	220,078	-
-	-	-	-	-	-
<u>83,452</u>	<u>-</u>	<u>7,517</u>	<u>-</u>	<u>440,156</u>	<u>1,624</u>
-	3,445	-	-	-	-
-	-	-	-	-	-
-	-	-	146,385	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>3,445</u>	<u>-</u>	<u>146,385</u>	<u>-</u>	<u>-</u>
43,574	41,411	343,545	99,366	(220,078)	141,429
-	-	-	-	-	-
<u>43,574</u>	<u>44,856</u>	<u>343,545</u>	<u>245,751</u>	<u>(220,078)</u>	<u>141,429</u>
<u>\$ 127,026</u>	<u>\$ 44,856</u>	<u>\$ 351,062</u>	<u>\$ 245,751</u>	<u>\$ 220,078</u>	<u>\$ 143,053</u>

**City of Rio Vista**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds, Continued**  
**June 30, 2010**

	Capital Project Funds				
	Vehicle Replacement	Storm Drain	Roadway Impact	Municipal Improvements	Hazardous Waste
<b>ASSETS</b>					
Cash and investments	\$ 51,703	\$ 152,826	\$ 504,897	\$ 896,521	\$ 73,273
Restricted cash and investments	-	-	-	-	-
Receivables:					
Accounts	-	4,962	899	-	-
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	2,419,955	-
Interest receivable	56	132	739	2,061	56
Prepaid expense and other	-	-	-	-	-
Notes receivable	-	-	-	-	-
<b>Total assets</b>	<b>\$ 51,759</b>	<b>\$ 157,920</b>	<b>\$ 506,535</b>	<b>\$ 3,318,537</b>	<b>\$ 73,329</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 686	\$ -	\$ 9,092	\$ 1,500
Accrued expense	-	-	-	-	381
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred Revenue	-	-	3,347	-	-
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>686</b>	<b>3,347</b>	<b>9,092</b>	<b>1,881</b>
<b>Fund Balances:</b>					
<b>Reserved:</b>					
Bond retirement	-	-	-	-	1,237
Notes	-	-	-	-	-
Prepaid items	-	-	-	-	-
Low- and moderate-income housing	-	-	-	-	-
Advances	-	-	-	2,419,955	-
<b>Total reserved</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,419,955</b>	<b>1,237</b>
<b>Unreserved:</b>					
<b>Undesignated reported in:</b>					
Special revenue funds	51,759	-	-	-	-
Capital project funds	-	157,234	503,188	889,490	70,211
<b>Total fund balances</b>	<b>51,759</b>	<b>157,234</b>	<b>503,188</b>	<b>3,309,445</b>	<b>71,448</b>
<b>Total liabilities and fund balances</b>	<b>\$ 51,759</b>	<b>\$ 157,920</b>	<b>\$ 506,535</b>	<b>\$ 3,318,537</b>	<b>\$ 73,329</b>

Capital Project Funds			Debt Service Fund		Total Non-Major Governmental Funds
Landfill Closure	Army Base Reuse	Parks and Recreation	Firehouse Bond		
\$ 287,615	\$ 1,790	\$ 386,524	\$ 77,804	\$	3,842,540
-	-	-	-		13,671
22,751	30,686	-	-		320,836
-	-	-	-		8,940
-	-	100,000	-		2,683,966
287	-	531	49		5,032
-	-	-	-		523
-	-	-	-		146,385
<u>\$ 310,653</u>	<u>\$ 32,476</u>	<u>\$ 487,055</u>	<u>\$ 77,853</u>	<u>\$</u>	<u>7,021,893</u>
\$ 9,934	\$ 2,039	\$ -	\$ -	\$	39,988
-	-	-	-		4,183
-	-	-	-		381
-	5,000	-	-		81,317
-	-	-	-		229,018
-	29,156	126,400	-		384,867
-	172,799	-	-		172,799
<u>9,934</u>	<u>208,994</u>	<u>126,400</u>	<u>-</u>	<u>-</u>	<u>912,553</u>
1,201	-	-	-		5,883
-	-	-	77,853		77,853
-	-	-	-		146,385
-	-	-	-		523
-	-	-	-		641,059
-	-	100,000	-		2,683,966
<u>1,201</u>	<u>-</u>	<u>100,000</u>	<u>77,853</u>	<u>-</u>	<u>3,555,669</u>
-	-	-	-		549,893
<u>299,518</u>	<u>(176,518)</u>	<u>260,655</u>	<u>-</u>	<u>-</u>	<u>2,003,778</u>
<u>300,719</u>	<u>(176,518)</u>	<u>360,655</u>	<u>77,853</u>	<u>-</u>	<u>6,109,340</u>
<u>\$ 310,653</u>	<u>\$ 32,476</u>	<u>\$ 487,055</u>	<u>\$ 77,853</u>	<u>\$</u>	<u>7,021,893</u>



**City of Rio Vista**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2010**

	Special Revenue Funds				
	Police High Tech Grant	Law Enforcement	Asset Forfeiture	ATOD Grant	Redevelopment Agency Low/Mod Housing
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 161,457
Licenses and permits	-	-	-	-	-
Use of money and property	2	88	188	1	4,432
Charges for services	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Other	-	-	-	22	5
Grants	-	101,483	-	73,033	-
<b>Total revenues</b>	<b>2</b>	<b>101,571</b>	<b>188</b>	<b>73,056</b>	<b>165,894</b>
<b>EXPENDITURES:</b>					
Current:					
Police protection	-	-	-	-	-
Redevelopment	-	-	-	-	120,274
Streets & highways	-	-	-	-	-
Streets & lighting	-	-	-	-	-
Public works	-	-	-	-	-
Recreation and youth center	-	-	-	74,417	-
Planning	-	-	-	-	-
Solid waste	-	-	-	-	-
Housing	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal repayment	-	-	-	-	-
Interest and fiscal charges	-	-	44	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>74,417</b>	<b>120,274</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2</b>	<b>101,571</b>	<b>144</b>	<b>(1,361)</b>	<b>45,620</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(82,892)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(82,892)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>2</b>	<b>18,679</b>	<b>144</b>	<b>(1,361)</b>	<b>45,620</b>
<b>FUND BALANCES:</b>					
Beginning of year	-	(3,252)	19,994	15,204	759,450
End of year	\$ 2	\$ 15,427	\$ 20,138	\$ 13,843	\$ 805,070

Special Revenue Funds

Private Developers Revolving Fund	General Plan Revision	Gas Tax	CDBG Housing Rehabilitation	Street Projects	Personnel Services District
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,242
-	-	-	-	-	-
278	272	1,661	2,970	-	246
-	2,720	-	-	-	-
-	-	193,299	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
278	2,992	194,960	2,970	-	108,488
-	-	-	-	-	33,477
-	15	-	-	-	-
-	-	-	-	-	-
-	-	-	-	143,078	-
-	-	124,631	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	15	124,631	-	143,078	33,477
278	2,977	70,329	2,970	(143,078)	75,011
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
278	2,977	70,329	2,970	(143,078)	75,011
43,296	41,879	273,216	242,781	(77,000)	66,418
\$ 43,574	\$ 44,856	\$ 343,545	\$ 245,751	\$ (220,078)	\$ 141,429

(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, 2010**

	Capital Project Funds				
	Vehicle Replacement	Storm Drain	Roadway Impact	Municipal Improvements	Hazardous Waste
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	2,130	85,370	-
Use of money and property	365	890	4,728	13,268	393
Charges for services	-	22,081	-	-	61,650
Intergovernmental	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Other	-	-	-	-	-
Grants	-	-	-	-	-
<b>Total revenues</b>	<b>365</b>	<b>22,971</b>	<b>6,858</b>	<b>98,638</b>	<b>62,043</b>
<b>EXPENDITURES:</b>					
Current:					
Police protection	-	-	-	-	-
Redevelopment	-	-	-	-	-
Streets & highways	-	-	-	-	-
Streets & lighting	-	-	-	-	-
Public works	-	5,967	-	9,093	-
Recreation and youth center	-	-	-	-	-
Planning	-	-	-	-	-
Solid waste	-	-	-	-	68,200
Housing	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal repayment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>5,967</b>	<b>-</b>	<b>9,093</b>	<b>68,200</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>365</b>	<b>17,004</b>	<b>6,858</b>	<b>89,545</b>	<b>(6,157)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(108,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(108,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>365</b>	<b>17,004</b>	<b>6,858</b>	<b>(18,455)</b>	<b>(6,157)</b>
<b>FUND BALANCES:</b>					
Beginning of year	51,394	140,230	496,330	3,327,900	77,605
End of year	\$ 51,759	\$ 157,234	\$ 503,188	\$ 3,309,445	\$ 71,448

Capital Project Funds			Debt Service Fund	Total Non-Major Governmental Funds
Landfill Closure	Army Base Reuse	Parks and Recreation	Firehouse Bond	
\$ -	\$ -	\$ -	\$ 28,837	\$ 298,536
88,457	-	26,880	-	202,837
1,897	21,080	3,443	367	56,569
-	-	-	-	86,451
-	-	-	-	193,299
-	-	-	-	-
-	-	-	-	27
-	-	-	-	174,516
90,354	21,080	30,323	29,204	1,012,235
-	-	-	-	33,477
-	-	-	-	120,289
-	-	-	-	-
-	-	-	-	143,078
-	-	-	-	139,691
-	-	-	-	74,417
-	16,314	-	-	16,314
36,257	-	-	-	104,457
-	-	-	-	-
-	-	-	-	-
-	-	-	17,000	17,000
-	-	-	12,437	12,481
36,257	16,314	-	29,437	661,204
54,097	4,766	30,323	(233)	351,031
-	-	-	-	-
(30,017)	-	(53,591)	-	(274,500)
(30,017)	-	(53,591)	-	(274,500)
24,080	4,766	(23,268)	(233)	76,531
276,639	(181,284)	383,923	78,086	6,032,809
\$ 300,719	\$ (176,518)	\$ 360,655	\$ 77,853	\$ 6,109,340

(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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 2	\$ 2
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>
<b>EXPENDITURES:</b>				
Current:				
Police protection			-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-		-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2</b>	<b>\$ 2</b>
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			\$ 2	

# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ 50	\$ 88	\$ 38
Grants	-	46,883	101,483	54,600
<b>Total revenues</b>	<b>-</b>	<b>46,933</b>	<b>101,571</b>	<b>54,638</b>
<b>EXPENDITURES:</b>				
Current:				
Police protection	-	-	-	-
Redevelopment	-	-	-	-
Streets & highways	-	-	-	-
Streets & lighting	-	-	-	-
Public works	-	-	-	-
Recreation and youth center	-	-	-	-
Planning	-	-	-	-
Solid waste	-	-	-	-
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>46,933</b>	<b>101,571</b>	<b>54,638</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(46,933)	(82,892)	35,959
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(46,933)</b>	<b>(82,892)</b>	<b>35,959</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>18,679</b>	<b>\$ 90,597</b>
<b>FUND BALANCES:</b>				
Beginning of year			(3,252)	
End of year			\$ 15,427	

# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 300	\$ 300	\$ 188	\$ (112)
<b>Total revenues</b>	<b>300</b>	<b>300</b>	<b>188</b>	<b>(112)</b>
<b>EXPENDITURES:</b>				
Current:				
Police protection	\$ -	\$ -	\$ -	\$ -
Redevelopment	-	-	-	-
Streets & highways	-	-	-	-
Streets & lighting	-	-	-	-
Public works	-	-	-	-
Recreation and youth center	-	-	-	-
Planning	-	-	-	-
Solid waste	-	-	-	-
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:	-	-	-	-
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	44	(44)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>(44)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>300</b>	<b>300</b>	<b>144</b>	<b>(156)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in				
Transfers out	300	(300)		300
<b>Total other financing sources (uses)</b>	<b>300</b>	<b>(300)</b>	<b>-</b>	<b>300</b>
<b>Net change in fund balances</b>	<b>\$ 600</b>	<b>\$ -</b>	<b>144</b>	<b>\$ 144</b>
<b>FUND BALANCES:</b>				
Beginning of year			19,994	
End of year			\$ 20,138	

# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 1	\$ 1
Other	-	-	22	22
Grants	84,964	84,964	73,033	(11,931)
<b>Total revenues</b>	<b>84,964</b>	<b>84,964</b>	<b>73,056</b>	<b>(11,908)</b>
<b>EXPENDITURES:</b>				
Current:				
Police protection	-	-	-	-
Redevelopment	-	-	-	-
Streets & highways	-	-	-	-
Streets & lighting	-	-	-	-
Public works	-	-	-	-
Recreation and youth center	84,964	73,267	74,417	(1,150)
Planning	-	-	-	-
Solid waste	-	-	-	-
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>84,964</b>	<b>73,267</b>	<b>74,417</b>	<b>(1,150)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>11,697</b>	<b>(1,361)</b>	<b>(13,058)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in				
Transfers out				-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 11,697</b>	<b>(1,361)</b>	<b>\$ (13,058)</b>
<b>FUND BALANCES:</b>				
Beginning of year			15,204	
End of year			\$ 13,843	



# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 155,226	\$ 192,000	\$ 161,457	\$ (30,543)
Licenses and permits	-	-	-	-
Use of money and property	9,500	9,500	4,432	(5,068)
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeitures	-	-	-	-
Other	-	-	5	5
Grants	-	-	-	-
<b>Total revenues</b>	<b>164,726</b>	<b>201,500</b>	<b>165,894</b>	<b>(35,606)</b>
<b>EXPENDITURES:</b>				
Current:				
Redevelopment		201,500	120,274	81,226
<b>Total expenditures</b>	<b>-</b>	<b>201,500</b>	<b>120,274</b>	<b>81,226</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>164,726</b>	<b>-</b>	<b>45,620</b>	<b>45,620</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 164,726</b>	<b>\$ -</b>	<b>45,620</b>	<b>\$ 45,620</b>
<b>FUND BALANCES:</b>				
Beginning of year			759,450	
End of year			<b>\$ 805,070</b>	

# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 550	\$ 550	\$ 278	\$ (272)
Other	11,700	11,700	-	(11,700)
<b>Total revenues</b>	<u>12,250</u>	<u>12,250</u>	<u>278</u>	<u>(11,972)</u>
<b>EXPENDITURES:</b>				
Current:				
Planning	-	12,250	-	12,250
<b>Total expenditures</b>	<u>-</u>	<u>12,250</u>	<u>-</u>	<u>12,250</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>12,250</u>	<u>-</u>	<u>278</u>	<u>(24,222)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in			-	
Transfers out			-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 12,250</u>	<u>\$ -</u>	<u>278</u>	<u>\$ (24,222)</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>43,296</u>	
End of year			<u>\$ 43,574</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 900	\$ 900	\$ 272	\$ (628)
Charges for services	2,550	2,700	2,720	20
<b>Total revenues</b>	<b>3,450</b>	<b>3,600</b>	<b>2,992</b>	<b>(608)</b>
<b>EXPENDITURES:</b>				
Current:				
Redevelopment	19,322	3,460	15	3,445
<b>Total expenditures</b>	<b>19,322</b>	<b>3,460</b>	<b>15</b>	<b>3,445</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(15,872)</b>	<b>140</b>	<b>2,977</b>	<b>(4,053)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	15,872		-	
Transfers out	-	140	-	(140)
<b>Total other financing sources (uses)</b>	<b>15,872</b>	<b>140</b>	<b>-</b>	<b>(140)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 280</b>	<b>2,977</b>	<b>\$ (4,193)</b>
<b>FUND BALANCES:</b>				
Beginning of year			41,879	
End of year			<b>\$ 44,856</b>	

# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 1,500	\$ 1,500	\$ 1,661	\$ 161
Intergovernmental	5,538	138,457	193,299	54,842
Other	377	377	-	(377)
<b>Total revenues</b>	<b>7,415</b>	<b>140,334</b>	<b>194,960</b>	<b>54,626</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	126,286	140,333	124,631	15,702
<b>Total expenditures</b>	<b>126,286</b>	<b>140,333</b>	<b>124,631</b>	<b>15,702</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(118,871)</b>	<b>1</b>	<b>70,329</b>	<b>70,328</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in			-	-
Transfers out	118,870		-	-
<b>Total other financing sources (uses)</b>	<b>118,870</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (1)</b>	<b>\$ 1</b>	<b>70,329</b>	<b>\$ 70,328</b>
<b>FUND BALANCES:</b>				
Beginning of year			273,216	
End of year			<b>\$ 343,545</b>	

# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 5,600	\$ 5,600	\$ 2,970	\$ (2,630)
<b>Total revenues</b>	<b>5,600</b>	<b>5,600</b>	<b>2,970</b>	<b>(2,630)</b>
<b>EXPENDITURES:</b>				
Current:				
Redevelopment			-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,600</b>	<b>5,600</b>	<b>2,970</b>	<b>(2,630)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(5,600)	(5,600)	-	5,600
<b>Total other financing sources (uses)</b>	<b>(5,600)</b>	<b>(5,600)</b>	<b>-</b>	<b>5,600</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,970</b>	<b>\$ 2,970</b>
<b>FUND BALANCES:</b>				
Beginning of year			242,781	
End of year			<u>\$ 245,751</u>	

# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Grants	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
Police protection	-	-	-	-
Redevelopment	-	-	-	-
Streets & highways	-	-	-	-
Streets & lighting	-	-	143,078	(143,078)
Public works	-	-	-	-
Recreation and youth center	-	-	-	-
Planning	-	-	-	-
Solid waste	-	-	-	-
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>143,078</b>	<b>(143,078)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(143,078)</b>	<b>143,078</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(143,078)</b>	<b>\$ 143,078</b>
<b>FUND BALANCES:</b>				
Beginning of year			(77,000)	
End of year			<u><u>\$ (220,078)</u></u>	

# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 131,090	\$ 108,242	\$ 108,242	\$ -
Use of money and property	2,000	2,000	246	(1,754)
<b>Total revenues</b>	<b>133,090</b>	<b>110,242</b>	<b>108,488</b>	<b>(1,754)</b>
<b>EXPENDITURES:</b>				
Current:				
Police protection	1,824	27,818	33,477	(5,659)
<b>Total expenditures</b>	<b>1,824</b>	<b>27,818</b>	<b>33,477</b>	<b>(5,659)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>131,266</b>	<b>82,424</b>	<b>75,011</b>	<b>(7,413)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(131,266)	(82,423)	-	82,423
<b>Total other financing sources (uses)</b>	<b>(131,266)</b>	<b>(82,423)</b>	<b>-</b>	<b>82,423</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>75,011</b>	<b>\$ 75,010</b>
<b>FUND BALANCES:</b>				
Beginning of year			66,418	
End of year			<u>\$ 141,429</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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 550	\$ 550	\$ 365	\$ (185)
Charges for services	-	-	-	-
<b>Total revenues</b>	<b>550</b>	<b>550</b>	<b>365</b>	<b>(185)</b>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay			-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>550</b>	<b>550</b>	<b>365</b>	<b>(185)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(550)	(550)	-	550
<b>Total other financing sources (uses)</b>	<b>(550)</b>	<b>(550)</b>	<b>-</b>	<b>550</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>365</b>	<b>\$ 365</b>
<b>FUND BALANCES:</b>				
Beginning of year			51,394	
End of year			<u>\$ 51,759</u>	



# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 1,500	\$ 1,500	\$ 890	\$ (610)
Charges for services	21,973	21,973	22,081	108
<b>Total revenues</b>	<b>23,473</b>	<b>23,473</b>	<b>22,971</b>	<b>(502)</b>
<b>EXPENDITURES:</b>				
Current:				
Police protection	-	-	-	-
Redevelopment	-	-	-	-
Streets & highways	-	-	-	-
Streets & lighting	-	-	-	-
Public works	8,050	8,355	5,967	2,388
Recreation and youth center	-	-	-	-
Planning	-	-	-	-
Solid waste	-	-	-	-
Housing	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>8,050</b>	<b>8,355</b>	<b>5,967</b>	<b>2,388</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>15,423</b>	<b>15,118</b>	<b>17,004</b>	<b>1,886</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in				
Transfers out	(15,423)	(15,118)	-	
<b>Total other financing sources (uses)</b>				
<b>Net change in fund balances</b>	<b>\$ 15,423</b>	<b>\$ 15,118</b>	<b>17,004</b>	<b>\$ 1,886</b>
<b>FUND BALANCES:</b>				
Beginning of year			140,230	
End of year			<u>\$ 157,234</u>	

# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ -	\$ 2,130	\$ 2,130	\$ -
Use of money and property	10,000	10,000	4,728	(5,272)
<b>Total revenues</b>	<b>10,000</b>	<b>12,130</b>	<b>6,858</b>	<b>(5,272)</b>
<b>EXPENDITURES:</b>				
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>10,000</b>	<b>12,130</b>	<b>6,858</b>	<b>(5,272)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	65,000	62,870	-	(62,870)
Transfers out	(75,000)	(75,000)	-	75,000
<b>Total other financing sources (uses)</b>	<b>(10,000)</b>	<b>(12,130)</b>	<b>-</b>	<b>12,130</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>6,858</b>	<b>\$ 6,858</b>
<b>FUND BALANCES:</b>				
Beginning of year			496,330	
End of year			\$ 503,188	

# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ -	\$ 82,000	\$ 85,370	\$ 3,370
Use of money and property	43,000	43,000	13,268	(29,732)
<b>Total revenues</b>	<b>43,000</b>	<b>125,000</b>	<b>98,638</b>	<b>(26,362)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	1,000	1,000	9,093	(8,093)
<b>Total expenditures</b>	<b>1,000</b>	<b>1,000</b>	<b>9,093</b>	<b>(8,093)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>42,000</b>	<b>124,000</b>	<b>89,545</b>	<b>(34,455)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	129,833	47,833	-	(47,833)
Transfers out	(171,833)	(171,833)	(108,000)	63,833
<b>Total other financing sources (uses)</b>	<b>(42,000)</b>	<b>(124,000)</b>	<b>(108,000)</b>	<b>16,000</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(18,455)</b>	<b>\$ (18,455)</b>
<b>FUND BALANCES:</b>				
Beginning of year			3,327,900	
End of year			\$ 3,309,445	

# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 500	\$ 500	\$ 393	\$ (107)
Charges for services	70,800	96,000	61,650	(34,350)
Other	50	20	-	(20)
Grants	5,000	-	-	-
<b>Total revenues</b>	<b>76,350</b>	<b>96,520</b>	<b>62,043</b>	<b>(34,477)</b>
<b>EXPENDITURES:</b>				
Current:				
Police protection	-	-	-	-
Redevelopment	-	-	-	-
Streets & highways	-	-	-	-
Streets & lighting	-	-	-	-
Public works	-	-	-	-
Recreation and youth center	-	-	-	-
Planning	-	-	-	-
Solid waste	76,350	50,490	68,200	(17,710)
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>76,350</b>	<b>50,490</b>	<b>68,200</b>	<b>(17,710)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>46,030</b>	<b>(6,157)</b>	<b>(52,187)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	(46,030)	-	46,030
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(46,030)</b>	<b>-</b>	<b>46,030</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(6,157)</b>	<b>\$ (6,157)</b>
<b>FUND BALANCES:</b>				
Beginning of year			77,605	
End of year			\$ 71,448	

# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ 88,000	\$ 75,000	\$ 88,457	\$ 13,457
Use of money and property	3,500	3,500	1,897	(1,603)
<b>Total revenues</b>	<b>91,500</b>	<b>78,500</b>	<b>90,354</b>	<b>11,854</b>
<b>EXPENDITURES:</b>				
Current:				
Police protection	-	-	-	-
Redevelopment	-	-	-	-
Streets & highways	-	-	-	-
Streets & lighting	-	-	-	-
Public works	-	-	-	-
Recreation and youth center	-	-	-	-
Planning	-	-	-	-
Solid waste	54,718	54,718	36,257	18,461
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>54,718</b>	<b>54,718</b>	<b>36,257</b>	<b>18,461</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>36,782</b>	<b>23,782</b>	<b>54,097</b>	<b>30,315</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(36,781)	(23,781)	(30,017)	(6,236)
<b>Total other financing sources (uses)</b>	<b>(36,781)</b>	<b>(23,781)</b>	<b>(30,017)</b>	<b>(6,236)</b>
<b>Net change in fund balances</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>24,080</b>	<b>\$ 24,079</b>
<b>FUND BALANCES:</b>				
Beginning of year			276,639	
End of year			\$ 300,719	

# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 19,000	\$ 19,000	\$ 21,080	\$ 2,080
Other	77,022	77,022	-	(77,022)
<b>Total revenues</b>	<b>96,022</b>	<b>96,022</b>	<b>21,080</b>	<b>(74,942)</b>
<b>EXPENDITURES:</b>				
Current:				
Police protection	-	-	-	-
Redevelopment	-	-	-	-
Streets & highways	-	-	-	-
Streets & lighting	-	-	-	-
Public works	-	-	-	-
Recreation and youth center	-	-	-	-
Planning	87,007	60,007	16,314	43,693
<b>Total expenditures</b>	<b>87,007</b>	<b>60,007</b>	<b>16,314</b>	<b>43,693</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>9,015</b>	<b>36,015</b>	<b>4,766</b>	<b>(31,249)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(9,015)	(36,015)	-	36,015
<b>Total other financing sources (uses)</b>	<b>(9,015)</b>	<b>(36,015)</b>	<b>-</b>	<b>36,015</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>4,766</b>	<b>\$ 4,766</b>
<b>FUND BALANCES:</b>				
Beginning of year			(181,284)	
End of year			<u>\$ (176,518)</u>	

# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ -	\$ 26,000	\$ 26,880	\$ 880
Use of money and property	7,500	7,500	3,443	(4,057)
<b>Total revenues</b>	<b>7,500</b>	<b>33,500</b>	<b>30,323</b>	<b>(3,177)</b>
<b>EXPENDITURES:</b>				
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,500</b>	<b>33,500</b>	<b>30,323</b>	<b>(3,177)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	92,500	66,500	-	(66,500)
Transfers out	(100,000)	(100,000)	(53,591)	46,409
<b>Total other financing sources (uses)</b>	<b>(7,500)</b>	<b>(33,500)</b>	<b>(53,591)</b>	<b>(20,091)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(23,268)</b>	<b>\$ (23,268)</b>
<b>FUND BALANCES:</b>				
Beginning of year			383,923	
End of year			<u>\$ 360,655</u>	

# 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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 29,290	\$ 29,290	\$ 28,837	\$ (453)
Use of money and property	981	981	367	(614)
<b>Total revenues</b>	<b>30,271</b>	<b>30,271</b>	<b>29,204</b>	<b>(1,067)</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal repayment	17,000	17,000	17,000	-
Interest and fiscal charges	12,439	12,439	12,437	2
<b>Total expenditures</b>	<b>29,439</b>	<b>29,439</b>	<b>29,437</b>	<b>2</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>832</b>	<b>832</b>	<b>(233)</b>	<b>(1,069)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(832)	(832)	-	832
<b>Total other financing sources (uses)</b>	<b>(832)</b>	<b>(832)</b>	<b>-</b>	<b>832</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(233)</b>	<b>\$ (237)</b>
<b>FUND BALANCES:</b>				
Beginning of year			78,086	
End of year			<u>\$ 77,853</u>	



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## **AGENCY FUNDS**

**City of Rio Vista**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the year ended June 30, 2010**

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<b>Riverview Point</b>				
<b>Assets:</b>				
Cash and investments	\$ 231,567	\$ 2,040,775	\$ 2,038,424	\$ 233,918
Accounts receivable	6	63	-	69
Interest receivable	611	605	742	474
Prepaid expense and other	110	-	110	-
<b>Total assets</b>	<b>\$ 232,294</b>	<b>\$ 2,041,443</b>	<b>\$ 2,039,276</b>	<b>\$ 234,461</b>
<b>Liabilities:</b>				
Accounts payable	\$ 110	\$ 145,417	\$ 145,237	\$ 290
Accrued Expense	-	217	-	217
Due to assessment district bondholders	232,184	177,038	175,268	233,954
<b>Total liabilities</b>	<b>\$ 232,294</b>	<b>\$ 322,672</b>	<b>\$ 320,505</b>	<b>\$ 234,461</b>
<b>Summerset</b>				
<b>Assets:</b>				
Cash and investments	\$ 176,205	\$ 122,190	\$ 129,962	\$ 168,433
Accounts receivable	69	-	-	69
Interest receivable	871	178	848	201
Prepaid expense and other	110	-	110	-
<b>Total assets</b>	<b>\$ 177,255</b>	<b>\$ 122,368</b>	<b>\$ 130,920</b>	<b>\$ 168,703</b>
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ 6	\$ -	\$ 6
Accrued Expense	-	217	-	217
Due to assessment district bondholders	177,255	4,758	13,533	168,480
<b>Total liabilities</b>	<b>\$ 177,255</b>	<b>\$ 4,981</b>	<b>\$ 13,533</b>	<b>\$ 168,703</b>
<b>Summerset L &amp; L District</b>				
<b>Assets:</b>				
Cash and investments	\$ 420,658	\$ 599,790	\$ 622,636	\$ 397,812
Accounts receivable	71	-	-	71
Interest receivable	1,157	958	1,662	453
Prepaid expense and other	110	-	110	-
<b>Total assets</b>	<b>\$ 421,996</b>	<b>\$ 600,748</b>	<b>\$ 624,408</b>	<b>\$ 398,336</b>
<b>Liabilities:</b>				
Accounts payable	\$ 21,538	\$ 237,181	\$ 208,555	\$ 50,164
Accrued Expense	-	217	-	217
Due to assessment district bondholders	400,458	1,212,757	1,265,260	347,955
<b>Total liabilities</b>	<b>\$ 421,996</b>	<b>\$ 1,450,155</b>	<b>\$ 1,473,815</b>	<b>\$ 398,336</b>

# City of Rio Vista

## Agency Funds

### Combining Statement of Changes in Assets and Liabilities, Continued

For the year ended June 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<b>Los Ulpinos</b>				
<b>Assets:</b>				
Cash and investments	\$ 6,391	\$ 13	\$ 7	\$ 6,397
Restricted cash and investments	-	-	-	-
Interest receivable	-	-	-	-
Prepaid expenses and other	-	-	-	-
<b>Total assets</b>	<b>\$ 6,391</b>	<b>\$ -</b>	<b>\$ 7</b>	<b>\$ 6,397</b>
<b>Liabilities:</b>				
Due to assessment district bondholders	\$ 6,391	\$ 6	\$ -	\$ 6,397
<b>Total liabilities</b>	<b>\$ 6,391</b>	<b>\$ 6</b>	<b>\$ -</b>	<b>\$ 6,397</b>
<b>Community Facilities District 2004-1</b>				
<b>Assets:</b>				
Cash and investments	\$ 651,153	\$ 20,358,211	\$ 20,419,581	\$ 589,783
Restricted cash and investments	1,534,354	153	416,961	1,117,546
Accounts receivable	19	-	-	19
Interest receivable	1,230	216	1,446	-
Prepaid expense and other	110	-	110	-
<b>Total assets</b>	<b>\$ 2,186,866</b>	<b>\$ 20,358,580</b>	<b>\$ 20,838,098</b>	<b>\$ 1,707,348</b>
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ 699	\$ -	\$ 699
Accrued Expense	-	199	-	199
Due to assessment district bondholders	2,186,866	1,338,121	1,818,537	1,706,450
<b>Total liabilities</b>	<b>\$ 2,186,866</b>	<b>\$ 1,339,019</b>	<b>\$ 1,818,537</b>	<b>\$ 1,707,348</b>
<b>Community Facilities District 2006-1</b>				
<b>Assets:</b>				
Cash and investments	\$ 1,007,433	\$ 20,372,291	\$ 20,424,427	\$ 955,297
Restricted cash and investments	1,722,574	225	706,595	1,016,204
Accounts receivable	19	-	-	19
Interest receivable	1,896	216	2,112	-
Prepaid expense and other	110	-	110	-
<b>Total assets</b>	<b>\$ 2,732,032</b>	<b>\$ 20,372,732</b>	<b>\$ 21,133,244</b>	<b>\$ 1,971,520</b>
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ 2,375	\$ -	\$ 2,375
Accrued Expense	-	217	-	217
Due to assessment district bondholders	2,732,032	1,320,080	2,083,184	1,968,928
<b>Total liabilities</b>	<b>\$ 2,732,032</b>	<b>\$ 1,322,672</b>	<b>\$ 2,083,184</b>	<b>\$ 1,971,520</b>

# City of Rio Vista

## Agency Funds

### Combining Statement of Changes in Assets and Liabilities, Continued

For the year ended June 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Cash and investments	\$ 2,493,407	\$ 43,493,270	\$ 43,635,037	\$ 2,351,640
Restricted cash and investments	3,256,928	378	1,123,556	2,133,750
Accounts receivable	184	63	-	247
Interest receivable	5,765	2,173	6,810	1,128
Prepaid expense and other	550	-	550	-
<b>Total assets</b>	<b>\$ 5,756,834</b>	<b>\$ 43,495,884</b>	<b>\$ 44,765,953</b>	<b>\$ 4,486,765</b>
<b>Liabilities:</b>				
Accounts payable	\$ 21,648	\$ 385,678	\$ 353,792	\$ 53,534
Accrued Expense	-	1,067	-	1,067
Due to assessment district bondholders	5,735,186	4,052,760	5,355,782	4,432,164
<b>Total liabilities</b>	<b>\$ 5,756,834</b>	<b>\$ 4,439,505</b>	<b>\$ 5,709,574</b>	<b>\$ 4,486,765</b>



Caporicci & Larson, Inc.  
A Subsidiary of Marcum LLP  
Certified Public Accountants

**INDEPENDENT AUDITORS' 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rio Vista, California (the City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing an 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed in the schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item FS 2010-01 to be a material weakness.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items FS 2010-02 to 2010-06 to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 statement amounts. 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 results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items SA 2010-01 to SA 2010-04.

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

This report is intended solely for the information and use of management, City Council, others within the entity, 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.

*Caporicci & Larson, Inc.*

Caporicci & Larson, Inc.  
A Subsidiary of Marcum LLP  
Certified Public Accountants  
San Francisco, California  
December 1, 2011

**City of Rio Vista  
Schedule of Findings and Responses  
For the Year Ended June 30, 2010**

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**A. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**FS 2010-01 Restatement of Previously Issued Financial Statements (Material Weakness)**

**Criteria:**

The City is responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

**Condition:**

The City has restated prior year numbers to correct several accounting errors related to capital assets accounts receivable, deferred revenues, and prepaid expenses.

**Cause:**

The City's internal control over financial reporting did not identify the misstatements in a timely manner resulting in the restatements.

**Effect:**

The previous financial statements were not fairly stated in conformity with accounting principles generally accepted in the United States of America.

**Recommendation:**

We recommend that the City enhance its internal control over financial reporting to ensure complete and accurate financial reporting. The City can accomplish this by expanding its year-end closing procedures to ensure that all routine and nonroutine transactions were accounted for, the appropriate accounting standards were applied, and transactions were accounted for in the proper period.

**View of Responsible Officials and Planned Corrective Action:**

The FY 2009-10 restatements corrected reporting that was carried incorrectly in City's financial statements for numerous years. Accounts receivable write-offs accounted for restatement of several years of carrying uncollectible accounts as assets. An accounting policy will be developed to address charging off old accounts on a timely basis, categorizing deferred revenues in the proper period and to properly determine the proper character of assets and prepaid expenses. Restatements that are one-time events will affect the fair presentation of the FY 2009-10 financial statements.



**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2010**

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**A. FINDINGS - FINANCIAL STATEMENTS AUDIT, Continued**

**FS 2010-02 Lack of Accounting Policies and Procedures (Significant Deficiency)**

**Criteria:**

Policies and procedures are management control methods that allow the City to control budget, safeguard its assets and to provide uniform guidance throughout the City.

**Condition:**

The City's Finance department does not have formal Accounting Policies and Procedures for General Ledger, Journal Entry Preparation and Posting, Billing & Cash Receipts, Cash Disbursement, Payroll, and Capital assets.

**Cause:**

The City has not taken proactive steps to prepare and document these policies and procedures.

**Effect:**

Without adequate documentation of existing procedures, changes in personnel will jeopardize the efficient processing of daily activities.

**Recommendation:**

We recommend that the City develop and implement formal accounting policies and procedures manuals. Implementation of accounting policy and procedure manuals will improve consistency in the processes used to complete work and improve the level of control over transactions.

**View of Responsible Officials and Planned Corrective Action:**

The City will commence preparation and implementation of accounting policies and procedures within the coming year. The goal is to complete the manual by June 30, 2012.

**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2010**

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**A. FINDINGS - FINANCIAL STATEMENTS AUDIT, Continued**

**FS 2010-03 Lack of Fraud Policies and Procedures (Significant Deficiency)**

**Criteria:**

Fraud policies and procedures would identify fraud risk areas and provide guidelines for the City's staff on communicating, preventing and deterring fraud on all levels.

**Condition:**

The City does not have formal written fraud policies and procedures.

**Cause:**

The City has not taken proactive steps to prepare and document fraud policies and procedures

**Effect:**

Fraudulent activities may not be properly detected, communicated or deterred by the City.

**Recommendation:**

We recommend that the City adopt and implement formal written fraud policies and procedures to ensure the City personnel are aware of fraud risk areas

**View of Responsible Officials and Planned Corrective Action:**

As part of the completion and implementation of the accounting policies and procedures manual, a section will be included to address fraud. The goal is to complete the manual by June 30, 2012.

**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2010**

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**A. FINDINGS - FINANCIAL STATEMENTS AUDIT, Continued**

**FS 2010-04 Computer Controls (Significant Deficiency)**

**Criteria:**

Having a written Disaster Recovery Plan, and maintaining offsite storage for backup files.

**Condition:**

During our review of the City's computer operations, we noted the following issues which may jeopardize the City accounting operation when a disaster occurs.

The City does not have a written Disaster Recovery Plan that details the actions required should a disaster occur that affects the computer operations of the City.

The City does not have offsite storage for backup files. All backup data are stored in the City Hall. The possibility exists that tapes could be destroyed by fire or other disaster without the City being able to restore or recreate the computer programs and data.

**Cause:**

The City does not have financial resources to address the issues above.

**Effect:**

In the event of a disaster, The City may not be able to maintain basic accounting functions.

**Recommendation:**

We recommend the City improve its computer operations by developing a formal Disaster Recovery Plan, and obtaining an offsite storage for backup files to ensure that the accounting operations will not be disrupted when a disaster occurs.

**View of Responsible Officials and Planned Corrective Action:**

The City does not have a written disaster recovery plan. However, the city is backing up its information on a daily basis to a secondary external drive located in the server room. This external drive can be placed in the City's fire proof safe for safe keeping. This would allow for backup of information every other day.

**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2010**

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**A. FINDINGS - FINANCIAL STATEMENTS AUDIT, Continued**

**FS 2010-05 Deficiency in following Inter-fund Loan and Transfer Policy (Significant Deficiency)**

**Criteria:**

The City's Inter-fund Loan and Transfers Policy require that all inter-fund advances authorized have loan repayment schedules with applicable interest rates.

**Condition:**

When reviewing the inter-fund loan transactions, we noted that the city did not develop loan repayment schedules or charge interest for most inter-fund advances which add up to more than \$4 million in balances.

**Cause:**

The City did not follow Inter-fund Loan and Transfers Policy.

**Effect:**

The inter-fund loan balances may be materially misstated without accruing interest for years.

**Recommendation:**

We recommend that the City follow its Inter-fund loan and transfers policy to set up loan repayment schedules with applicable interest rates for all inter-fund advances.

**View of Responsible Officials and Planned Corrective Action:**

The City developed an internal-fund loan and transfer policy on March 6, 2008. The majority of the \$4 million dollar advances addressed above were instituted prior to the adoption of the Policy. The Policy was a result of the prior interfund loans/transfers.

Staff was waiting for the completion of the FY 2009-10 audit to determine the proper amount of interfund loans/transfer, if any, to develop a repayment schedule. City commenced payments in FY 2010-11 based on amortization as mandated by inter-fund loan and transfer policy. When and if the City's finances are fiscally challenged the City may defer charges. There were no interfund loans initiated in FY 2009-10.

**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2010**

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**A. FINDINGS - FINANCIAL STATEMENTS AUDIT, Continued**

**FS 2010-06 Segregation of Accounting Duties (Significant Deficiency)**

**Criteria:**

Accounting duties should be properly segregated and no one should have full access to the financial system.

**Condition:**

When reviewing the City's internal control for proper segregation of duties and procedures, we noted that the Finance Manager has full access to the accounting systems, and can also perform the following duties: set-up new vendors and new employees, run accounts payable checks, and process cash receipts. In addition, the Finance Manager can prepare bank reconciliations, record capital assets transactions, and prepare and post journal entries without an independent review.

**Cause:**

The City's Finance Department is under-staffed.

**Effect:**

This increases the risk of management override of controls, and can lead to material misstatements in the financial statements.

**Recommendation:**

We recommend that the City implement controls in the Finance Department to ensure proper segregation of duties and procedures in the accounting functions.

**View of Responsible Officials and Planned Corrective Action:**

Staff concurs with the auditors findings. Wherever possible the City is assuring that duties are being segregated and or verified by another employee. However, due to minimal staffing levels it is difficult to segregate all duties at all times.

**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2010**

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**B. MAJOR FEDERAL AWARD PROGRAM AUDIT**

**SA 2010-01 Activities Allowed or Unallowed, Control Activities and Compliance (Significant Deficiency)**

**Program:**

Community Development Block Grant (State-Administered Small Cities Program) (CFDA Number 14.228, U.S. Department of Housing and Urban Development, State of California - Department of Housing and Community Development, Award Number 05-STBG-1624)

**Condition:**

The City utilized CDBG federal grant to fund improvements to certain ineligible areas in the City Hall and the Egbert Field Park: The City converted the former public works office to a staff break room, converted the jail area adjoining the electrical and plumbing area to a copy room, and modified the city clerk's record room; In the Egbert Field Park, the City used the funds to remodel and expand a concession stand adjoining the eligible ADA improvements made to the restrooms in the park.

**Criteria:**

According to the grant agreement, the CDBG grant can only be used to fund the ADA improvement projects/areas approved by the State Department of Housing and Community Development. In addition, as per the Act CFR 570.200(b), facilities containing both eligible and ineligible uses may be assisted if the eligible portion occupies a designated and discrete area within the larger facility. Allowable costs are limited to those attributable to the eligible portion of the facility.

**Cause:**

The City believed that all improvements to the City Hall and the Egbert Field Park are ADA improvement related.

**Context and Effect:**

The Program was not in compliance with the Activities Allowed or Unallowed compliance requirement.

**Questioned Costs:**

Based on the results of testing, we estimated questionable construction costs to be \$115,547.

**Recommendation:**

We recommend the City utilize federal grant funds only on eligible activities as allowed by grant award agreement.

**View of Responsible Officials and Planned Corrective Action:**

City disagrees with the above statements. At the time, the project was in progress the City felt that all improvements were eligible for reimbursement. When the "close out" audit was conducted by HCD, the City was informed that certain improvements were not eligible. At HCD direction, City staff calculated the cost of the improvements that HCD stated were ineligible. The City performed the calculation of ineligible cost but disagrees with HCD and will be filing an appeal to recover the costs.

**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2010**

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**MAJOR FEDERAL AWARD PROGRAM AUDIT, CONTINUED**

**SA 2010-02 Reporting, Control Activities (Significant Deficiency) and Compliance**

**Program:**

Community Development Block Grant (State-Administered Small Cities Program) (CFDA Number 14.228, U.S. Department of Housing and Urban Development, State of California – Department of Housing and Community Development, Award Number 05-STBG-1624)

**Condition:**

The City failed to retain final copies of mid-year and Annual Financial and Accomplishment Report (FAR) and the final Grantee Performance Report (GPR) thereby precluding the audit firm from ascertaining the exact date the reports were filed.

**Criteria:**

The City is required to maintain adequate records to assist in the verification and validation of accounting records and compliance requirements.

**Cause:**

The City does not have effective controls to ensure all records pertaining to compliance requirements are maintained.

**Context and Effect:**

The City is not in compliance with the reporting compliance requirement.

**Questioned Costs:**

No questioned costs were noted for noncompliance with the reporting compliance requirement.

**Recommendation:**

We recommend the City implement effective controls over grant reporting to ensure all program reports are maintained and secured

**View of Responsible Officials and Planned Corrective Action:**

The City disagrees with the auditors responses. The City submitted the required FAR and GPR to the State. All records were available at City Hall. During the performance of the City's audit, files and folders were provided to the auditors for review. Subsequently, the FAR were missing. Staff is unsure of the location of the files. However, the State should have a copy in their files.

**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2010**

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**MAJOR FEDERAL AWARD PROGRAM AUDIT, CONTINUED**

**SA 2010-03 Procurement, Control Activities (Significant Deficiency) and Compliance**

**Program:**

Community Development Block Grant (State-Administered Small Cities Program) (CFDA Number 14.228, U.S. Department of Housing and Urban Development, State of California – Department of Housing and Community Development, Award Number 05-STBG-1624)

**Condition:**

Mark McTeer is the principal agent of Broadreach and was also the Chairman of the Planning Commission at the time when Broadreach was contracted for services. Mark McTeer charged time to the grant as the principal agent of the company. As per Federal guidelines, conflict of interest is prohibited and the City is required to obtain an approved letter of exception from HUD, via the local State Administering Agency.

**Criteria:**

Conflict of interest provisions as per 24 CFR 570 state that no person who is an elected official or appointed official of the recipient, who exercise functions of responsibilities with respect to CDBG activities, or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may have financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, during their tenure or for one year thereafter. HUD may grant an exception to the requirement on a case-by-case basis.

**Cause:**

The City was unaware of federal regulations with regards to procurement and conflict of interest.

**Context and Effect:**

The Program is not in full compliance with the procurement compliance requirement.

**Questioned Costs:**

No questioned costs were noted for noncompliance with the Procurement compliance requirement.

**Recommendation:**

We recommend the City to disclose the conflict of interest and obtain exceptions from the grant authority when a conflict of interest exists.

**View of Responsible Officials and Planned Corrective Action:**

The City agrees with the auditors finding in that the City was unaware of the federal regulations at the time the contract was approved with Mr. McTeer. However, it should be noted that HCD's initial concern was that a sole source contract, after going out to bid, with Mr. McTeer was not approved by HCD prior to award. Federal law requires that anytime there is a sole bidder on a project, that bidder must be approved by HCD prior to approval by the agency. The City is now aware of the regulation and will comply in the future.



**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2010**

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**B. MAJOR FEDERAL AWARD PROGRAM AUDIT, CONTINUED**

**SA 2010-04 Allowable Costs/Cost Principles, Control Activities (Significant Deficiency) and Compliance**

**Program:**

Community Development Block Grant (State-Administered Small Cities Program) (CFDA Number 14.228, U.S. Department of Housing and Urban Development, State of California – Department of Housing and Community Development, Award Number 05-STBG-1624)

**Condition:**

The City did not use accounting codes to separately record general administration and direct project expenditures for each project funded by the CDBG grant. Instead, the City allocated the administration costs to each project based on percentages developed by the City.

**Criteria:**

As per 24 CFR 85.20, Standards for financial management systems, the fiscal control and accounting procedures of the City must be sufficient to permit tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. Financial management systems must also be able to disclose accurate, current, and complete financial results of financially assisted activities, in accordance with the financial reporting requirements of the grant.

**Cause:**

The City failed to implement procedures to properly identify and account for costs separately.

**Context and Effect:**

The Program is not in full compliance with the Activities Allowed or Unallowed compliance requirement.

**Questioned Costs:**

No questioned costs were noted for noncompliance with the Activities Allowed or Unallowed compliance requirement.

**Recommendation:**

We recommend the City to implement procedures to correctly identify and account for allowable costs.

**View of Responsible Officials and Planned Corrective Action:**

The City will assure that in the future all CDBG accounting of expenditures will have separate account codes for activity delivery, general administration or activity costs.